



**INTEGRATED**  
**REPORT**  
**BANCO SECURITY 2022**



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# 2022

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# ABOUT THIS REPORT

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This Integrated Report discloses the performance and management of Banco Security and its subsidiaries, Valores Security Corredores de Bolsa and Administradora General de Fondos Security for the period between January 1 and December 31, 2022.

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This publication reflects the Bank's commitment to the transparency of its activities and the sustainable development of the business in conjunction with its stakeholders. It addresses the main aspects of the business, including its strategy, digitalization plan, strengthening and operation of its corporate governance, risk management and its commitment to sustainable finance, among other issues.

For the second year in a row, this report voluntarily complies with the requirements of General Regulation (NCG) 461 of the Financial Market Commission (CMF) to present integrated financial information and performance in the area of sustainability. To this end, it incorporates the Commercial Banking indicators from the Sustainability Accounting Standards Board (SASB), which consider all financially material aspects for business development.

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## LETTER FROM THE CHAIRMAN

### DEAR SHAREHOLDERS:

It is my pleasure to present the 2022 annual report for Banco Security and its subsidiaries.

Despite facing a complex domestic and international backdrop with high levels of uncertainty, in 2022 Banco Security yielded its highest results in history. As of year-end, Banco Security and its subsidiaries reported consolidated net income of MCH\$142,366, a historical increase of 84.6% over 2021, thanks to solid treasury results, better performance and margins in commercial areas and lower risk expenses in the commercial segment.

While Commercial Banking almost tripled its 2021 profit with MCH\$80,219 this year, the Retail Banking segment was able to reverse the losses of the previous year and generate a favorable result of MCH\$2,332.

Banco Security's total loans increased by 8.0% to MCH\$7,272,881. The largest increase was observed in retail loans (consumer plus mortgage), registering MCH\$1,457,985, 16.8% higher than in 2021. Commercial loans, on the other hand, grew by 6.1%, totaling MCH\$5,814,896 as of December 31.

In addition, we have designed and are implementing several initiatives to improve our Commercial Banking customer experience in key products and services, integrating the value proposition of Retail Banking and Asset Management through digital customer service and sales tools. This action plan also enables us to optimize data-driven decision making, create new sources of value and develop new internal capabilities.

Undoubtedly, the positive results achieved by Banco Security are also the result of the contribution of our subsidiaries, Administradora General de Fondos Security and Valores Security Corredores de Bolsa. In 2022, the Asset Management area reported profit of MCH\$15,014, an increase of 62.4% over the previous year, due to higher operating income, mainly because of a better ROA in mutual funds, in addition to improved returns on the company's proprietary trading portfolio.

With more than 60 investment alternatives, in 2022 AGF Security had MCH\$3,057,057 in assets under management for its 68,979 investors. In terms of results, the subsidiary enjoyed 67% growth in profit after taxes, reaching MCH\$11,510.7. This



variation is mainly explained by a historical return of 157% on its proprietary trading portfolio and 12% in operating income.

Valores Corredores de Bolsa ended the year with MCH\$3,503 in profit, equivalent to a 49.5% increase with respect to 2021.

Another achievement we are proud of this year are our efforts to integrate ESG aspects into our management to expand the positive impacts of our activities. As a result, we approved our first Sustainability Policy for all our subsidiaries and implemented various initiatives to measure our standards, taking concrete actions in several areas.

Among these, in 2022 Banco Security participated in the SSINDEX study, obtaining the SSINDEX Employee Certification. This study shows that 86% of our employees validate our work in terms of risk management and sustainability.

In addition, AGF Security became a signatory to the Principles for Responsible Investment (PRI), launched its first green fund for urban electromobility and approved its first Responsible

Investment Policy, to apply ESG criteria in the investment process.

Our hard work last year, combined with the collaboration of our employees, customers, investors and suppliers, also resulted in several awards, including five Salmon Awards obtained by different investment instruments and distinctions from Morning Star and El Mercurio Inversiones. These achievements are a source of pride and challenge us to keep up the excellent work.

In closing, I would like to thank our customers for the trust they have placed in us; our employees, whose dedication and unconditional support have been fundamental; and our shareholders, who have been with us for many years and have played an important role in Banco Security's development.



Renato Peñafiel M.  
Chairman  
Banco Security



CHAPTER 01

# **BANCO SECURITY AT A GLANCE**





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ABOUT BANCO SECURITY

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KEY FIGURES FOR THE YEAR

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BUSINESS STRATEGY

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OUR HISTORY

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AWARDS

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PARTNERSHIPS AND MEMBERSHIPS

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COMPANY INFORMATION

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# ABOUT BANCO SECURITY

Banco Security is the main company in Grupo Security, which is a financial holding company with 13 subsidiaries, grouped into five business areas: lending, insurance, investments and asset management, complementary services and international business. Banco Security offers services to large and medium-sized companies and individuals with aspiring income, with two subsidiaries in the asset management area: Administradora General de Fondos S.A. (AGF Security) and Valores Security S.A. Corredores de Bolsa (Valores Security).

Since its founding in 1981, Banco Security has been widely recognized for its commitment to people, ranking among the best companies in the country in terms of customer service experience and among the best places to work. This can be

attributed to its efforts to support work-life balance and its robust talent management and development system. Finally, throughout its history, 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 levels. According to the latest statistics reported at 2022 year-end, the entity had market share of 3.27%. Although Security's direct competitors include all banks, the most relevant are those that have a similar size and target the same customer segments. However, its competitors also include other players in the financial market, such as fintechs and startups, which have emerged in response to customer expectations for new digital experiences and the incorporation of technology into the industry.



Valores Security plays an important part in the financial market, helping develop the capital market by enabling intermediaries to trade securities and financial instruments. It serves 10,080 investors, providing them with market diagnostics and analyses, as well as investment advice. The subsidiary boasted market share of 1.49% and value of shares traded of MCH\$1,126,141 at the end of 2022.

With over 15 years in operation, Administradora General de Fondos (AGF) is one of the leading fund managers (mutual and investment funds) in the Chilean market, with a 4.66% market share. In 2022, it had over MCH\$3,057,057 in assets under management for its portfolio of 44,175 customers, comprised of middle-market, high net worth, corporate and institutional investors.

# KEY FIGURES FOR THE YEAR

## FINANCIAL RESULTS



142,366

PROFIT FOR 2022  
MCH\$

17.98%

ROE

43.02%

EFFICIENCY

AA

FITCH AND ICR  
RISK RATING

## EMPLOYEES



1,283

TOTAL  
EMPLOYEES

54%

WOMEN  
IN THE COMPANY

7.7

LENGTH OF EMPLOYMENT  
IN YEARS

169.9

INVESTMENT IN TRAINING  
MCH\$

## CUSTOMERS



74,630

TOTAL CUSTOMERS AT  
BANCO SECURITY

28 million

DIGITAL  
TRANSACTIONS

84%

VERY GOOD  
EXPERIENCES  
ACCOUNT EXECUTIVE **↑ +8 POINTS**  
COMPARED TO 2021

82%

REPURCHASE **↑ +3 POINTS**  
COMPARED TO 2021

## ENVIRONMENT



4.2

ktCO<sub>2</sub>e · CARBON  
FOOTPRINT 202219 t **↓ 34%**PAPER CONSUMPTION  
2022

COMPARED TO 2019

3,680 **↓ 20%**MWH - ENERGY  
CONSUMPTION 2022

COMPARED TO 2019

## SUPPLIERS



660

SUPPLIERS

9,364

INVOICES  
PAID

95.2%

INVOICES PAID  
WITHIN 30 DAYS

15

AVERAGE SUPPLIER  
PAYMENT TERM (DAYS)



# BUSINESS STRATEGY

## VALUE CREATION MODEL

### TYPES OF CAPITAL

#### FINANCIAL

- Equity: MCH\$ 791,615
- Total lending: MCH\$ 9,238,605
- Assets: MCH\$ 10,030,219

#### INDUSTRIAL

- Subsidiaries with 18 branches
- ATMs: 13

#### HUMAN

- No. of employees: 1,283
- 54% women / 46% foreigners
- Employee years of service: 7.9 years
- Talent attraction and development
- Compensation Policy

#### SOCIAL AND RELATIONSHIP

- Alliances with seven foundations and two universities
- Partnerships with four startups
- 660 suppliers
- 3<sup>rd</sup> place in Best Places to Work in Chile ranking from GPTW
- 1<sup>st</sup> place in Best Company to Work for Women in Chile
- Alliance with Butterfly



### 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.

### B|S SECURITY CULTURE

**CLOSENESS**  
**TRANSPARENCY**  
**PROFESSIONALISM**

**WORK-FAMILY-LIFE BALANCE**  
**THE IMPORTANCE OF HOW**  
**LONG-TERM RELATIONSHIPS**



### CORPORATE GOVERNANCE



### RISK MANAGEMENT



### STRATEGIC FOCAL POINTS

**CUSTOMER EXPERIENCE**

**DIGITAL AND DATA**

**PROCESS TRANSFORMATION**

**CAPITAL RISK AND USE**



### SOLUTIONS

#### COMMERCIAL BANKING

- Large Companies and Real Estate Developers
- Regional Companies and Branches
- Financial Banking

#### RETAIL BANKING

- Private Banking
- Premium Banking
- Active Banking
- Business Banking



**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.



**RESULTS**



**SDGs**

**SECURITY HALLMARK:**

- CONNECT WITH PEOPLE
- MAKE IT HAPPEN
- SHAPING OUR TOMORROW

**FINANCIAL**

- Profit: MCH\$ 142,372
- ROE: 17.98%



**HUMAN**

- Accident rate: 0.24%
- 61,995 training hours cover 99.7% of workforce
- Turnover 7.9%
- Inclusion program for people with disabilities
- Elijo Crecer program
- Learning and development program
- Alliance with Betterfly



**ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE**

**CULTURE AND CAPABILITIES**

**SOCIAL AND RELATIONSHIP**

- Dow Jones Sustainability Index
- Global Compact
- Donations: MCH\$ 223
- Creation of electromobility fund
- Saber Suma blog
- Alliances with foundations
- Support for financial literacy initiatives for schoolchildren



**MONEY DESK**

- Balance Sheet Desk
- Distribution Desk
- Trading and Investment Desk

**ASSET MANAGEMENT**

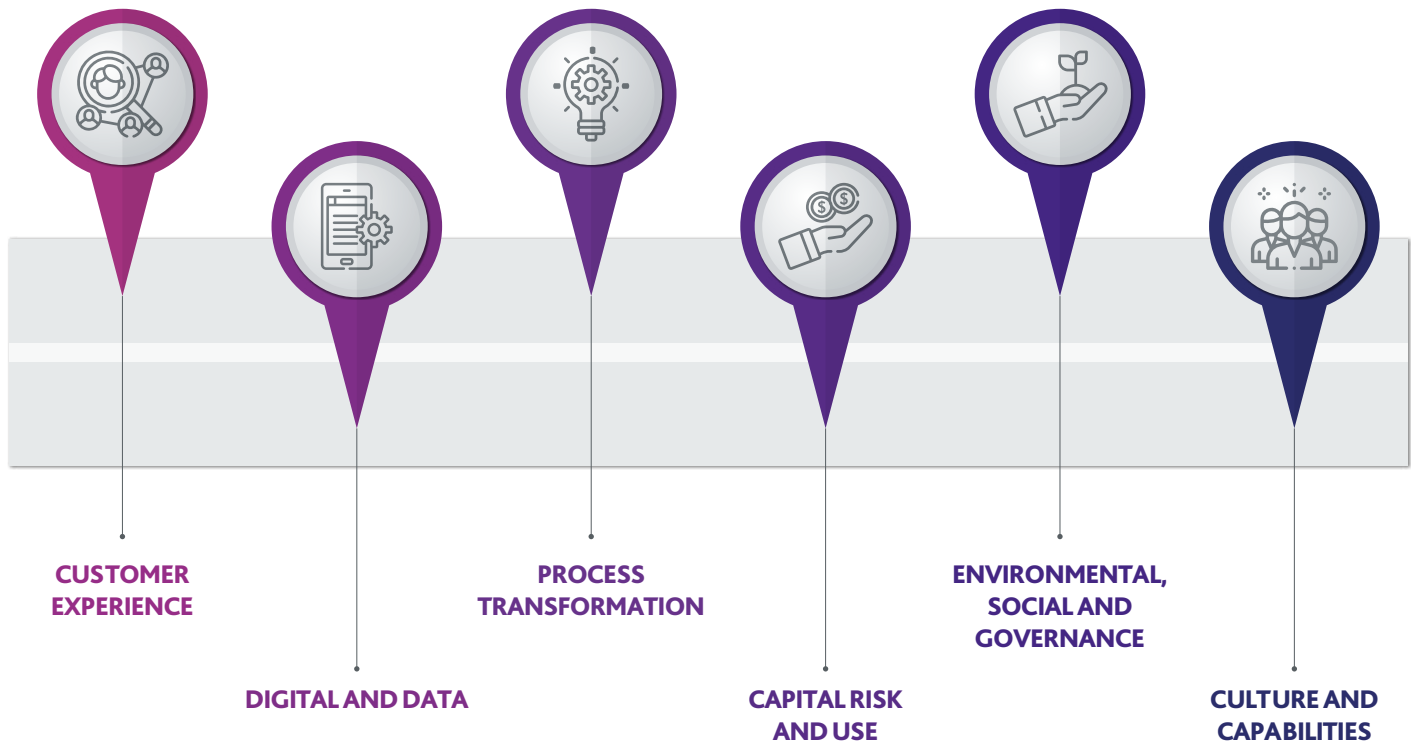
- Equity Investment
- Private Investment
- Active Investment
- Commercial Investment



## STRATEGIC FOCAL POINTS

Banco Security is undergoing a transformation process to address the new challenges of the economic, competitive and regulatory environment. In 2021, the Company defined six strategic focal points aimed at positioning it as a comprehensive financial services provider, through the coordinated management of its different business areas.

The objectives of the plan are to transform the way the Company develops projects and responds to customer needs and industry trends, incorporates sustainability at the heart of its strategy, and transforms its internal culture so that it has the capabilities and skills necessary to generate an environment focused on innovation and collaboration. The purpose of this is to improve the customer experience while maintaining the hallmark of professionalism, closeness and excellent service, levels of competitiveness and an adequate profit level in a market with increasing levels of competition.





## CUSTOMER EXPERIENCE

Be the Bank with the best customer experience in its target segments.

### PROGRESS

- Leveraging digital expertise.
- New models for activating and retaining Commercial Banking and Asset Management customers.

### CHALLENGES

- Adjustments to service models.
- Effective sales program for Commercial Banking.
- 360 View CRM.
- New products.
- Commercial Banking business integration with the rest of the organization.
- Further integration of Commercial Banking with other businesses.



## DIGITAL AND DATA

Leverage models and businesses by intensively using data and digital tools.

### PROGRESS

- Security Pass replaces coordinate card.
- Online documents for easy downloading by customers.
- Advanced analytics and business intelligence models.

### CHALLENGES

- Reboot channels for integral transformation of digital channels.
- Improve core business systems, such as cash management.
- Data governance model.



## PROCESS TRANSFORMATION

Review key processes with a customer-centric, end-to-end, efficiency-focused approach.

### PROGRESS

- Review of critical processes to detect and correct weaknesses.
- Continued EOL gap closure.

### CHALLENGES

- Unique process mapping.
- Analysis of core and associated systems migration.
- Ongoing reinforcement of cybersecurity.
- Agile processes based on business needs.



## CAPITAL RISK AND USE

Review the business model in keeping with Basel III to optimize the use of capital.

### PROGRESS

- Incorporation of a risk and capital perspective in business management (Basel III).
- Additional allowances for adverse cycles.
- Non-financial risk functions, with a focus on operational continuity and cybersecurity.

### CHALLENGES

- Risk profile as a competitive advantage.
- Prospective liquidity management.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Develop best practices in sustainability matters.

### PROGRESS

- Risk Policy design aligned with ESG factors.
- Approval of Sustainability Policy.
- Integrated Report, prior to becoming a regulatory requirement.
- Board training on ESG matters.

### CHALLENGES

- Implementation of Sustainability Policy.
- Alignment of strategy with diversity and inclusion elements.
- Work plan with results of the SSIndex stakeholdersurvey.



## CULTURE AND CAPABILITIES

Promotion of new ways of working based on agility, teamwork and a customer focus.

### PROGRESS

- Development of the Leadership Program at Banco Security and its subsidiaries.
- Executive team mentoring through leadership and teamwork coaching.
- Open space pilot for the Bank's management team.

### CHALLENGES

- Leadership and Teamwork Program.
- Implementation of "open spaces" in the rest of the organization.
- Looking further into new ways of working.



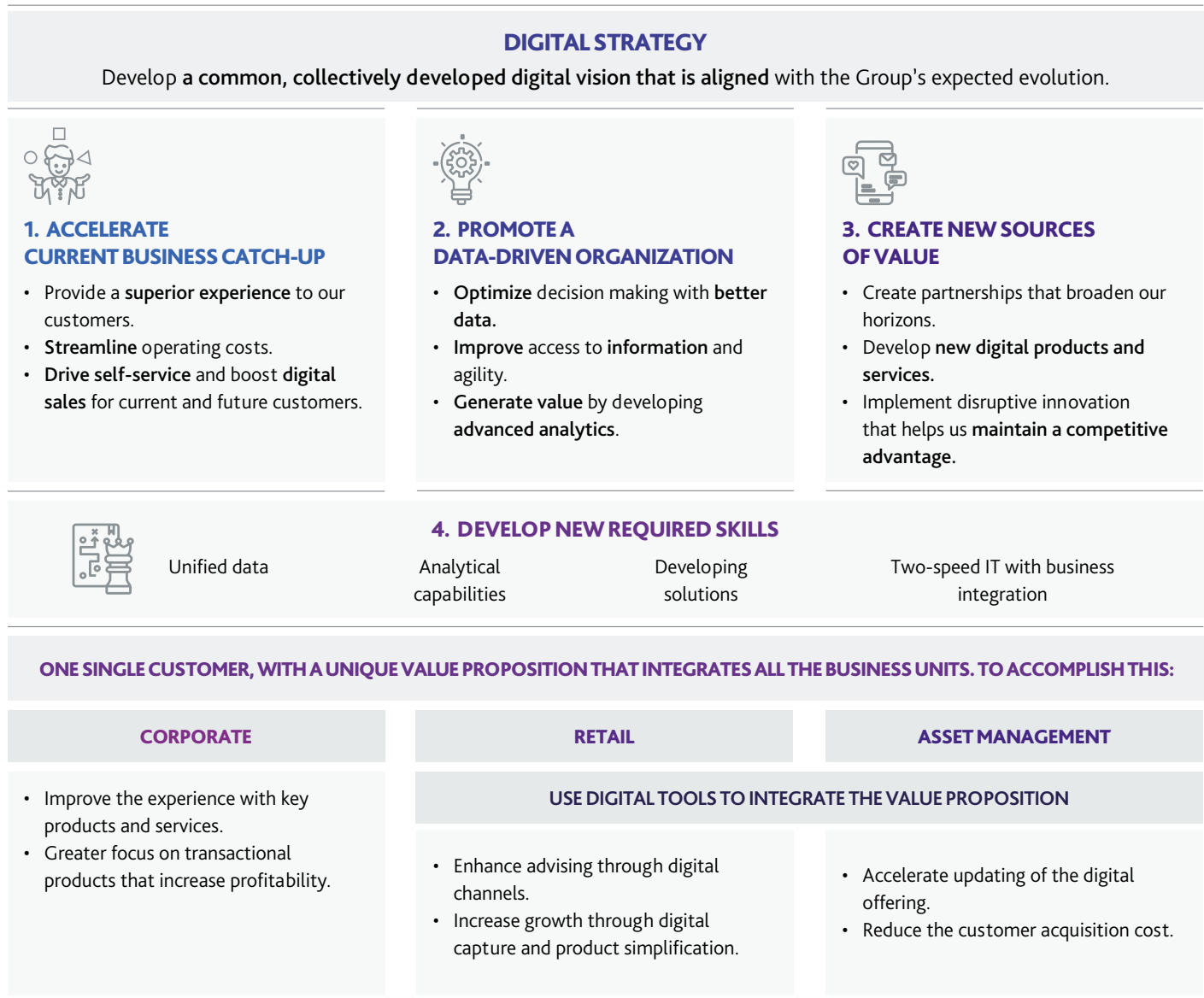
# DIGITAL STRATEGY AND INVESTMENT PLAN

Throughout its existence, Banco Security has been recognized for its approachable customer service and trust-based relationships, which has resulted in high levels of customer satisfaction. In recent years, the banking industry has undergone a strong digital transformation, which has grown the demand for increasingly customized products and an optimal user experience.

In this context, the Company is developing a digital plan focused on achieving the digital transformation of Corporate, Retail and Investment Banking and their internal processes. The initiative contemplates an investment close to MUS\$40, which the Company will finance and disburse gradually over the 2022 -

2026 period. To date, around MUS\$8 has been invested in the plan, which are expected to generate additional annual revenues close to MUS\$20.







The year 2022 was a year of consolidation of digital transformation efforts. During its first year of operation, the Digital and Data team focused on defining and undertaking an ambitious plan aimed at strengthening the Bank's business and taking advantage of the opportunities offered by technological and regulatory changes. This aligns with the digital strategy, which aims to: 1) accelerate business "catch-up", 2) instill a data-driven organization, 3) create new sources of value and 4) develop new capabilities.





The plan considers improving the experience in key products and services for Commercial Banking, while increasing profitability with a greater focus on transactional products. For Retail Banking, the aim is to accelerate the updating of the digital offering and reduce the customer acquisition cost. At Inversiones Security, the work is focused on strengthening advisory services through digital channels and increasing growth through digital capture and product simplification. It also considers integrating the value proposition for individual and corporate customers through digital tools, which will increase the levels of consistency for customers.

Responsibility for the digital plan falls to the Corporate Digital and Data Division, which was created at the end of 2021 and is composed of five areas: Digital Marketing, Digital Business Development, Data and Analytics, Digital IT and User Experience. In addition, the Digital Department of the Bank and its subsidiaries reports to the Corporate Digital and Data Division, which is in charge of promoting and executing the digital transformation at the business level.

 <p><b>DIGITAL MARKETING</b></p> <p>Improve the digital marketing methodology to develop sales opportunities.</p> <p>Manage the conversion of digital sales processes using an end-to-end approach.</p>	 <p><b>DIGITAL BUSINESS DEVELOPMENT</b></p> <p>Promote the development of new digital businesses and strategic partnerships.</p> <p>Support Security companies in the implementation of key digital projects.</p>	 <p><b>DATA AND ANALYTICS</b></p> <p>Develop advanced analytics capabilities.</p> <p>Build modern data architecture with a corporate scope.</p> <p>Implement robust data governance and management processes.</p>	 <p><b>DIGITAL IT</b></p> <p>Promote a digital agenda.</p> <p>Develop solutions to harness digital opportunities.</p> <p>Train teams to develop digital skills.</p>	 <p><b>USER EXPERIENCE</b></p> <p>Define UX/UI (design and user experience) for digital solutions.</p> <p>Ensure a coherent and consistent experience between digital applications.</p>	 <p><b>DIGITAL BANKING DEPARTMENT</b></p> <p>Drive Banco Security's digital transformation.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">REPORTS TO PARENT COMPANY</p>
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A robust and rigorous governance system is in place to monitor compliance with the strategy, its impacts, the safeguarding of data management and cybersecurity, execution deadlines, and productivity and quality of execution. This involves the Board of Directors and CEO of Grupo Security and Banco Security, Grupo Security's Transformation Office, Management Control and the Operational Risk Division, among others.

To make all of the above possible, in addition to working on the "what", the digital team focused on the "how." This was achieved by incorporating new talents with digital expertise and developing a training plan to empower the current teams.

Likewise, resources and efforts were dedicated to the expansion of new agile, more horizontal and collaborative ways of working, which have reduced the culture of silos and fostered innovation and the development of new solutions.

While the implementation of the digital plan represents an important milestone, in 2022 the lead team also completed flagship digital transformation projects, such as implementing new public sites for Banco Security and subsidiaries, expanding Security Pass for Commercial Banking customers, and creating 100% cloud-based APIs, among others.



## MILESTONES IN 2022

+24,000

SECURITYPASS CUSTOMERS

+1,200,000

SECURITYPASS TRANSACTIONS

1,033

MCH\$ - FINTECH NET INCOME

+4

NEW FINTECH PARTNERSHIPS

79%

DIGITAL CONSUMER LOANS

+58,000

DOCS DOWNLOADED ONLINE

+1,700

COMPANIES

100%

DATALAKE - MAIN DATA INTAKE AND GOVERNED

2

DIGITALIZED VALUE STREAM PROCESSES

1<sup>st</sup> APIs

100% CLOUD DEVELOPED

### • NEW SITES FOR BANCO SECURITY AND SUBSIDIARIES

Implementation of a corporate digital solution for the Retail and Commercial Banking and Asset Management sites. This maximizes cost synergies and reduces time-to-market in the creation of new digital experiences.

### • ORGANIZATION-WIDE DIGITAL MARKETING TOOLS

Adoption of HubSpot to promote customized and curated communications in an autonomous and flexible way.

### • USER EXPERIENCE AS A KEY CAPABILITY

User experience was established as a fundamental activity for the development of all new digital solutions for Security. The objective of the lead team is to provide a high standard in the digital experience of all companies by improving web accessibility and a mobile-first focus, in addition to creating digital convergence that strengthens the value proposition.

### • NEW FINTECH PARTNERSHIPS

Signing of four new partnerships, including the provision of a bank sponsor service for issuers of pre-paid payment cards. These actions have resulted in additional net income in excess BCH\$1, triple the amount generated in 2021.

### • DATA GOVERNANCE

Start of implementation of the data operating model, which considers detailed roles and policies as part of promoting a data-driven culture in the organization. In 2022, data offices were installed at Banco Security and Inversiones Security, the

main data domains for each company were defined, and the installation of processes for classifying all information as per ISO 27001 began.

- **INCREASED DIGITAL SALES**

In 2022, we continued to work on increasing the digital sale of consumer loans through different digital channels. The result of this effort was a 129% increase in units sold through digital channels compared to the previous year. A concrete example is insurance products, which increased their digital share from 49% in 2021 to 67% in 2022. In addition, the number of time deposits through digital channels increased by 110% over the previous year.

- **ONLINE DOCUMENTS**

This initiative arose after identifying the existence of more than 4,000 monthly requests to Commercial Banking executives for information that could be made available on digital channels, to provide timely access 24 hours a day. The implementation of this new function has been a success. From May to December 2022, more than 58,000 downloads of different types of documents were registered by more than 1,700 companies.

- **SECURITY PASS**

Transaction approval application for Retail and Commercial Banking and Asset Management. It simplifies the approval of transfers and payments and is 100% cloud-based. This solution puts the customer at the center and takes full advantage of economies of scale and scope by using a single application to approve customer transactions. To date, more than 24,000 customers have enrolled and more than 1,200,000 transactions have been approved.

- **VALUE STREAM PROCESSES**

Digital transformation is not only about building new digital solutions or improving existing ones, but also about implementing new ways of working to solve customer needs in a much safer, more efficient and, above all, faster way. For this reason, one of the main focuses of 2022 was to establish and consolidate value stream mapping. This team aims to identify and capture value through ongoing improvements to key processes.

- **ORIGINATION PROJECT**

In line with the goal of being a data-driven organization, this initiative was launched to use advanced analytics to deliver active products faster and more efficiently. The purpose of this is to simplify the decision-making processes in granting loans and provide a platform for executives to respond opportunely to individual customer requirements. APIs were also enabled to provide simulations and loan applications in an efficient, timely manner on digital channels, with an omnichannel experience.

- **CHANNEL REBOOT**

Implementation of a new technological architecture that will be the basis for new digital channels and for the implementation of the API strategy, which will make it possible to make efficient developments in terms of costs and time to market. Internally, a new structure was implemented and APIs were developed around this and were 100% cloud-based, laying the foundations for the activation of open banking.



# SUSTAINABILITY STRATEGY

In 2022, Banco Security approved a Sustainability Policy to demonstrate its commitment to sustainable development. In this area, as a provider of banking, asset management and other types of financial products and services, the Company is committed to using all of its capabilities to make a difference in supporting the transition to a low-carbon and socially and environmentally responsible economy.

Through its Sustainability Policy, the Bank aims to generate positive impacts on its stakeholders and reduce its negative socio-environmental impacts, encouraging projects that promote environmental stewardship. It also aims to strengthen reporting and public disclosure on matters relevant to the business.

The policy is a general guideline for the Bank's subsidiaries, and may be further developed and/or supplemented by them, subject to the

approval of their boards. The development and implementation of the environmental, social and governance strategy falls to the Planning and Control Division, in accordance with the guidelines defined by Grupo Security's Corporate Affairs Division. This division is responsible for developing corporate strategies, policies, guidelines and actions, in addition to advising subsidiaries on implementation of the defined strategy and adaptation to the needs and characteristics of the markets they serve.

## BANCO SECURITY'S ESG PROGRESS IN 2022

• **DISCLOSURE:**

Development of an Integrated Report, which voluntarily incorporates the disclosure parameters of General Regulation (NCG) 461.

• **CONTINUOUS IMPROVEMENT:**

Board member training on ESG matters and gap analysis with respect to NCG 461 to detect opportunities for improvement and establish a work plan.

• **RESPONSIBLE INVESTING:**

Administradora General de Fondos Security signed the

Principles for Responsible Investment (PRI) and approved its Responsible Investment Policy.

• **STAKEHOLDERS:**

Application of the SSIindex questionnaire to the Bank's customers, employees and suppliers to identify their perception of the Company and develop a work plan for any aspects that need improving.

• **ENVIRONMENT:**

Scope 1, 2 and 3 carbon footprint measurement.

## PROMOTING RESPECT FOR HUMAN RIGHTS

In 2022 Grupo Security approved its Corporate Human Rights Policy, which is inspired by international standards, such as the United Nations Guiding Principles on Business and Human Rights. Through this document, the Company establishes commitments with its stakeholders and the Sustainable Development Goals (SDGs). This corporate policy defines general principles of action, which may be further developed and supplemented by the subsidiaries, subject to the approval of Banco Security's Board of Directors.



## ESG INDICATORS AND ENTITIES GUIDING THE SUSTAINABILITY STRATEGY

In developing its corporate sustainability strategy, Grupo Security relies on a series of international assessments, recommendations and ratings. It gathers parameters and best practices from these, which it then transforms into policies and guidelines to be implemented by its subsidiaries, subject to the approval of their respective boards.

### ASSESSMENT



In 2021, the Financial Market Commission published the new General Regulation 461 for preparing annual reports. This regulation incorporates business sustainability variables, with special emphasis on corporate governance, risk management, stakeholder engagement and the entity's contribution to the fulfillment of the United Nations Sustainable Development Goals.



Annual assessment of sustainability practices, with material financial and industry-specific criteria. To date, it measures more than 10,000 companies worldwide.



An instrument applied by Banco Security to identify how it is perceived across the board by its stakeholders in the ESG areas. It also helps to anticipate risks and define actionable focuses that impact the sustainability of the business over time.

### FORMATION OF PARTNERSHIPS



Entity responsible for promoting and disseminating the Ten Guiding Principles of the United Nations related to human rights, labor, the environment and anti-corruption. It also works to raise awareness of the need to make progress towards the UN's 2030 Agenda for Sustainable Development.



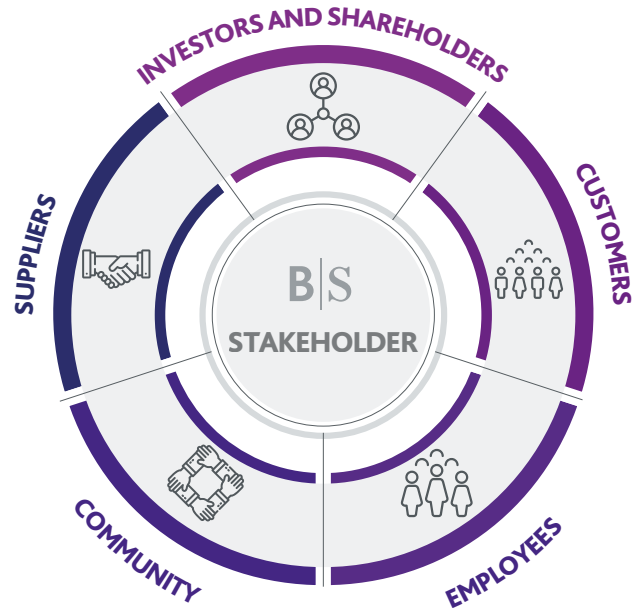
The Principles for Responsible Investment (PRI) aim to bring together responsible investors to work in collaboration for the development of sustainable markets.



# STAKEHOLDER ENGAGEMENT

Special care is taken at Grupo Security to generate a positive impact on stakeholders, who are fundamental to the development of each of its businesses: shareholders and investors, employees, customers, suppliers and the community as a whole.

The Bank and its subsidiaries aim to address the needs and interests of each stakeholder, based on respect for the dignity of the individual and the corporate values of closeness, transparency and professionalism.



## INVESTORS AND SHAREHOLDERS

RELEVANCE	SECURITY COMMITMENT	COMMUNICATION CHANNELS	FORMS OF ENGAGEMENT	LEAD UNIT
Investors provide resources to the Company in exchange for returns. Shareholders participate in the management of the business through their vote at shareholders' meetings, for example in electing the Board of Directors.	<ul style="list-style-type: none"> <li>Responding to their needs for financial and sustainability information.</li> <li>Developing and maintaining information channels with shareholders.</li> <li>Guaranteeing equal treatment for all shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>Integrated Report.</li> <li>Investor Relations website.</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meeting.</li> <li>Email communications.</li> </ul>	Planning and Control Division.



## CUSTOMERS

RELEVANCE	SECURITY COMMITMENT	COMMUNICATION CHANNELS	FORMS OF ENGAGEMENT	LEAD UNIT
Customers are the core of the business for Banco Security and its subsidiaries and are key to defining and implementing the organization's comprehensive development and growth strategy.	<ul style="list-style-type: none"> <li>Offering products and services that fully satisfy their needs.</li> <li>Developing omnichannel solutions and continuously improving them.</li> <li>Care and responsibility for information regarding data security.</li> <li>Promoting financial literacy.</li> <li>Preventing and avoiding the financing of illicit practices.</li> </ul>	<ul style="list-style-type: none"> <li>Institutional websites for Banco Security and Inversiones Security.</li> <li>Banco Security and Inversiones Security apps.</li> <li>Self-service channels.</li> <li>News media.</li> <li>Digital channels (Saber Suma blog, YouTube).</li> <li>Complaint channel.</li> </ul>	<ul style="list-style-type: none"> <li>Satisfaction surveys.</li> <li>Corporate economic seminar.</li> <li>Financial literacy podcasts and videos.</li> <li>Webinar on national and international topics.</li> </ul>	Commercial areas of Banco Security and subsidiaries.



## EMPLOYEES

RELEVANCE	SECURITY COMMITMENT	COMMUNICATION CHANNELS	FORMS OF ENGAGEMENT	LEAD UNIT
<p>This group is essential to the development and progress of the Bank and its subsidiaries.</p>	<ul style="list-style-type: none"> <li>• Commitment to diversity, inclusion, anti-discrimination and gender equity.</li> <li>• Talent management programs.</li> <li>• Ensuring comprehensive development and work-life balance.</li> <li>• Benefits with a focus on quality of life.</li> <li>• Programs to promote occupational health and safety.</li> <li>• ESG training / awareness plans.</li> <li>• Promoting corporate volunteering.</li> </ul>	<ul style="list-style-type: none"> <li>• Flow weekly survey.</li> <li>• Bulk emails.</li> <li>• Mi Aprendizaje (My Learning) channel.</li> <li>• Ongoing training program.</li> <li>• Remote large-group meetings.</li> <li>• Virtual coffee breaks.</li> <li>• Mi Security (My Security) app.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal surveys.</li> <li>• Complaint channel.</li> <li>• "Aló Security" telephone channel.</li> </ul>	Corporate Culture Division.



## COMMUNITY

RELEVANCE	SECURITY COMMITMENT	COMMUNICATION CHANNELS	FORMS OF ENGAGEMENT	LEAD UNIT
<p>The Bank and its subsidiaries are convinced that by building solid trust-based relationships with the community, they will be able to ensure positive results for its investors and shareholders.</p>	<ul style="list-style-type: none"> <li>• Developing financial literacy programs.</li> <li>• Supporting social wellbeing programs, focusing on the elderly and at-risk families.</li> <li>• Supporting research and development programs designed to promote work-life balance.</li> <li>• Promoting partnerships with institutes of higher learning to positively support research, innovation and entrepreneurship.</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional websites of Banco Security and subsidiaries.</li> <li>• Bank and subsidiary apps.</li> <li>• Self-service channels.</li> <li>• News media.</li> <li>• Digital channels (Saber Suma blog, YouTube).</li> <li>• Complaint channel.</li> </ul>	<ul style="list-style-type: none"> <li>• Economic seminar.</li> <li>• Financial literacy podcasts, videos and newsletters.</li> <li>• Webinar on national and international topics.</li> <li>• Training workshops for women facing disadvantages.</li> </ul>	Division managers



## SUPPLIERS



RELEVANCE	SECURITY COMMITMENT	COMMUNICATION CHANNELS	FORMS OF ENGAGEMENT	LEAD UNIT
<p>Strategic partners in business development. Long-term relationships are forged with them, with shared values and principles, based on respect for and monitoring of the concepts addressed in the Sustainability Policy.</p>	<ul style="list-style-type: none"> <li>• Maintaining honest and transparent dealings with suppliers.</li> <li>• Establishing criteria for monitoring supplier performance, including human rights, occupational health and safety, environmental impacts, information management and reporting.</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional websites for Banco Security and Inversiones Security.</li> <li>• Complaint channel.</li> </ul>	<ul style="list-style-type: none"> <li>• Email communications.</li> </ul>	Planning and Control Division.



## CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

As part of the process of incorporating ESG variables into business management, through its Sustainability Policy, Banco Security is committed to contributing to sustainable development and complying with the Sustainable Development Goals (SDGs), established by the United Nations for 2030. The Bank works in synergy with each of its subsidiaries to help meet these goals. The challenge for 2023 is to further extend its methodologies, goals and metrics, which will make it possible to monitor the actions carried out.



SDG	CONTRIBUTION METHOD	INITIATIVES
	<ul style="list-style-type: none"> <li>• Offering protection products and services, as well as information related to preventive healthy living.</li> <li>• Promoting employee benefits aimed at improving their wellbeing, focusing on prevention, physical care and mental health.</li> <li>• Supporting foundations that address health and improved living.</li> </ul>	<ul style="list-style-type: none"> <li>• The VIVA blog, an open-source channel with contents focused on people's physical and mental health. 110,000 visits in 2022.</li> <li>• CLUB VIVA</li> <li>• Partnership with Betterfly, a benefits platform for employees that offers incentives to ensure their physical, mental and financial wellbeing.</li> <li>• "Vivo + Salud y Bienestar", a program to provide self-care tools.</li> </ul>
	<ul style="list-style-type: none"> <li>• Making donations to different educational institutions and charities.</li> <li>• Partnerships with foundations that provide work tools for the reintegration of women in vulnerable situations and entrepreneurs to help them grow their businesses.</li> <li>• Open-source content channels on financial education.</li> <li>• Providing employees with ongoing opportunities to improve their (job) skills for current and future employment.</li> </ul>	<ul style="list-style-type: none"> <li>• Padre Hurtado scholarships.</li> <li>• Contributions and/or partnerships with:                             <ul style="list-style-type: none"> <li>• Fundación Educacional Necedal, Soymás, Simón de Cirene, Universidad Católica and Universidad de los Andes.</li> </ul> </li> <li>• "Saber Suma" blog: 9,377 visits / month, more than 2,000 subscribers.</li> <li>• Security Economic Seminar: more than 30,000 views.</li> <li>• Six webinars and 21 capsules in 2022, to further financial literacy topics.</li> </ul>



SDG	CONTRIBUTION METHOD	INITIATIVES
	<ul style="list-style-type: none"> <li>• Having a policy to promote a culture that leverages the values of diversity and inclusion.</li> <li>• Ensuring inclusive workplaces free from discrimination, where all people are treated fairly, regardless of gender.</li> <li>• Banco Security has corporate policies aimed at balancing work and family life. These policies are consistently implemented and supported by the entire corporate governance structure, which has translated into actions and outcomes that have encouraged women's participation.</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership with Fundación Soymás.</li> <li>• Diversity and Inclusion Policy.</li> <li>• Partnership with the Work and Family Center of the ESE Business School, Universidad de los Andes.</li> <li>• Compensation Policy that aims to ensure proper internal equity, external competitiveness, and talent attraction and retention.</li> </ul>
	<ul style="list-style-type: none"> <li>• Developing benefits with a focus on quality of life for its employees and the development of their work skills.</li> <li>• Building partnerships with foundations that provide work tools to get women in vulnerable situations into the workforce and help entrepreneurs grow their businesses.</li> <li>• Implementing a new digital platform for talent management and development for all employees.</li> <li>• Offering small and medium-sized companies a digital platform for performing fast and simple factoring operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership with Fundación para el Emprendimiento (Foundation for Entrepreneurship).</li> <li>• Elijo Crecer (I Choose to Grow): Employee development program.</li> <li>• Disability Inclusion Program: Created to provide employment opportunities for people with disabilities.</li> <li>• Mi Evolución, tu espacio para crecer (My evolution, your space to grow), learning program open to employees</li> </ul>
	<ul style="list-style-type: none"> <li>• Contributing to the acquisition of first homes for middle and low-income groups traditionally not served by banks.</li> <li>• Implementing energy efficiency measures at Group facilities.</li> <li>• Offering green investment fund focused on energy efficiency in the transportation sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Electromobility investment fund launched by Inversiones Security in partnership with other companies.</li> <li>• LEED Gold certification of headquarters building, which certifies the reduction of CO<sub>2</sub> emissions, waste minimization and pollution prevention.</li> </ul>
	<ul style="list-style-type: none"> <li>• Having a Sustainability Policy.</li> <li>• Managing its carbon footprint.</li> </ul>	<ul style="list-style-type: none"> <li>• Initiatives to reduce paper use.</li> <li>• Carbon footprint measurement, committing to measuring and then managing it.</li> <li>• Partnership with Kyklos, a circular economy company, to implement recycling and environmental education programs.</li> </ul>
	<ul style="list-style-type: none"> <li>• Promoting clear anti-corruption (KYC) and anti-bribery policies and conducts continuous training.</li> <li>• Providing transparent market information.</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Ethics and Employee Code of Conduct.</li> <li>• Crime Prevention and Money Laundering Policy.</li> <li>• Conflict of Interest Policy.</li> <li>• Complaint channel.</li> <li>• Ongoing training on Law No. 20,393 and its amendments.</li> <li>• Quarterly earnings presentations (online), preliminary publication of the Bank's monthly results.</li> </ul>

NOTE: THIS TABLE ILLUSTRATES GRUPO SECURITY'S CONTRIBUTION TO THE SDGS.



# OUR HISTORY

1981

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

1987

The subsidiary of Security Pacific National Bank, Security Pacific Corporation, purchases 100% of Banco Urquijo de Chile's share capital, renaming it Banco Security Pacific. The Company creates a securities agency and brokerage firm.

1990

Leasing Security is founded as a subsidiary of Banco Security to provide lease finance.

1991

Grupo Security's shareholders purchase 60% of Banco Security Pacific and change its name to Banco Security. This transaction involves the integration of Valores Security Corredores de Bolsa into the holding company.

1992

The Bank subsidiary Administradora de Fondos Mutuos Security is created.

1994

Security Pacific National Bank's successor, Bank of America, sells the remaining 40% ownership of Banco Security to Grupo Security.

2001

Leasing Security ceases to be a subsidiary and becomes a business unit of the Bank.

**2003**

Administradora de Fondos Mutuos Security expands its line of business and changes its name to Administradora General de Fondos Security.

**2004**

Grupo Security acquires 99.67% of Dresdner Bank Lateinamerika Chile. This Bank merges with Banco Security. For the first time in its history, the Bank exceeds one trillion pesos in loans.

**2012**

Retail Banking exceeds 50,000 current accounts, and Commercial Banking registers two billion Chilean pesos in loans.

**2014**

Banco Security becomes the first Chilean bank to open a representative office in Hong Kong. AGF Security merges with Administradora General de Fondos Cruz del Sur.

**2015**

Valores Security merges with Corredora de Bolsa Cruz del Sur. An agreement is reached with Banco Penta to acquire its asset management and brokerage subsidiaries.

**2016**

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

**2021**

The first Regulatory Capital Assessment Report (IAPE) is made. In addition, Commercial Banking exceeds five trillion pesos in loans and the Bank begins a digital transformation process.



## MILESTONES IN 2022

### CHANGES IN LEADERSHIP

As a planned process to strengthen the entity in light of the challenges and profound changes in the financial industry, after more than 30 years at the helm of Banco Security, on August 11, 2022, Francisco Silva stepped down as Chairman of the Board of Directors of the entity.

He was replaced by Renato Peñafiel, also founder of Grupo Security, who until then had been the CEO of the holding. Ramón Eluchans was appointed Vice Chairman of Banco Security, and Fernando Salinas Pinto, the new Chief Executive Officer of Grupo Security, replaced Mr. Silva on the Board of Directors.



### PARTNERSHIP WITH PINEBRIDGE

Banco Security, through its subsidiary AGF Security, sealed a partnership with the global fund manager PineBridge Investment Ireland Limited. The purpose of this partnership is to generate synergies that will add value to current and potential investors through PineBridge's experience as an investment manager and global distributor, and AGF Security's knowledge of Latin American markets.

The transaction allows AGF Security to participate as Sub-Investment Manager of the Paretun PineBridge Latin America Corporate Bond Fund, domiciled in Luxembourg, which has a five-year track record and MUS\$118 in assets under management at 2022 year end.

## SUSTAINABILITY



### NEW SUSTAINABILITY POLICY

The Board of Directors of Banco Security approved its Sustainability Policy, which commits to incorporate sustainability into its corporate strategy and processes, with the objective of reducing the negative impacts of its operations and generating positive impacts on its stakeholders. The approval of this document also aims to generate practices to maintain and expand the transparent management of its activities, with a special focus on reporting and public disclosure of relevant business matters.



### SSINDEX CERTIFICATION

Banco Security applied the Stakeholders Sustainability Index (SSIndex) for the first time and earned certification in the Employees category. To this end, in 2022, employees, customers and suppliers were surveyed on the environmental, corporate governance and internal and external social dimensions. This indicator provides a 360° analysis to evaluate the perception that stakeholders have of the entity. The results of the study will allow us to further our understanding of each stakeholder and draft a work plan that prioritizes aspects that require improvement or refocusing to strengthen the relationship with each of them.



## LAUNCH OF GREEN FUND

In December, AGF Security and Kia Motors Chile went public with the first investment fund to promote electromobility for a total of BCH\$7. The objective of the Urban Electromobility Investment Fund, which will begin to operate in March 2023, is to finance the acquisition of electric vehicles. Initially, there will be a fleet of 170 units of the new Kia Niro EV model, which will be managed by Tucar, a startup from Indumotora, Kia's representative in Chile. The units will be available for lease by Uber drivers, who will enjoy fuel savings of about 90%.



## RESPONSIBLE INVESTING

The Bank's subsidiary AGF Security has signed the Principles for Responsible Investment (PRI), which aims to bring together responsible investors to work in collaboration for the development of sustainable markets. Responsible investment is a strategy and practice for incorporating Environmental, Social and Governance (ESG) factors into investment decisions and the active exercise of ownership. Committing to being a responsible investor involves empowering asset owners, supporting investors in the process of incorporating ESG factors, positioning a community of active owners, taking leadership and strengthening responsible behavior, while bring together and educating responsible investors.

The six principles subscribed to are:

1. Incorporating ESG issues into investment analysis and decision-making processes.
2. Being active owners and incorporating ESG issues into its ownership policies and practices.
3. Seeking appropriate disclosure on ESG issues by the entities in which it invests.
4. Promoting acceptance and implementation of the Principles within the investment industry.
5. Working together to enhance effectiveness in implementing the Principles.
6. Reporting on its activities and progress towards implementing the Principles.



# AWARDS

## GREAT PLACE TO WORK FOR GRUPO SECURITY



- 1<sup>st</sup> place in Best Workplaces for Women in Chile, in the category of more than 1,000 employees.
- 3<sup>rd</sup> place in the Best Workplaces in Chile in the category of more than 1,000 employees.
- 26<sup>th</sup> place in Best Workplaces in Latin America in the category of large companies.



- 2<sup>nd</sup> place in National Satisfaction Index, Procalidad, Banking Sector.
- 3<sup>rd</sup> place in Customer Experience, PXI Banking Sector ranking.



ALAS20 ranks AGF Security in **seventh place in the ranking of responsible investment disclosure**. The Sustainability Leaders Agency (Agencia Líderes Sustentables, ALAS20) is the only Latin American initiative that evaluates, rates and recognizes excellence in the disclosure of sustainable development practices, corporate governance and responsible investments. On a country level, Brazil, Chile, Colombia, Spain, Mexico and Peru are participating.

## 2022 SALMON AWARDS



- 1<sup>st</sup> Place Debt Fund > 365 Days Domestic in Chilean pesos (Security FIRST Mutual Fund)



- 1<sup>st</sup> Place in the Emerging Asia Stock Category (Security Emerging Markets Asia Mutual Fund)
- 1<sup>st</sup> Place Shareholder Category Latin America (Security LATAM Series B Mutual Fund)
- 2<sup>nd</sup> Place Shareholder Category U.S.A. (Security US Index Mutual Fund)
- 3<sup>rd</sup> Place Aggressive Balanced Category (Security Strategic Return Series B Mutual Fund)

## MORNINGSTAR AWARDS 2022



- **Best Overall Fund House** (AGF Security).
- **Best International Equity Fund** (Security Global Mutual Fund, series F).
- **Best Latin American Equity Fund** (Latam Mutual Fund, Series B).
- **Best Short-Term Fixed-Income Fund in Chilean Pesos** (Security Midterm UF Mutual Fund, series B).

## EL MERCURIO INVERSIONES RANKING



- **1<sup>st</sup> place:**  
Best Mutual Fund Manager in 2021.
- **1<sup>st</sup> place:**  
Best Manager for Institutional Investors.
- **1<sup>st</sup> place:**  
Best Mutual Fund Manager for Small Investors. Retail Segment Category.
- **2<sup>nd</sup> place:**  
Best Balanced Fund Mutual Fund Manager.
- **2<sup>nd</sup> place:**  
Best APV Mutual Fund Manager.
- **5<sup>th</sup> place:**  
Best International Fixed Income Manager.
- **5<sup>th</sup> place:**  
Best International Equity Mutual Fund Manager.
- **6<sup>th</sup> place:**  
Best Chilean Equity Mutual Fund Manager.
- **7<sup>th</sup> place:**  
Best Mutual Fund Manager for High Net Worth customers.



# PARTNERSHIPS AND MEMBERSHIPS

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



## CONTRIBUTIONS TO FOUNDATIONS

- Donation to the "Aprender Jugando" ("Learning by Playing") Program
- ONG Casa de Acogida La Esperanza
- Fundación para el Emprendimiento
- Donation to Sports Projects
- Universidad de los Andes
- Centro de Estudios Públicos
- Fundación para Ayuda y Rehabilitación de Discapacitados
- Fundación Chilena del Pacífico
- Soymás Foundation\*
- Fundación Simón de Cirene\*
- Corporación Esperanza\*

\* NOTE: THE COMPANY SUPPORTED THESE FOUNDATIONS THROUGH CONTRIBUTIONS FROM SENCE TAX CREDITS.



## BI-NATIONAL CHAMBERS OF COMMERCE

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



## TRADE, INSTITUTIONAL AND OTHER ORGANIZATIONS

- Association of Banks and Financial Institutions
- Santiago Exchange
- Instituto de Estudios Bancarios Guillermo Subercaseaux
- Fedefruta
- Chilean Chamber of Construction
- Hotel Trade Association
- Santiago Chamber of Commerce
- Production and Trade Confederation
- Circle of Banking Executives
- Chilean Leasing Companies Association
- Corporación Club El Golf 50
- Capital Goods Technological Development Corporation



# COMPANY INFORMATION

## CONTROL SITUATION

Banco Security is a banking entity controlled by Grupo Security, which owned 99.98% of its shares as of December 31, 2022.

The existence or formalization of a joint action agreement between the shareholders is not known. Banco Security has no shareholders other than controlling shareholders who own 10% or more of its capital.

Grupo Security does not have a controller or controlling group, as defined in Article 97 of Section XV of the Securities Market Law.

A group of shareholders who together represent a 72.4% interest in the Group has a share transfer agreement. It has actively participated in the Group's management since its founding in 1992.

The individuals who directly or indirectly—through other individuals or legal entities—own 10% or more of Grupo Security's shares are as follows as of December 31, 2022:

IDENTIFICATION	CHILEAN TAX ID	LEGAL ENTITY	PERCENTAGE OF GRUPO SECURITY	OWNERSHIP TYPE (DIRECT OR INDIRECT)
Juan Cristóbal Pavez Recart	9.901.478-4	Centinela SpA and Sociedad Comercial de Servicios e Inversiones Ltda.	12.91%	Representing himself, his father, mother and sisters.
Horacio Pavez García	3.899.021-7	Alisios SpA, Atacalco SpA and Tenaya SpA.	11.35%	Representing himself and his children.
Jorge Marín Correa	7.639.707-4	Sociedades Inversiones Hemaco Ltda., Polo Sur Soc. de Rentas e Inv. San Antonio Ltda., Sociedad de Rentas Don Ernesto Ltda. and Don Guillermo S.A.	10.95%	Representing himself, his spouse, children, siblings, nieces, nephews and aunts and uncles.

SOURCE: BANCO SECURITY

As of 2022 year-end, Banco Security has 99 shareholders. The 12 largest are:

SHAREHOLDER NAME	SHARES HELD	OWNERSHIP INTEREST
GRUPO SECURITY S.A.	236,858,976	99.98%
INVERSIONES LAS DEBDAS SAC	4,138	0.002%
GILBERTO DEL CARMEN PAREDES ACUÑA	3,880	0.002%
IMPORTADORA TRANSORBE LTDA.	3,880	0.002%
BARI GUERRA Y CÍA. LTDA.	3,232	0.001%
ISAAC GUELFAND LOY	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%
JORGE KOWASLSKY LIPNOWSKY	1,615	0.001%
PEDRO MIR TAULE	1,293	0.001%

SOURCE: BANCO SECURITY

There were no changes in the ownership of the Bank and its subsidiaries during the period.



## SHARES, CHARACTERISTICS AND RIGHTS

### SHARES

As of December 31, 2022, the Bank's capital is divided into 236,858,976 shares. These are distributed among the Bank's 99 shareholders and are not traded on local or international stock exchanges. The list of shareholders was provided by the Central Securities Depository (DCV), which is the custodian of the Bank's shares. The shares issued by the Bank are all common, single series shares.

### DIVIDEND POLICY

Banco Security's dividend policy is to distribute to shareholders a percentage that is in line both with market expectations of earnings on the share, as well as with a prudent evaluation of the sufficiency of capital to face all the risks inherent to its activity.

In this regard, any percentage that the Board of Directors decides to distribute above the minimum 30% established by the regulations must be based on the revised results of the two-year financial and capital planning, and in consideration of all the risks established in the Basel III regulations, known as Pillar I risks and relevant Pillar II risks, including simulations of stressed macroeconomic scenarios.

To this end, a solid governance structure is established to anticipate changes in the economic and business environment, as well as the incorporation of best practices in the assessment of potential business risks, always with a forward-looking view, with a solid methodology for assessing the feasibility of generating interim and/or final dividends.

### DIVIDENDS PAID (2019-2022)

YEAR	DIVIDEND	DIVIDEND PER SHARE
2022	46,277	195.33
2021	30,074	131.63
2020	23,090	101.06
2019	43,591	190.79

SOURCE: BANCO SECURITY



## OTHER FINANCING SECURITIES

As of December 2022, Banco Security had issued MCH\$3,257,158 in senior bonds. For further details, see the Financial Statements included in this Annual Report.

SERIES	CMF REGISTRATION NUMBER	CMF REGISTRATION DATE	CURRENCY	AMOUNT	ANNUAL INTEREST RATE	TERM (YEARS)	MATURITY	AMOUNT PLACED
H1	03-2007	Jan 25, 2007	UF	3,000,000	3	23.0	Dec 1, 2029	2,045,000
K4	10-2013	Nov 06, 2013	UF	5,000,000	3.6	10.0	Oct 01, 2023	5,000,000
K5	14/2014	Oct 09, 2014	UF	5,000,000	2.75	10.0	Jun 01, 2024	5,000,000
K6	05-2015	Jun 04, 2015	UF	5,000,000	2.75	10.0	Mar 01, 2025	5,000,000
K7	05-2015	Jun 04, 2015	UF	5,000,000	2.75	10.0	Sep 01, 2025	5,000,000
K8	12-2016	Oct 03, 2016	UF	5,000,000	2.8	10.0	Oct 01, 2026	5,000,000
B7	08-2018	Jun 07, 2018	UF	4,000,000	2.2	5.5	Aug 01, 2023	4,000,000
K9	08-2018	Jun 07, 2018	UF	5,000,000	2.75	10.5	Jul 01, 2028	5,000,000
Z3	08-2018	Jun 07, 2018	CLP	75,000,000,000	4.8	5.5	Jun 01, 2023	75,000,000,000
B8	11-2018	Dec 20, 2018	UF	5,000,000	1.8	5.5	Feb 01 2024	5,000,000
Q1	11-2018	Dec 20, 2018	UF	3,000,000	2.5	15.0	Aug 01, 2033	3,000,000
Z4	11-2018	Dec 20, 2018	CLP	75,000,000,000	4.8	5.5	Apr 01, 2024	75,000,000,000
D1	11-2018	Dec 20, 2018	UF	5,000,000	2.2	10.5	Feb 01, 2029	5,000,000
B9	11-2019	Nov 11, 2019	UF	5,000,000	0.7	5.5	Apr 01, 2024	5,000,000
C1	11-2019	Nov 11, 2019	UF	5,000,000	0.8	6.0	Mar 01, 2026	5,000,000
D2	11-2019	Nov 11, 2019	UF	5,000,000	0.9	8.5	Sep 01, 2027	497,412
D3	11-2019	Nov 11, 2019	UF	5,000,000	1	10.5	Sep 01, 2029	5,000,000
Z5	11-2019	Nov 11, 2019	CLP	75,000,000,000	3.5	6.0	Jun 01, 2025	75,000,000,000
Z7	04-2020	Mar 12, 2020	CLP	100,000,000,000	2.75	6.0	Nov 01, 2025	31,000,000,000
D4	04-2020	Mar 12, 2020	UF	5,000,000	0.5	10.5	Jul 01, 2030	5,000,000
C3	06-2021	Sep 30, 2021	UF	5,000,000	0.4	5.0	Jul 01, 2026	95,000
C4	06-2021	Sep 23, 2021	UF	5,000,000	0.7	6.0	Mar 01, 2027	755,000
D5	06-2021	Sep 23, 2021	UF	5,000,000	1	7.0	Apr 01, 2028	2,410,000
D6	06-2021	Sep 23, 2021	UF	5,000,000	1.4	10.5	Nov 01, 2031	280,000
Q2	04-2020	Mar 12, 2020	UF	5,000,000	0.7	15.0	Nov 1, 2034	3,740,000
Q3	04-2020	Mar 12, 2020	UF	5,000,000	0.8	15.5	Jul 01, 2035	3,380,000
Z6	04-2020	Mar 12, 2020	CLP	100,000,000,000	2.65	5.0	Dec 01, 2024	22,250,000,000
Z8	06-2021	Sep 23, 2021	CLP	100,000,000,000	3.3	6.0	Jun 01, 2027	100,000,000,000

SOURCE: BANCO SECURITY



CHAPTER 02

# CORPORATE GOVERNANCE



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GOVERNANCE STRUCTURE

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BOARD OF DIRECTORS

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BOARD COMMITTEES

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SENIOR MANAGEMENT

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INVESTOR RELATIONS

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RISK MANAGEMENT

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ETHICS AND COMPLIANCE

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# GOVERNANCE STRUCTURE

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Banco Security and its subsidiaries have a governance structure to ensure that their activities are consistent with a culture that promotes and encourages corporate values of transparency, professionalism and ongoing concern for the individual.

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The governance structure aims to be consistent with the business strategy, based on a model that enables and enhances the creation of long-term value for each stakeholder, which responds to investor needs while contributing to the United Nations Sustainable Development Goals (SDGs).

The Bank has the highest level of corporate governance, aimed at safeguarding compliance with Chilean and banking industry regulations through internal mechanisms. It also has defined an effective comprehensive risk strategy to ensure the efficient use of resources and protect the interests of the Bank, its shareholders and investors.

Banco Security's governance structure responds to the general guidelines of its controller, Grupo Security, Chilean legal requirements and the guidelines defined in this area by the regulatory agencies that oversee it, such as the Financial Market Commission (CMF). It also incorporates the Three Lines of Defense (3LoD) Model from the Committee of Sponsoring Organizations of the Treadway Commission (COSO), aimed at identifying structures and processes that facilitate the achievement of objectives and promote sound governance in risk management.



## PARAMETERS THAT ENSURE THE CORRECT FUNCTIONING OF THE BANK'S CORPORATE GOVERNANCE

### DILIGENT BOARD OF DIRECTORS

Banco Security has a Board of Directors that is involved in Company management through active participation in decision making, an ongoing relationship with senior management and approval and supervision of long-term strategic definitions aligned with sustainable development.

### CORPORATE POLICIES

The entity has a policy structure that ensures the long-term sustainability of the business and attention to its stakeholders. These policies address all issues essential to business continuity, such as sustainable development, risk management, promotion of ethical business conduct, management of conflicts of interest, data privacy, capital and investment management, information security and crime prevention, among others.

### RISK MANAGEMENT

Banco Security has an integral vision for risk management, aligned with its strategic plans and board-approved risk appetite. This model considers ongoing monitoring by a governance structure, including committees with board representation, oversight and monitoring of compliance through the Three Lines of Defense Model, and a Risk Appetite Framework and Risk Appetite Statement, reviewed annually during the strategic planning process.

### COMPLIANCE OVERSIGHT

The Company's operations are monitored for regulatory compliance through internal and external audits and by regulatory entities such as the CMF.

### ETHICAL MANAGEMENT

Through its Board of Directors, Banco Security has made statements expressly highlighting ethical behavior and conduct as a fundamental basis for conducting its business in a sustainable manner. These are included in its vision, mission and value framework, as well as in the Bank's purpose. In this spirit, the organization has implemented a governance structure and policies that allow it to guide and supervise the conduct of its employees in the performance of their duties, as well as the entity as a whole.

### SUSTAINABILITY

Through its Sustainability Policy, Banco Security is committed to promoting sustainability in its activities as an integral part of its corporate strategy and processes. It also ensures disclosure and communication with its stakeholders, with whom it makes commitments to build trust-based relationships based on the corporate values of closeness, transparency and professionalism.

On the internal governance side, there are several committees with board and senior management representation that cover these issues as a whole and individually, as well as the monitoring and control of the regulatory framework, through the Compliance Division. Notable within the policy structure are the Code of Ethics, the Code of Conduct, the Conflicts of Interest Policy, the Customary Related Party Transactions Policy, the regulatory framework for Compliance, AML/CFT and Crime Prevention, and the Supplier Policy, among others.



## REDUCING ORGANIZATIONAL, SOCIAL OR CULTURAL BARRIERS

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 corporate culture. Banco Security has built and developed 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 quality of life for all employees and their families.

Consequently, guidelines, processes and procedures have been designed to harmonize the personal and working lives of each employee, to reinforce the importance of how to achieve 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.

## IDENTIFYING DIVERSE CAPACITIES

For Banco Security, diversity and inclusion are fundamental values for long-term relationships and for the sustainable growth of the organization, in addition to being spaces where the pillars

of the Security Culture are put into practice: respect and care for people.

It promotes respect and values differences, with the understanding that diverse teams with multiple approaches enrich the personal and work development of each employee and generate innovative solutions, while increasing closeness with customers and society.

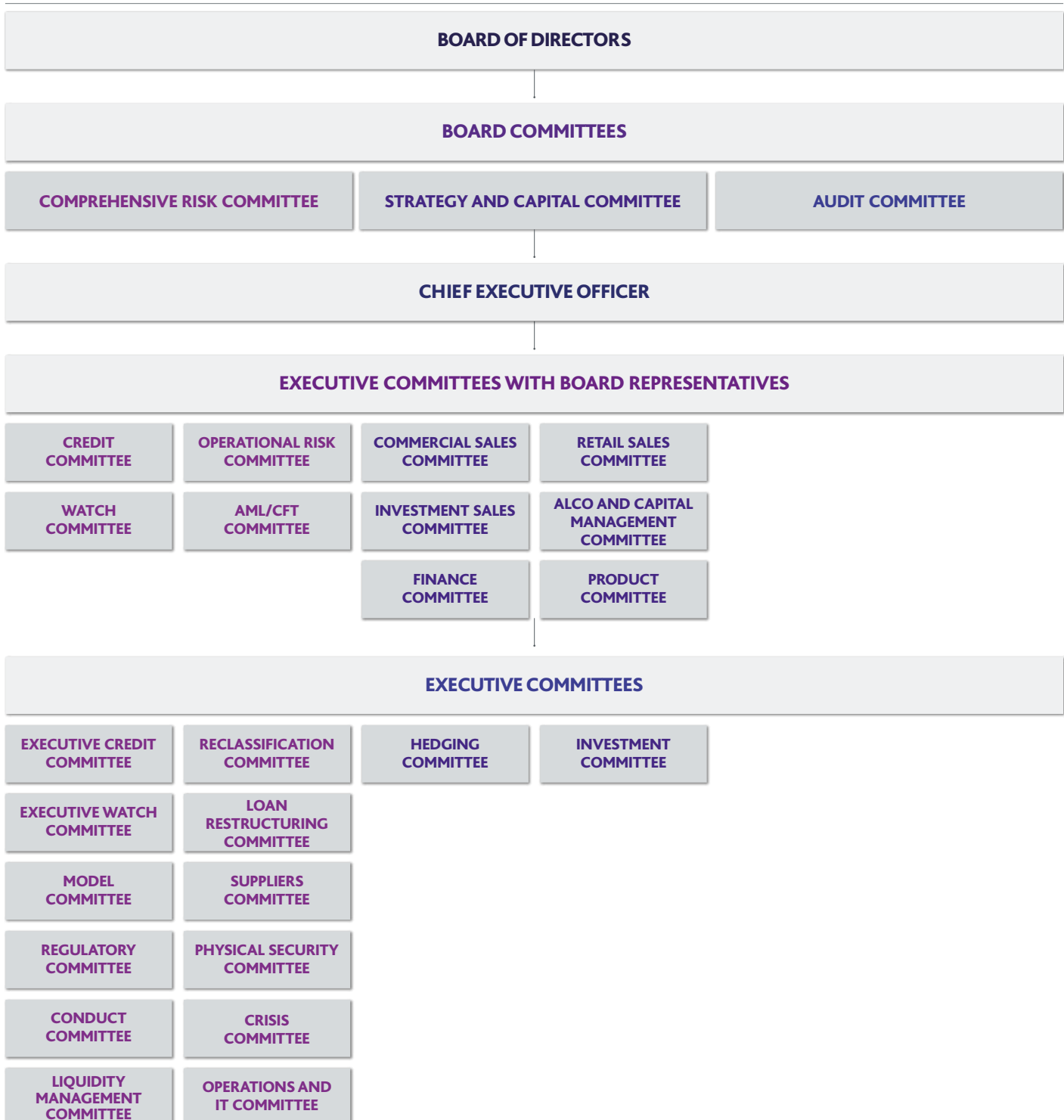
Accordingly, the corporate culture leverages respect and care for the dignity of employees, customers and suppliers by celebrating their individuality and promoting diversity. Inclusive and discrimination-free practices and processes are ensured, where all people are treated fairly, regardless of their gender, age, religion, origin, condition or marital status. Equal opportunities are provided for employees' access to work and professional growth, and efforts are made to ensure that both men and women participate in all selection processes, in order to achieve significant female representation at all levels of the organization.

In 2022 Grupo Security approved the Diversity and Inclusion and Human Rights policies, through which it is committed to prohibiting all types of discrimination and promoting diversity and inclusion. These are general guidelines, which may be further developed or supplemented by its subsidiaries, subject to the approval of their boards.





## GOVERNANCE STRUCTURE



SOURCE: BANCO SECURITY



# BOARD OF DIRECTORS

Banco Security's corporate governance is headed by its Board of Directors, which actively participates in management and is concerned with exercising control and assessing corporate governance practices.

In accordance with its bylaws, it is responsible for approving and supervising the Bank's strategic guidelines, in accordance with previously defined risk structures, and for protecting the interests of shareholders and stakeholders. This body is also in charge of determining the internal controls that ensure the proper

functioning of the business, data protection and cybersecurity, regulatory compliance and adequate risk management. It is also responsible for establishing, encouraging, sanctioning and ensuring proper implementation of the corporate values that identify the Bank and complement its strategic objectives.

100%

CHILEANS

8 years

AVERAGE YEARS OF SERVICE

67 years

AVERAGE AGE

11%

INDEPENDENT MEMBERS

95%

AVERAGE ATTENDANCE



**RENATO PEÑAFIEL MUÑOZ**

CHAIRMAN OF THE BOARD

CHILEAN TAX ID: 6.350.390-8

DATE APPOINTED: August 01, 1994

PROFESSION: Degree in business administration, Pontificia Universidad Católica de Chile, and master's in economics, Chicago University.

EXPERIENCE: Over 40 years' experience in the financial industry, where he has held various executive positions in banking, insurance and asset management, among others.



**HERNÁN FELIPE ERRÁZURIZ CORREA**

BOARD MEMBER

CHILEAN TAX ID: 4.686.927-3

DATE APPOINTED: September 16, 1994

PROFESSION: Attorney, Pontificia Universidad Católica de Chile.

EXPERIENCE: Foreign policy, public policy and the financial, insurance, mining and electricity industries.



**JORGE MARÍN CORREA**

BOARD MEMBER

CHILEAN TAX ID: 7.639.707-4

DATE APPOINTED: August 01, 1994

PROFESSION: Technical-professional degree in finance and marketing. Postgraduate degree in finance and marketing, and certificate in senior management (PADE) from IESE, Universidad de los Andes.

EXPERIENCE: Electric power, insurance, paper and securities brokerage industries.



**JUAN CRISTÓBAL PAVEZ RE CART**  
BOARD MEMBER

CHILEAN TAX ID: 9.901.478-4

DATE APPOINTED: August 16, 1988

PROFESSION: Degree in business administration from Pontificia Universidad Católica de Chile, and an MBA from Massachusetts Institute of Technology (MIT).

EXPERIENCE: Public policy development, financial, investment, energy, telecommunications and pharmaceutical industries.



**FERNANDO SALINAS PINTO**  
BOARD MEMBER

CHILEAN TAX ID: 8.864.773-4

DATE APPOINTED: August 11, 2022

PROFESSION: Degree in business administration and MBA, Pontificia Universidad Católica de Chile and Stanford Executive Program, Stanford University.

EXPERIENCE: Extensive experience in corporate finance, mergers and acquisitions (M&A), strategic planning and management control.



**BONIFACIO BILBAO HORMAECHE**  
BOARD MEMBER

CHILEAN TAX ID: 9.218.210-K

DATE APPOINTED: May 25, 2020

PROFESSION: Degree in business administration, Pontificia Universidad Católica de Chile.

EXPERIENCE: Banking and investment industry.



**RAMÓN ELUCHANS OLIVARES**  
VICE CHAIRMAN

CHILEAN TAX ID: 6.464.460-2

DATE APPOINTED: August 11, 2022

PROFESSION: Degree in business administration, Pontificia Universidad Católica de Chile.

EXPERIENCE: Banking, insurance and tourism industry.



**MARIO WEIFFENBACH OYARZÚN**  
ALTERNATE BOARD MEMBER

CHILEAN TAX ID: 4.868.153-0

DATE APPOINTED: March 25, 2019

PROFESSION: Degree in business administration and accounting from Universidad de Chile.

EXPERIENCE: Financial, logistics, forestry, insurance and investment industries. Consulting to domestic and foreign SMEs in accounting, administration and finance, auditing and taxation.



**IGNACIO RUIZ TAGLE VERGARA**  
ALTERNATE BOARD MEMBER

CHILEAN TAX ID: 6.068.262-3

DATE APPOINTED: March 25, 2019

PROFESSION: Degree in business administration, Pontificia Universidad Católica de Chile.

EXPERIENCE: Corporate finance, business management and strategic planning; and financial, construction and agricultural industries.

NOTES:

ALL OF THE BANK'S BOARD MEMBERS ARE ELECTED WITH THE VOTES OF THE CONTROLLER GRUPO SECURITY S.A. HERNÁN FELIPE ERRÁZURIZ CORREA IS THE ONLY INDEPENDENT BOARD MEMBER AND MEETS THE INDEPENDENCE REQUIREMENTS SET FORTH IN NO. 3 OF CHAPTER 1-15 OF THE RAN.

FERNANDO SALINAS BEGAN HIS ROLE AS ON THE BOARD ON SEPTEMBER 15, 2022.

BOARD MEMBERS' PROFESSIONAL EXPERIENCE AT <https://personas.bancosecurity.cl/informacion-al-cliente/informacion-corporativa>



## ELECTION AND ONBOARDING OF NEW BOARD MEMBERS

All board members of Banco Security are elected with the votes of the controller Grupo Security S.A. To introduce a new board member to the entity's business, an onboarding process is carried out as defined in the Bank's Board Operating Regulations. This consists of meetings of the new member with the CEO and division managers to inform them about the following matters:

- 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 board members.

## BOARD OPERATIONS

### BOARD MEETINGS

In accordance with the Bank's bylaws, its Board of Directors must meet at least once a month on the dates and at the time determined by the Board. Notwithstanding the above, a reminder is sent via e-mail that also includes the agenda for the meeting. Extraordinary meetings must be called at least 48 hours in advance by the same means. Participation in the meetings, both regular and extraordinary, may be physical or through electronic means (such as telephone or video conference). In the latter case, the Chairman and the Secretary of the Board of Directors must record this fact in the minutes taken at the end of the meeting.

Within 10 banking days following the date of the meeting, the

secretary proposes the minutes of the meeting to the Chairman, which are sent to the board members for their review and signature. Once any comments have been incorporated, the document is sent to the Chief Executive Officer, who, in turn, submits it to the Financial Market Commission and uploads it to the Board's extranet. This site contains the documents since 2011 and has a sorting mechanism that facilitates indexing and searching of information. All of this information is physically available at the Bank's main offices.

In 2022, Banco Security's Board of Directors met 18 times at 16 regular and two extraordinary meetings. The average attendance rate of its board members was 94%.

### ATTENDANCE 2022

18

MEETINGS DURING THE YEAR

95%

PERCENT ATTENDANCE

4.3 hours

AVERAGE TIME DEDICATED (\*)

NOTE: TIME ACCOUNTED FOR ON THE BASIS OF THE TIME OF EACH REGULAR BOARD MEETING.

## MEETINGS WITH KEY TEAMS

TEAM	ISSUES ADDRESSED	MEETING FREQUENCY
<b>RISK</b>	<ul style="list-style-type: none"> <li>Comprehensive risk management, stress tests, country risk, exceptions to risk policies, operational risk, environmental matters, among others.</li> </ul>	Monthly
<b>EXTERNAL AUDIT</b>	<ul style="list-style-type: none"> <li>Financial Statements.</li> </ul>	Twice a year
<b>INTERNAL AUDIT</b>	<ul style="list-style-type: none"> <li>Operations and IT (including cybersecurity), annual audit plan, Audit Committee, Operational Risk Committee and Compliance reports.</li> </ul>	Monthly via Audit Committee
<b>COMPLIANCE</b>	<ul style="list-style-type: none"> <li>Policies on Politically Exposed Persons (PEP), Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) and Law 20,393 on the Criminal Liability of Legal Entities.</li> </ul>	Quarterly

SOURCE: BANCO SECURITY

Social matters, such as issues related to suppliers, corporate culture and sponsorship are directly addressed by the Board of Directors.

## HIRING OF CONSULTING AND TRAINING SERVICES BY THE BOARD OF DIRECTORS

Banco Security has a budget allocated by shareholders at the Annual General Shareholders' Meeting to hire consultants, which can be used by the Board of Directors as a whole. Whenever each board member deems appropriate, they are empowered to formally request the Board of Directors to use this budget for hiring these consultants, which must be approved by a simple majority of the Board of Directors.

CONSULTANT'S NAME	AMOUNT PAID	REQUESTING COMMITTEE	SERVICE DESCRIPTION
ERNST & YOUNG LTDA.	UF 4,380	Audit Committee	Audit of financial statements 2022.
FITCH RATINGS	UF 1,634	Comprehensive Risk Committee	Risk rating services 2022.
ICR	UF 277	Comprehensive Risk Committee	Risk rating services 2022.
MANAGEMENT SOLUTIONS	UF 6,217	Strategy and Capital Committee	Basel III implementation and training advice.
STANDARD&POOR'S	UF 2,868	Comprehensive Risk Committee	Risk rating services 2022.

SOURCE: BANCO SECURITY

In 2022, board members were trained internally in value creation through ESG management, their role in incorporating ESG factors into the business strategy and the main gaps and challenges of the holding company with respect to the requirements of General Regulation 461.

## BOARD ASSESSMENT

The Board of Directors of Banco Security carries out an annual self-assessment process regarding the operation and fulfillment of its corporate governance functions. This process, carried out through a questionnaire, is aimed at reviewing and verifying the financial industry standards issued by the Financial Market Commission. With this practice, it aims to identify opportunities, ensure best practices in corporate governance and plan actions to generate the changes deemed necessary.



## BOARD COMPENSATION

### 2022 COMPENSATION - VALUES IN UF

NAME	FEES		COMMITTEE COMPENSATION		ATTENDANCE COMPENSATION	
	2022	2021	2022	2021	2022	2021
FRANCISCO SILVA SILVA	6,906	11,911	0	0	674	1,125
HERNÁN FELIPE ERRÁZURIZ CORREA	0	0	270	287	1,892	1,763
JORGE MARÍN CORREA	0	0	240	287	1,892	1,763
JUAN CRISTÓBAL PAVEZ RECART	0	0	0	0	1,124	1,345
RENATO PEÑAFIEL MUÑOZ	0	0	0	0	1,124	975
BONIFACIO BILBAO HORMAECHE	3,900	3,975	0	0	1,892	1,603
RAMÓN ELUCHANS OLIVARES	7,260	7,335	0	0	1,817	1,688
MARIO WEIFFENBACH OYARZUN	0	0	270	257	75	445
IGNACIO RUIZ-TAGLE VERGARA	1,472	1,090	0	403	283	428
<b>TOTAL</b>	<b>19,538</b>	<b>24,311</b>	<b>780</b>	<b>1,234</b>	<b>10,773</b>	<b>11,135</b>

NOTE: COMPENSATION OF RENATO PEÑAFIEL AS CHAIRMAN AND FERNANDO SALINAS AS BOARD MEMBER ARE PAID THROUGH GRUPO SECURITY.

SOURCE: BANCO SECURITY

### SALARY GAP

Not applicable because there are no women on the Board of Directors of Banco Security.

### OWNERSHIP INTEREST

The Bank's board members' and senior executives' interests in Grupo Security, which controls 99.97% of Banco Security, as of December 31, are as follows.

NAME	POSITION	INDIVIDUAL INTEREST*
Bonifacio Bilbao Hormaeché	Board Member	0.0776%
Fernando Salinas Pinto	Board Member	0.0000%
Hernán Felipe Errázuriz Correa	Board Member	0.0000%
Ignacio Ruiz Tagle Vergara	Alternate Board Member	0.0000%
Jorge Marín Correa	Board Member	0.1532%
Juan Cristóbal Pavez Recart	Board Member	2.6839%
Mario Weiffenbach Oyarzún	Alternate Board Member	0.5858%
Ramón Eluchans Olivares	Board Member	0.0508%
Renato Peñafiel Muñoz	Chairman of the Board	0.4867%
Enrique Menchaca Olivares	General Counsel	0.1899%
Christian Sinclair Manley	Commercial Banking Division Manager	0.0004%

\* PERCENT INTEREST CONSIDERING THEIR DIRECT AND INDIRECT INDIVIDUAL INTERESTS. THIS DOES NOT CONSIDER INTERESTS THROUGH RELATED PARTIES.

SOURCE: BANCO SECURITY

# BOARD COMMITTEES

Banco Security has not formed a Directors' Committee as required by Article 50 bis of Law 18,046 on Corporations. However, in order to fulfill its role as the main corporate governance body, Banco Security's Board of Directors has Audit, Strategy and Capital, and Comprehensive Risk committees. Although these are made up of Company board members, senior management executives participate as guests to provide the

necessary background. As defined in the Bank's bylaws, like the Board of Directors, its committees may hire external advisors as required, at their discretion. The advisory services requested in 2022 can be found in the section entitled Advisory Services Contracted by the Board of Directors.

## AUDIT COMMITTEE

### OBJECTIVE:

Ensure the maintenance, application and operation of internal controls at the Bank and its subsidiaries; monitoring that standards and procedures governing their practice are complied with; reviewing, evaluating, controlling and supporting the internal audit function and independence; and coordinating external and internal audit functions, liaising between both and the Bank's board.

### MEETING FREQUENCY:

At least eight meetings per year.

### MEMBERS:

Hernán Felipe Errázuriz, Chairman  
Mario Weiffenbach, Board Member  
Jorge Marín, Board Member

### MAIN DUTIES:

1. Propose to the Director's Committee, or in its absence to the Board, a short-list of external auditors and risk rating firms.
2. Establish a business relationship with the external audit firm selected, and clarify the audit terms and scope before it begins. Any discrepancy or difference in interpretation with respect to the audit terms should be resolved as soon as possible.
3. Understand and analyze the results of audits and internal reviews.
4. Co-ordinate the work of the internal auditors with the external auditors' reviews.
5. Analyze the interim financial statements and the annual accounts and report to the Board.
6. Analyze the external auditors' reports, and the content, procedures and scope of their reviews. Grant auditors access to the committee meeting minutes that provide information about situations that might be relevant for audit purposes.

7. Analyze the external risk assessor reports and the procedures they applied.
8. Assess the effectiveness and reliability of internal control systems and procedures. Therefore, the committee should be familiar with the risk management methods and systems used by the Bank and its subsidiaries.
9. Analyze the adequacy, reliability and effectiveness of information systems, and their value to decision making.
10. Ensure that Company policies adhere to the laws, regulations, and internal standards that the organization must abide by.
11. Understand and resolve conflicts of interest and to investigate fraud and suspicious behavior.
12. Analyze instructions and presentations from CMF and analyze inspection visit reports.
13. Understand, analyze and verify compliance with the annual internal audit program.
14. Request a report every six months from the Chief Compliance Officer to understand the structure, planning, results and management of that area.
15. Inform the Board of any changes in accounting policy and their effects.
16. Annually evaluate the Controller of the Bank and subsidiaries (to be conducted by at least two of its members), and deliver the result privately to the Chairman so that it may be taken into account in the evaluation of the Controller.
17. Submit to the Board of Directors those matters which, due to their importance or interest, they deem should be resolved by this body, and those referred to in article thirteen, in relation to the manner in which the body reaches an agreement.

### REPORTING TO THE BOARD IN 2022:

12 times



## STRATEGY AND CAPITAL COMMITTEE

### OBJECTIVE:

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 practices.

### MEETING FREQUENCY:

Quarterly, although it may be convened extraordinarily at the request of its members, coordinated by the Chairman of the committee.

### MEMBERS:

- Renato Peñafiel, Chairman
- Fernando Salinas, Board Member
- Jorge Marín, Board Member
- Juan Cristóbal Pavez, Board Member
- Eduardo Olivares, CEO Banco Security

### INVITED BY MANAGEMENT:

- Manuel Widow, Planning and Management Division Manager
- Christian Sinclair, Commercial Banking Division Manager
- Paulina Las Heras, Retail Banking Division Manager
- Nicolás Ugarte, Finance Division Manager
- Hitoshi Kamada, Asset Management Area Manager
- Alberto Oviedo, Risk Division Manager
- Ignacio Yuseff, Operations and IT Division Manager
- Luis Reyes, Operational Risk Division Manager

### MAIN DUTIES:

1. Risk governance and management: Review the internal governance and control structure; coordinate governance in the different capital processes; review compliance with the capital policy; incorporate risk governance in the capital governance structure; and involve the Controller and internal validation areas as a line of defense in the review of the different aspects of capital.
2. Risk measurement: Ensure comprehensive risk

measurement; propose risk appetite metrics to the Comprehensive Risk Committee; and identify deficiencies in risk measurement.

3. Measurement and monitoring of capital ratios: Monitor the evolution of capital ratios according to current regulations and internal policy; review compliance with the capital budget; and delegate to the Asset-Liability Committee (ALCO) the review and approval of the methodology for internal capital calculation, actions or alerts necessary for compliance with pre-established limits, methodologies and capital allocation processes. Also ensure that processes are simple and there is no duplication, ensure that processes are properly documented and make sure that model calculation engines are adequate.
4. Capital planning and budgeting: Capital planning; define strategic focuses and objectives; review the incorporation of the strategic plan into budgeting and financial planning; define measurement metrics; ensure adequate change management and training; and ensure the reporting of strategic capital metrics to the commercial committees, among others.
5. Stress exercises: Conduct these tests; periodically review capital stress exercises and their impacts on projected compliance; and ensure compliance with the integration of capital planning and stress exercises.
6. Capital self-assessment: Prepare the Regulatory Capital Self-Assessment Report (IAPE); analysis of methodologies, compliance and results of the equity self-assessment exercises; and ensure that the process of each of the exercises and the common aspects are clear.
7. Market disclosure: Ensure transparency in disclosure to stakeholders; analyze how to optimize the composition of risks (or mitigators); and involve subsidiaries in capital management and strategic exercises.

### REPORTING TO THE BOARD IN 2022:

Three times.



## COMPREHENSIVE RISK COMMITTEE

### OBJECTIVE:

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. Risk appetite is understood as the level of risk that the Bank is willing to assume in each of its businesses, which must be compatible with the entity's capacity to bear the different risks assumed and, at the same time, achieve its strategic objectives, its internal capital target and its business plan. Therefore, there must be consistency between the aforementioned elements and capital planning.

### MEETING FREQUENCY:

Monthly. An extraordinary meeting may be convened by its members in coordination with the Chairman of the committee.

### MEMBERS:

- Renato Peñafiel, Chairman
- Fernando Salinas, Board Member
- Ramón Eluchans, Board Member
- Bonifacio Bilbao, Board Member
- Ignacio Ruiz Tagle, Board Member
- Eduardo Olivares, CEO Banco Security

### INVITED BY MANAGEMENT:

- Manuel Widow, Planning and Management Division Manager
- Alberto Oviedo, Risk Division Manager
- Luis Reyes, Operational Risk Division Manager
- Christian Sinclair, Commercial Banking Division Manager
- Paulina Las Heras, Retail Banking Division Manager
- Nicolás Ugarte, Finance Division Manager
- Hitoshi Kamada, Asset Management Area Manager

- Ignacio Yuseff, Operations and IT Division Manager
- Julio Barriga, Compliance Division Manager

### MAIN DUTIES:

1. Submit risk management reports: This considers a consolidated view of all the risks to which the entity is exposed, a summary of the associated committees and a benchmark of the relevant competition.
2. Validate and monitor actions to correct risk levels: Propose actions; assess adjustment needs; and monitor the execution and outcome of corrective actions.
3. Define and/or approve policies, guidelines and methodologies for efficient risk management in accordance with strategic guidelines: This involves the presentation of new regulatory guidelines related to risk management; a review of the results of stress tests and sensitivity scenarios; presentation of results of retrospective tests, among others.
4. Risk appetite: Advise management on the definition and assessment of risk policies and risk assessment; propose essential metrics to the Board of Directors, as well as guidelines for dealing with excesses on the established limits for operations as well as corrective actions and an early warning system. Additionally, review the Appetite Framework and Statement at least once a year and advise the Board of Directors on transactions, events or activities that may affect the Bank's exposure and risk profile, among others.
5. Inherent risk profile: Identify, distinguish and list material and non-material risks; review the risk expense budget and assumptions on which it is based; analyze and assess the profile of each material risk; identify and maintain a documented list of risks; and review the results of the management self-assessment survey, its mitigating measures and its consistency with the RIA.

### REPORTING TO THE BOARD IN 2022:

Nine times.



# SENIOR MANAGEMENT

Banco Security has a staff of high-level, experienced professionals to lead its employees and subsidiaries in the development of excellent financial and investment solutions, which help make sure that where there's a will, there's a way for its customers.



**EDUARDO OLIVARES VELOSO**  
CHIEF EXECUTIVE OFFICER

**PROFESSION:** Degree in business administration, Universidad Adolfo Ibáñez, and MBA, School of Business, Dartmouth University.  
**CHILEAN TAX ID:** 9.017.530-0  
**POSITION HELD SINCE:** March 09, 2020



**CHRISTIAN SINCLAIR MANLEY**  
COMMERCIAL BANKING DIVISION MANAGER

**PROFESSION:** Degree in business administration, Universidad de Santiago de Chile.  
**CHILEAN TAX ID:** 6.379.747-2  
**POSITION HELD SINCE:** October 01, 2004



**PAULINA LAS HERAS BUGEDO**  
RETAIL BANKING DIVISION MANAGER

**PROFESSION:** Degree in accounting, Universidad de Santiago de Chile  
**CHILEAN TAX ID:** 11.833.738-7  
**POSITION HELD SINCE:** December 02, 2019



**NICOLÁS UGARTE BUSTAMANTE**  
FINANCE AND CORPORATE DIVISION MANAGER

**PROFESSION:** Degree in business administration, Pontificia Universidad Católica de Chile.  
**CHILEAN TAX ID:** 7.033.564-6  
**POSITION HELD SINCE:** March 01, 2007



**HITOSHI KAMADA**  
ASSET MANAGEMENT DIVISION MANAGER

**PROFESSION:** Degree in economics, Universidad de Cuyo, and MBA, Universidad del CEMA, Buenos Aires.  
**CHILEAN TAX ID:** 21.259.467-9  
**POSITION HELD SINCE:** December 01, 2019



**ALBERTO OVIEDO OBRADOR**  
RISK DIVISION MANAGER

**PROFESSION:** Degree in business administration from Pontificia Universidad Católica, and an MBA from IESE, Universidad de Navarra, Barcelona.  
**CHILEAN TAX ID:** 10.382.134-7  
**POSITION HELD SINCE:** April 15, 2020



**MANUEL WIDOW LIRA**  
PLANNING AND MANAGEMENT DIVISION MANAGER

**PROFESSION:** Degree in business administration from Universidad Adolfo Ibáñez, and MBA from Pontificia Universidad Católica de Chile.  
**CHILEAN TAX ID:** 11.648.339-4  
**POSITION HELD SINCE:** June 01, 2013



**LUIS ALFONSO REYES-ESCATELL MÉNDEZ**  
**OPERATIONAL RISK AND CYBERSECURITY DIVISION MANAGER**  
**PROFESSION:** Degree in industrial engineering, Instituto Tecnológico de Estudios Superiores de Monterrey -ITESM, and MBA, Pontificia Universidad Católica de Chile.  
**CHILEAN TAX ID:** 14.740.741-6  
**POSITION HELD SINCE:** November 19, 2018



**JULIO BARRIGA TAPIA**  
**COMPLIANCE MANAGER**  
**PROFESSION:** Degree in business administration, Universidad Gabriela Mistral, and MBA from ESE Business School, Universidad de los Andes  
**CHILEAN TAX ID:** 10.980.799-0  
**POSITION HELD SINCE:** April 01, 2022



**IGNACIO YUSEFF QUIRÓS**  
**OPERATIONS AND TECHNOLOGY DIVISION MANAGER**  
**PROFESSION:** Degree in business administration, Universidad Adolfo Ibáñez  
**CHILEAN TAX ID:** 9.337.173-9  
**POSITION HELD SINCE:** August 01, 2020



**ENRIQUE MENCHACA OLIVARES**  
**GENERAL COUNSEL**  
**PROFESSION:** Attorney, Pontificia Universidad Católica de Chile.  
**CHILEAN TAX ID:** 6.944.388-5  
**POSITION HELD SINCE:** September 01, 2004

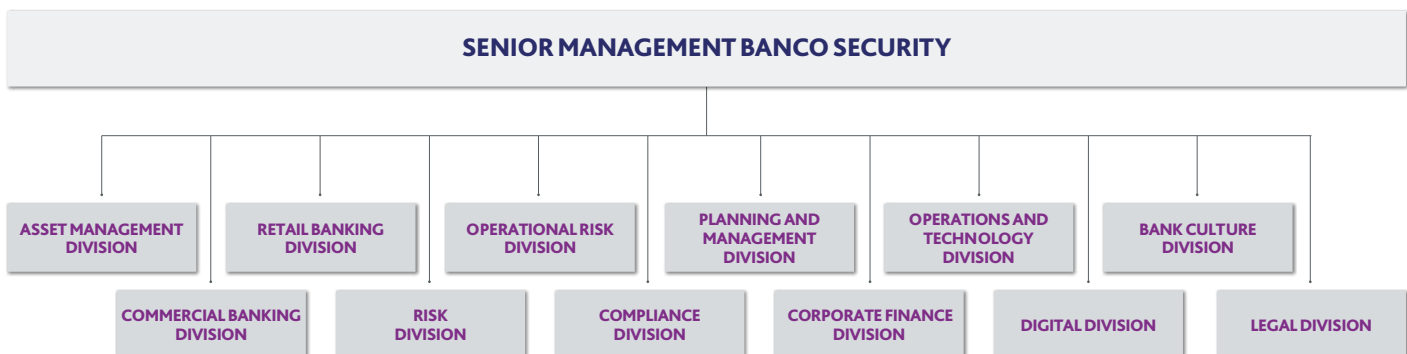


**DANIELA ROSAS HUCKE**  
**BANK CULTURE MANAGER**  
**PROFESSION:** Psychologist, Pontificia Universidad Católica de Chile.  
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**POSITION HELD SINCE:** July 19, 2021

## CORPORATE STRUCTURE



SOURCE: BANCO SECURITY



# COMPENSATION AND INCENTIVE PLAN

## COMPENSATION

2,425

MCH\$ 2020

2,672

MCH\$ 2021

3,785

MCH\$ 2022

NOTE: ANNUAL SENIOR MANAGEMENT COMPENSATION EXPENDITURE.

## SALARY STRUCTURE AND INCENTIVE PLANS

Grupo Security has a corporate Compensation Policy, which is reviewed annually by the Board's Compensation Committee. This is not submitted to a vote of the shareholders. On the other hand, the Bank uses third-party salary surveys in the industry, which provide information on compensation trends and updated annual figures.

In addition, Banco Security has an Incentives Model that applies to the CEO, divisional and support area managers, and deputy managers. The purpose of this incentive system is to attract and retain talent; align bonuses with profit growth, ROE and market trends; provide the Board of Directors with an ongoing review methodology to ensure that executives' objectives are consistent with the strategy of the entity and its subsidiaries; define bonuses that are in line with the market; and require minimum annual growth in profit.

The plan has four dimensions (group, company, area and individual), based on both quantitative indicators (financial, commercial, risk, service quality and strategic projects) and

qualitative indicators related to leadership competencies (Great Place to Work surveys and Security Hallmark assessment).

The Incentive Plan was designed with third-party advice and is continually reviewed and updated as necessary. As defined in the Compensation Policy, the Board of Directors of Grupo Security delegates the incentives strategy to the Board of Directors' Compensation Committee within the framework of the respective budgets and business processes, and can, in turn, delegate the definition of incentives for general and commercial employees in compliance with this policy to the respective department. This decision must be reported to its respective Board of Directors.

Banco Security is committed to providing fair compensation to its employees. Therefore, it aims to leverage the values of internal equity, external competitiveness and talent attraction and retention. More information can be found on this subject in the Culture Chapter.

## SUCCESSION PLAN

Banco Security has a senior management succession plan managed by Corporate Culture. The purpose of this Talent Management Program is to identify, retain and develop the key executives of the Company and its subsidiaries. It also provides guidelines on the succession and replacement of senior management to ensure business continuity. The Company's Chief Executive Officer validates this program and reviews it

every three years in order to keep it in line with the strategic objectives.

On the other hand, the Board of Directors has a CEO Removal, Succession and Untimely Replacement Policy, as well as a procedure for its implementation, which was approved in September 2013.

# INVESTOR AND PUBLIC RELATIONS

Grupo Security's Investor Relations area is responsible for providing general market information and actively liaising with capital market agents, such as investors, risk rating agencies, financial analysts and ESG rating agencies, among others.

The responsibilities of this area include providing information on financial and non-financial analysis, the evolution of the Company's business, its strategic focus and growth projections. Likewise, in an effort toward ongoing improvements, in one-on-one meetings with investors, the area surveys relevant topics for this stakeholder group and also takes the opportunity to share news about the Company and address their concerns. The unit also regularly updates the Investor Relations website, which includes information on the Company's results, its Board of Directors, key executives and publications required by the regulator. It also organizes sell side conferences, roadshows and the shareholders' and bondholders' meetings. The Investor Relations (IR) area fulfills its role in compliance with the

guidelines established by the Market Information Manual and the Securities Market Law.

In 2022 the main concerns of investors and companies that contacted IR for Bank information were related to macroeconomic uncertainty (MPR, inflation and activity), exposure and risk levels, pension reform and the digital transformation strategy, among others.

The work of this area is complemented by that of Grupo Security's Corporate Affairs Division, which is in charge of media relations, spokespersons, corporate reputation management, brand management and sustainability.

## INVESTORS CONTACTED AND ACTIONS IMPLEMENTED



SOURCE: GRUPO SECURITY



### INVESTORS CONTACTED

Eighty-seven percent of the companies contacted in 2022 were Chilean. The rest were from Canada, France, England and Peru.



### ACTIONS IMPLEMENTED

During the year, IR carried out 62 activities to promote the Company. Examples of these are earnings calls, roadshows and conferences, among others.



# RISK MANAGEMENT

## GOVERNANCE OF RISK MANAGEMENT

### GENERAL GUIDELINES

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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 make guarantees for business continuity.

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Banco Security 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 entity's experience over the years.

### RISK MANAGEMENT GOVERNANCE

The entity guarantees the efficient control and management of risks, through the Three Lines of Defense Model, which defines roles and responsibilities associated with this task. The first line is made up of every department that is exposed to risks as they complete their tasks. Their function is to ensure that risk exposure is aligned with the Company'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. The second line is made up of the risk management units and its objective is to monitor and challenge the risk management activities of the first line of defense to ensure consistency with the risk appetite. Finally, the third line is in charge of Internal Audit, which exercises its role independently, since it is ultimately responsible for verifying strict and effective

compliance with the policy and processes related to risk control and management.

In 2022, the Bank strengthened its organizational structure to ensure the adequacy of roles and responsibilities of the various committees to comply with Basel III regulations. In addition, the Board of Directors assumed a direct role in the management of the topics associated with capital regulations, both in its meetings and in board committees (Comprehensive Risk Committee and Strategy and Capital Committee), to ensure the approval and understanding of the general guidelines and how they are applied based on the risk profile assumed by the Bank. Additionally, a corporate governance self-assessment process was carried out in accordance with the categories proposed by Chapter 21-13 of the RAN.

The Risk and Planning Divisions worked with the business areas affected as the first line to develop a new Risk Appetite Framework, aligned with the Bank's strategic objectives, which was approved by the Board of Directors. This is in addition to a more in-depth analysis of the risk appetite in relation to the thresholds of each of the material risks assumed by the entity, the review and updating procedures, and consistency with capital planning.

### THREE LINES OF DEFENSE MODEL



SOURCE: BANCO SECURITY





**COMPREHENSIVE RISK MANAGEMENT GOVERNANCE**

<p><b>BOARD OF DIRECTORS</b></p> <p>Main articulator of corporate governance and of prudent risk management for the Bank and subsidiaries. Its work relates to setting policies and monitoring compliance, as well as addressing capital management issues.</p>	<p><b>COMPREHENSIVE RISK COMMITTEE</b></p> <p>Assists the Board of Directors in overseeing the management of different risks in accordance with the entity's Risk Appetite and the strategic guidelines. It defines policies, guidelines and methodologies and monitors actions to correct risk levels, among others.</p>	<p><b>STRATEGY AND CAPITAL COMMITTEE</b></p> <p>This incorporates risk governance into the capital governance structure and involves the areas of the Controller and internal validation on different capital aspects. Additionally, it proposes and ensures the metrics associated with risk management.</p>	
<p><b>RISK DIVISION</b></p> <p>In charge of credit risk and financial risk management.</p>	<p><b>OPERATIONAL RISK DIVISION</b></p> <p>Defines the framework for operational risk management, which considers principles for their identification, assessment, control and mitigation.</p>	<p><b>COMPLIANCE DIVISION</b></p> <p>Responsible for compliance risk management, through the implementation of compliance programs for the entire legal and regulatory framework that regulates the Bank and its subsidiaries.</p>	<p><b>PLANNING AND MANAGEMENT DIVISION</b></p> <p>Responsible for capital management and its connection to the management of each business.</p>

**POLICIES AND DOCUMENTS RELATED TO RISK MANAGEMENT**

<p><b>CREDIT RISK</b></p> <ul style="list-style-type: none"> <li>• Compendium of Credit Risk Policies</li> <li>• Credit Risk Policies, Corporate Governance and Committee</li> <li>• Corporate Credit Policies</li> <li>• Retail Lending Policies</li> <li>• Margin Control Policy Art. 84 and 85 General Banking Law</li> <li>• Model Monitoring Policy</li> <li>• Portfolio Classification, Management and Provisions Policy</li> <li>• Retail Credit Risk Control and Monitoring Policy</li> <li>• Commercial Credit Risk Control and Monitoring Policy</li> <li>• Standardization Policy</li> <li>• Country Risk Policies</li> <li>• The regulatory framework is composed of:             <ul style="list-style-type: none"> <li>• Chapter I: Regulatory Framework and Governance (under development)</li> <li>• Chapter II: Wholesale Credit Risk</li> <li>• Chapter III: Retail Credit Risk</li> <li>• Chapter IV: Country Risk</li> <li>• Chapter V: Delegation Policies (under development)</li> <li>• Chapter VI: Control Policy and Margins Articles 84 and 85 General Banking Law</li> </ul> </li> <li>• Guidelines for the aforementioned policies</li> </ul>	<p><b>MARKET AND TREASURY RISK</b></p> <ul style="list-style-type: none"> <li>• Liquidity Risk Policy</li> <li>• Financial Instruments Valuation Policy</li> <li>• Market Risk Policy</li> <li>• Accounting Hedge Policy</li> <li>• Treasury Credit Consumption Policy</li> <li>• Treasury Control and Powers Policy</li> <li>• Financial Instruments Investment Policy</li> </ul>	<p><b>OPERATIONAL RISK</b></p> <ul style="list-style-type: none"> <li>• Operational Risk Policy</li> <li>• Information Security and Cybersecurity Policy</li> <li>• Business Continuity Policy</li> <li>• Incident Policy</li> <li>• Outsourcing Policy</li> <li>• Products and Services Policy</li> <li>• Regulatory Framework Policy</li> <li>• Privacy Policy</li> <li>• Personal Data Protection and Treatment Policy</li> </ul>	<p><b>SUBSIDIARY CONTROL</b></p> <ul style="list-style-type: none"> <li>• Valores Security Market Risk Policy</li> <li>• AGF Market Risk Policy</li> <li>• Valores Security Liquidity Policy</li> <li>• Subsidiary Control Policy - OR</li> <li>• Securities Credit Risk Policy (FWD)</li> <li>• Subsidiary Credit Risk Policy</li> <li>• Subsidiary Control Policy - AML/CFT</li> </ul>
	<p><b>COMPLIANCE</b></p> <ul style="list-style-type: none"> <li>• Code of Ethics</li> <li>• Conflicts of Interest Policy</li> <li>• Code of Conduct</li> <li>• Anti-Money Laundering and Counter Financing of Terrorism Policy</li> <li>• Know Your Customer Policy</li> <li>• Engagement Policy With Politically Exposed Persons</li> <li>• Anti-Money Laundering and Counter Financing of Terrorism Manual</li> <li>• Correspondent Bank Engagement Policy</li> <li>• Crime Prevention Policy</li> <li>• Subsidiaries Control Policy</li> </ul>	<p><b>QUALITY AND SERVICE</b></p> <ul style="list-style-type: none"> <li>• Information Quality and Transparency Policy</li> <li>• Remote Channel Policy</li> </ul> <p><b>CULTURE</b></p> <ul style="list-style-type: none"> <li>• Occupational Health and Risk Prevention Policy</li> <li>• Code of Ethics</li> <li>• Code of Conduct</li> </ul>	<p><b>MANAGEMENT AND OTHERS</b></p> <ul style="list-style-type: none"> <li>• Useful Life Project Capitalization Policy</li> <li>• Outsourcing Policy</li> <li>• PP&amp;E and Technology Investment Policy</li> <li>• Capital Management Policy</li> <li>• Lawsuit Contingency Disclosure Policy</li> <li>• Physical Security Policy</li> <li>• Sustainability Policy</li> <li>• Disclosure Information Verification Policy</li> </ul>

**AUDIT ROLE**



# RISK MANAGEMENT IN THE BANKING INDUSTRY

## RISK IDENTIFICATION

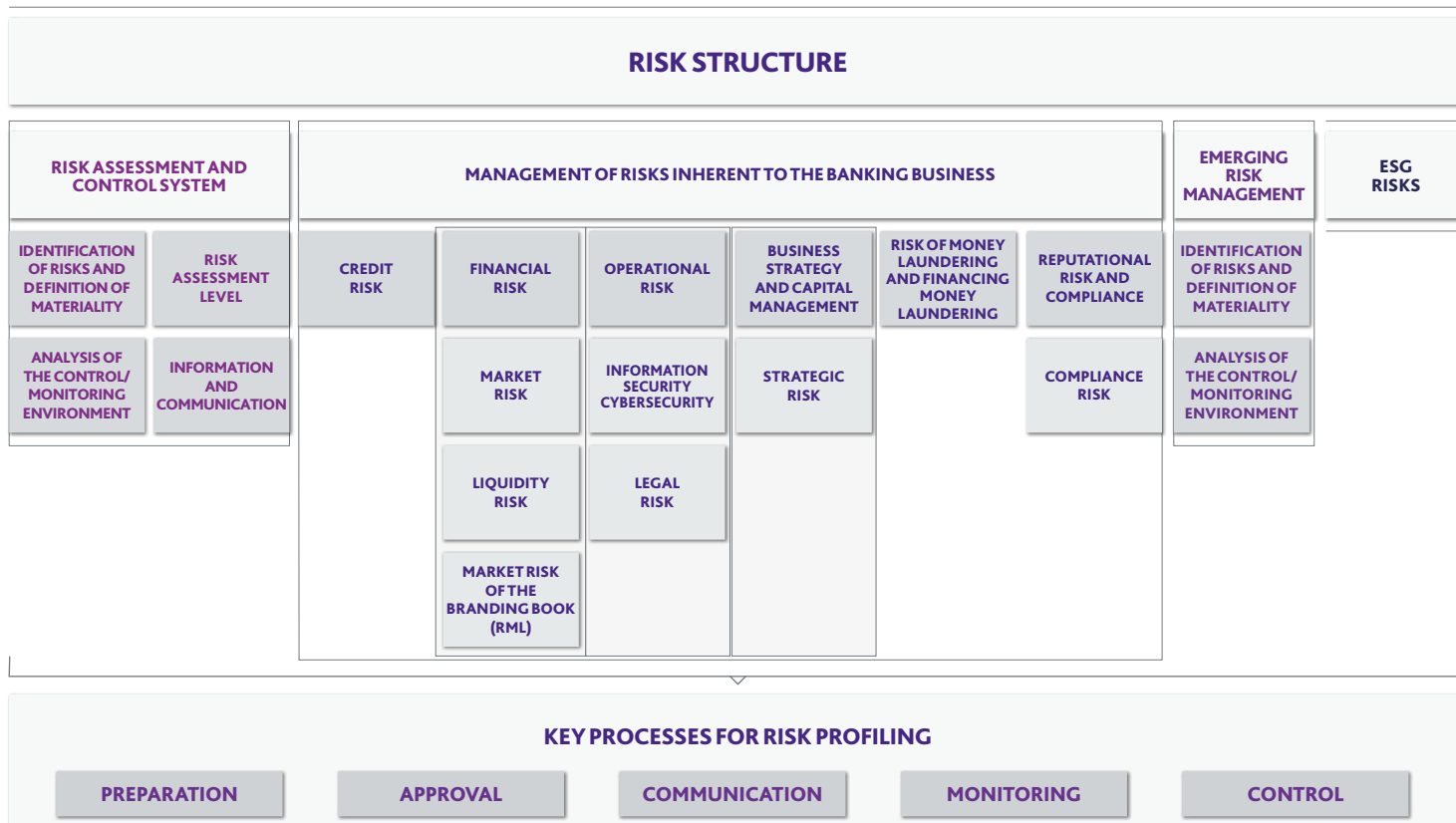
Banco Security permanently develops the RIA (Risk Identification and Assessment) exercise to determine the profile of each type of risk. It considers:

1. Identification of risks and definition of their materiality, understood as those with the potential and probability of causing an impact on a financial or strategic level.
2. Detailed study to identify the size of the risks and their impact on the business, considering metrics, thresholds and scores.
3. Analysis of the control environment based on the self-assessment established in Chapter 1-13 of CMF's Updated Compilation of Standards (RAN), which considers different matters, including the management of credit, financial, operational and money laundering risks, as well as the administration of business strategy and capital management,

and the management of quality and service. This information is included in the questionnaires used in this exercise to provide a comprehensive view of the control environment implemented by the organization.

4. Information and communication of the results of the RIA exercise to the Bank's Board of Directors through the Comprehensive Risk Committee. This committee also monitors the process on a monthly basis and ensures effective communication of the Risk Appetite framework to the entire entity in a language that enables understanding. The Board of Directors is responsible for providing the regulator (CMF) with all information related to the process.

Monitoring the level of appetite implies generating action plans with defined deadlines in the event that any metric is found to have an alert or overrun level based on what has been defined.



SOURCE: BANCO SECURITY



## INHERENT RISK MANAGEMENT AND CONTROL

Banco Security is engaged in the banking business, focused on the commercial and high-income retail segments, offering services with high standards of quality. Therefore, risk management is a critical function for achieving the Company's strategic objectives and ensuring its short, medium and long-term solvency. The risks associated with the financial sector and the actions to control or mitigate them are presented below. 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.

TYPE OF RISK	OVERVIEW	BUSINESS IMPACT	CONTROL OR MITIGATION ACTION
<b>CREDIT RISK</b>	This is one of the main financial risks. It refers to the potential loss that an entity assumes as a result of the failure of its obligated counterparties to pay in financial transactions.	If poorly managed and administered, this risk can generate significant losses for the institution. Given its nature, there are methodologies (models) to manage it based on expected profitability, as well as mitigating factors that reduce the impact.	The main mitigators are collateral and financial guarantees. This is combined with an effective credit process, with defined and formalized policies and limits, known to the first, second and third lines. Effective control involves reporting to the front line and action plans.
<b>LIQUIDITY RISK</b>	Risk related to the ability to finance the Bank's operations, whether it be increases in volumes or the payment of obligations when due, without incurring significant losses. This is due to the difficulty of selling assets without generating a significant reduction in value and/or the difficulty of obtaining the necessary resources in the market. This risk is inherent to the banking business given its role in transforming short-term deposits into longer term placements, which generates exposure to this type of risk.	Loss of liquidity and exposure of the Bank to default on its obligations.	Defined policies, guidelines and processes. In addition, ongoing and independent monitoring, which allows both long- and short-term management, with permanent reporting to senior management. The main metrics include LCR and NSFR. In addition, a series of complementary indicators are used to monitor the diversification and concentration of maturities and/or customers.
<b>MARKET RISK</b>	Risk of incurring losses due to changes in the market price of positions held in the portfolio as a result of an adverse movement in the financial variables—risk factors—that determine their market value.	It generates two types of impact: In the income statement and in equity, i.e. in the Bank's capital.	Defined policies, guidelines and processes. Ongoing and independent monitoring, which allows both long- and short-term management, with permanent reporting to senior management. The main metrics include essential metrics, such as VaR and margin measures, and other complementary metrics such as economic value, sensitivity, maximum portfolio, among others.
<b>STRATEGIC RISK</b>	Actual or potential risk to income and capital arising from changes in the business environment and inappropriate business decisions, inadequate implementation of decisions or failure to respond to changes in the business environment.	The main impact of changes in the business environment or poor implementation of decisions can directly affect the bottom line and thus generate lower income levels, riskier decisions and higher than expected expenses, among others.	The main mitigation bodies are the Commercial, Finance, Risk, Strategy and Capital Committees, among others. This is done through ongoing monitoring, which involves an analysis of the economic and global environment for possible risks, and the decisions that the teams must make to achieve the objectives are managed in the best possible way.

SOURCE: BANCO SECURITY

TYPE OF RISK	OVERVIEW	BUSINESS IMPACT	CONTROL OR MITIGATION ACTION
<b>CAPITAL RISK</b>	Defined as the solvency dimension, which is material. Solvency risk, in turn, refers to the risk of not having sufficient capital to face the risks generated by the operations of the Bank and its subsidiaries.	Failure to meet sufficient capital can lead to solvency problems. The Bank always aims to be above its internal limits, solvency rating and regulatory minimum. This is because the impact of non-compliance could affect the management and solvency rating, financing and the relationship with its stakeholders, among others. Therefore, it is essential to continuously review this in the monthly and quarterly monitoring committees.	Defined policies, guidelines and processes. Ongoing active monitoring is carried out to manage capital requirements. The budget process is indexed to capital needs, so the process considers the short, medium and long term, with permanent reporting to senior management in the different committees.
<b>OPERATIONAL AND TECHNOLOGICAL RISK</b>	Risk of losses resulting from the lack of adaptation or a failure involving processes, personnel and internal systems or due to external events. This includes legal risks but excludes strategic and reputational risks.	The possible impacts of this type of risk are financial losses, as well as interruptions in internal processes, which hinder operations and the provision of financial services to customers. In addition, events related to this type of risk may generate reputational problems.	There is an organizational structure in place to manage this type of risk, with governance, a policy framework approved by the Board of Directors, methodological documents and procedures that incorporate clearly defined roles and responsibilities. All of this reduces the possibility that these types of risks will materialize, or if they do occur, their effects are lessened.
<b>REPUTATIONAL RISK</b>	This arises from negative perceptions of the organization by customers, employees, counterparties, suppliers, investors, debt holders, market analysts or regulators, among other parties, that may adversely affect the ability of the Bank or its subsidiaries to maintain existing or establish new business relationships.	By affecting the perception of the different stakeholders, the ability of the Bank and its subsidiaries to conduct new business, maintain it or conduct it under favorable conditions is affected, which has a negative impact on margins and consequently on results.	To manage this type of risk, the organization has defined documents containing guidelines to ensure appropriate conduct on the part of all employees, as well as instances to analyze incidents and assess the necessary actions to contain them, including operational, business and communication aspects.
<b>COMPLIANCE RISK</b>	Possibility of incurring legal or regulatory sanctions, financial losses or loss of reputation as a result of non-compliance with any of the external and internal regulatory frameworks that govern its activity. The AML/CFT regulation is excluded despite being part of this definition, since it is monitored separately given its relevance.	Poor compliance management generates financial and reputational impacts that may affect the Bank's position in relation to the different market agents, limiting the Bank's capacity to generate business and its long-term sustainability.	Banco Security has a framework of policies and procedures aimed at guaranteeing the development of the business within the regulatory and ethical limits, a Compliance Department dedicated to the supervision of compliance with current regulations in different business processes, through the execution of monitoring activities that help to identify and close gaps in the management of current regulations and with periodic reporting to high-level committees.



### OPERATIONAL CONTINUITY PLAN

Banco Security and its subsidiaries work with a governance structure, defined in the Business Continuity and Incident policies, which covers potential situations that impact business continuity in crisis situations and the way in which decision making will take place. This lies with the Crisis Committee, which reports to the Comprehensive Risk Committee.

To ensure business continuity, a holistic management process has been defined that identifies potential threats and the impacts they may cause to the organization, based on frequency and severity and their respective risks, in order to provide a structure to increase resilience and response capacity to safeguard the interests of stakeholders, their

reputation and value-adding activities. To this end, strategies, plans and procedures for crisis management, contingency actions and emergencies have been developed and are continuously updated. The business continuity model focuses efforts on the following elements: crisis management, operational contingency, emergency response and continuity of technological services. The cross-cutting objectives are the integration and implementation of actions to protect people, physical and technological infrastructure, and potential risks associated with the business. Business continuity includes the coordination of preventive and corrective actions in outsourced services that support the operation of critical processes, where the same four components mentioned above apply.

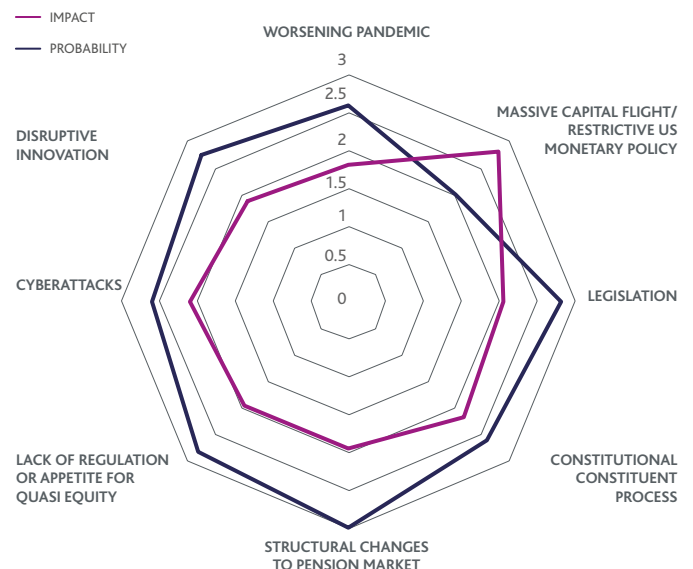
### ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS AND OPPORTUNITIES

Banco Security recognizes the relevance of environmental, social and governance risks arising from its customers' activities. In its Sustainability Policy, it identifies climate change as one of the main threats to sustainable development. In this sense, it is committed to working on a responsible investment policy that incorporates Environmental, Social and Governance (ESG) variables in its investment decisions, and another on social and environmental risk to incorporate social and environmental variables into project assessment and financing, as well as defining guidelines that guarantee a scheme for identifying and managing customer risk, in order to support them in complying with current regulations and mitigating any negative impacts on affected communities.

### EMERGING RISKS

In addition, there are potential internal and external risk events that could to a greater or lesser degree impact the inherent risks of the business and the strategic plan. These are classified by their level of materiality according to their probability and impact by risk managers and the first line of defense, in order to define which could have a greater impact on the Bank.

#### PROBABILITY AND IMPACT OF EMERGING RISKS



SOURCE: BANCO SECURITY

AREA	EVENTS	DESCRIPTION
<b>EXTERNAL EMERGING RISKS</b>		
<b>MACROECONOMIC</b>	Worsening pandemic	Given the progress in the vaccination process and external momentum, the impact would be less than 2020 and 2021, but it is a plausible scenario.
	Massive capital flight / Restrictive U.S. monetary policy.	Impact on the exchange rate, which affects customers exposed to the dollar (the Bank manages limited mismatches) and financing costs.
<b>REGULATORY</b>	Legislation	This is defined as the risk of laws being passed that may negatively impact results.
<b>POLITICAL RISKS</b>	Constitutional constituent process	The constitutional constituent process represents a risk given that it may impact country risk, capital outflows, risk ratings, cost of funds and social unrest. The probability is high due to the high societal expectations.
<b>INTERNAL EMERGING RISKS</b>		
<b>BUSINESS ENVIRONMENT</b>	Structural changes to pension market	Macroeconomic impact due to the reduction of savings generated by the AFPs and the subsequent increase in cost of funds.
	Lack of regulation or appetite for quasi equity	The total of 1.5% of AT1 is assumed. The implementation of investment regulations for institutional investors is expected.
<b>DIGITAL AND DATA</b>	Cyberattacks	This is a high probability, as this risk has increased in recent times and banking in general is moving towards greater digitalization.
	Disruptive innovation (Fintech)	The impact on the banking industry of Fintech companies may be detrimental to the Bank's business model and market share.

SOURCE: BANCO SECURITY

## RISKS RELATED TO ANTI-COMPETITIVE PRACTICES

Since its beginnings, Banco Security has been focused on ethical behavior, which is reflected in market conduct within the framework of free competition. The Bank operates in a highly competitive industry, subject to high regulatory and supervisory standards. Along the same lines, in the last few years various regulations have been introduced to further strengthen competition in the financial industry, such as the financial portability law, amendments to the Consumer Law and the recent enactment of the Fintech Law.

The main elements that enable the Bank to manage risks in this area include:

- Strict internal rules for the use and handling of sensitive information.
- A product development process that incorporates regulatory and normative analysis as part of its stages, with a special focus on aspects of consumer protection and free competition.
- A concern for transparency in the information provided to customers and the market.
- The existence of a Conduct Committee that takes action against acts that affect the organization's regulatory and normative compliance.



## DATA SECURITY AND CYBERSECURITY

Within the Bank, customers are considered to be information assets and elements that are governed under the Operational Risk and Data Privacy policies. Additionally, within the operational risk management strategy, one of the elements considered is information security and cybersecurity, in line with the guidelines defined by the Board of Directors as part of the Company's Risk Appetite, also accompanied by the continuous promotion of a culture of care and responsibility among employees. This is done through an ongoing mandatory awareness and training program and a robust management model.

In addition, a Cybersecurity Plan is defined each year, which considers the evolution of the systems, resulting from obsolescence and the digital transformation plan, as well as both external and internal threats that accompany the organization's digitalization initiatives. To this end, we have teams specialized in data security and cybersecurity, which work together with the business areas and support areas, to provide a holistic view and reinforced capabilities in matters of identification, protection, detection, response and recovery in the event of cybersecurity events.

On an organizational level, among the elements considered within the regulatory framework are the definitions made by the Financial Market Commission in its Updated Compilation of Standards (RAN). One of the most relevant is RAN 20-10, related to Cybersecurity and Information Security Management. Another regulatory benchmark is ISO 27001: 2013. Best practices

are incorporated into the internal regulatory framework through guidelines and definitions, which the organization continuously manages through periodic reports to the main specialized bodies in this area, such as the Operational Risk Committee and the Comprehensive Risk Committee, which in turn report to the Board of Directors.

The Information Security and Cybersecurity Policy and the regulations related to this matter and to data protection are communicated within the organization, for its knowledge and compliance, through an intensive annual training plan designed for the entire organization. At the same time, we have defined and actively operate a governance system that monitors the status, progress and level of maturity, including the analysis of indicators and the adoption of best practices that lead to a robust management of the matter.

In 2022, a Cybersecurity Master Plan was defined, which considers the following elements:

- Review and strengthening of the regulatory framework for cybersecurity and data protection.
- Cybersecurity awareness and training.
- Monitoring and testing of controls.
- Adoption and implementation of new cybersecurity tools.

### KEY CYBERSECURITY MILESTONES IN 2022

AREA	DESCRIPTION
<b>IDENTIFICATION</b>	<ul style="list-style-type: none"> <li>• Automation and expansion of asset identification and monitoring capabilities. We also worked on defining and automating actions in response to our own alarms and those around us.</li> <li>• Carrying out periodic attack simulation exercises to assess the adequacy of action plans.</li> </ul>
<b>PROTECTION</b>	<ul style="list-style-type: none"> <li>• Implementation of Zero Trust controls for remote network access.</li> <li>• Annual training and awareness plan.</li> <li>• Implementation of key risk indicators.</li> </ul>
<b>DETECTION</b>	<ul style="list-style-type: none"> <li>• Automation and expansion of asset identification and monitoring capabilities.</li> <li>• Automation of protocols against own alarms and those around us.</li> <li>• Implementation of attack simulation exercises.</li> </ul>
<b>RESPONSE AND RECOVERY</b>	<ul style="list-style-type: none"> <li>• Improved coordination protocols.</li> <li>• Governance of response to potential crises.</li> <li>• Review of disaster recovery plans for critical infrastructure.</li> </ul>

SOURCE: BANCO SECURITY

Fostering a relationship of trust with customers fundamentally requires protecting their privacy and other business information. Therefore, the Bank takes all the necessary precautions to handle any relevant information in a secure and confidential manner, adapting the Data Privacy Policy, in accordance with the requirements of Law 19,628 on the Protection of Privacy, its amendments, the General Banking Law, and other personal data protection and confidentiality regulations. In addition, it has teams specifically assigned to the management of data protection, as well as to monitoring initiatives related to this matter.

## CUSTOMER HEALTH AND SAFETY

All Banco Security branches have cardioprotected areas. These aim to provide timely healthcare to employees and customers suffering cardiorespiratory arrest. Automated external defibrillators (AED) have been provided to support the cardiopulmonary resuscitation process. A three-hour certified training course is held annually in each branch for operations and commercial representatives. Finally, to ensure optimum performance of the equipment, it undergoes periodic inspections and maintenance is requested from the supplier if necessary.

## EMPLOYEE TRAINING IN RISK MANAGEMENT

Up-to-date knowledge is a basic element of risk culture, since it can determine attitudes towards risk acceptance and management. Therefore, the Board of Directors of Banco Security, through its Comprehensive Risk Committee, is responsible for the effective dissemination of the processes related to this matter to all members of the Bank. To this end, mechanisms, actions and ongoing training are established to disclose the Risk Appetite in the organization, particularly with commercial staff and

for third parties with legitimate interests on the subject. The Comprehensive Risk Committee meets monthly and its purpose is to review and pre-approve the Risk Appetite defined for the entity and each of its business areas and segments. It is also responsible for evaluating and defining the necessary modifications, according to the internal and external context of the Bank. Finally, it is in charge of the ongoing monitoring of metrics and action plans in case of overruns.



# ETHICS AND COMPLIANCE

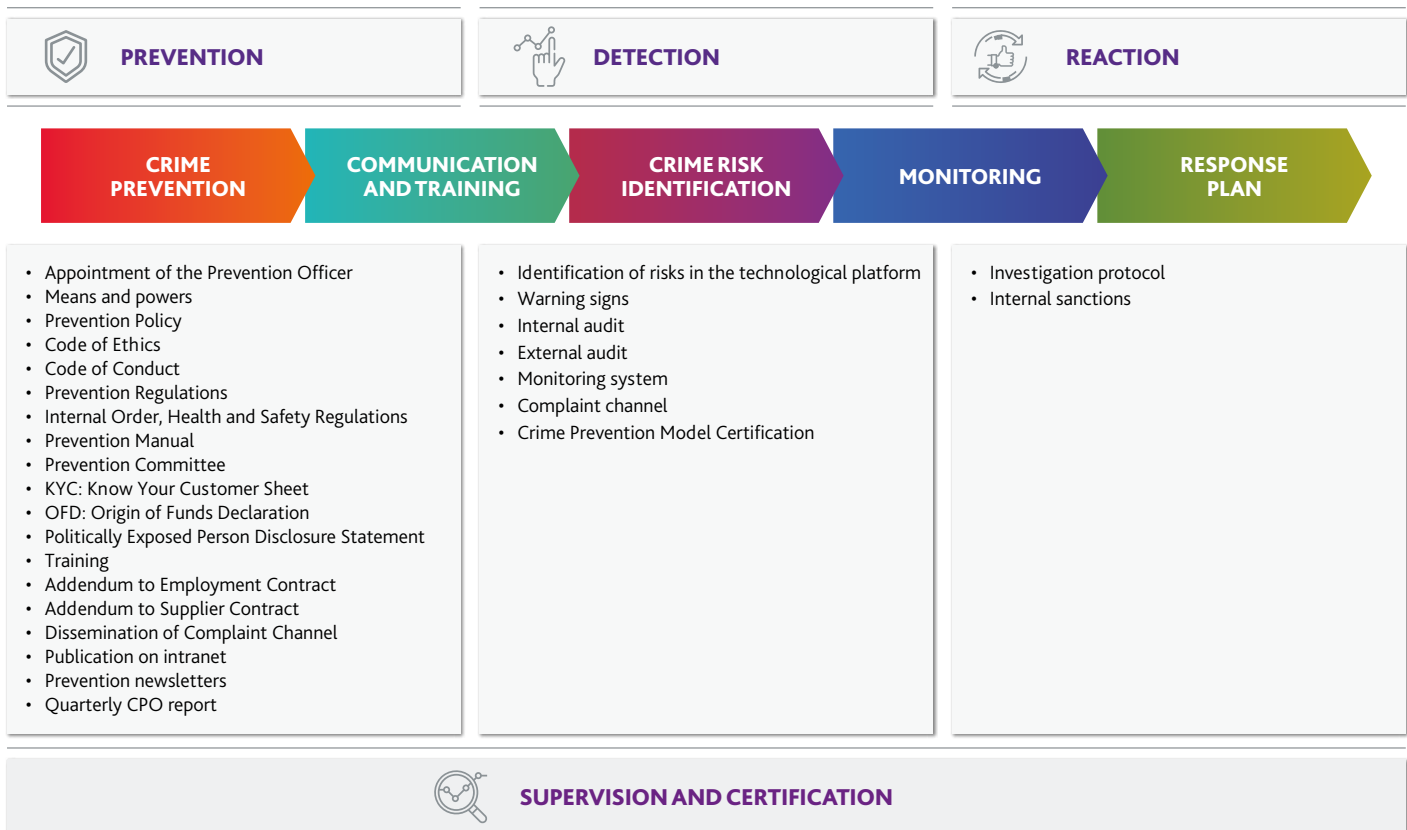
## FRAMEWORK FOR ETHICAL BUSINESS MANAGEMENT

The bases that guide the actions and decision making of Banco Security and its members are ethical and transparent business management. Likewise, there is an ongoing concern for building long-term relationships with each of its stakeholders, based on transparency, trust and valuing people's dignity. Therefore, in addition to ensuring strict compliance with current regulations governing the business, Banco Security has policies and guidelines that guide the behavior of all its employees. The Bank's Compliance Division is in charge of monitoring compliance with each of them.

The ethical framework is composed of the following documents (some of which are available on the website <http://ir.securrity.cl/es/gov-docs>):

- Banco Security's certified Crime Prevention Model.
- Code of Ethics
- Code of Conduct
- Internal Order, Health and Safety Regulations
- Complaint Channel
- Conflict of Interest Policy
- Market Information Manual
- Customary Related Party Transactions Policy.

## BANCO SECURITY CRIME PREVENTION MODEL



SOURCE: BANCO SECURITY



## PROMOTING BUSINESS ETHICS

Every year, members of Banco Security participate in training courses in which they learn about updates related to Law 20,393 on the Criminal Liability of Legal Entities and Law 19,913 on Money and Asset Laundering. They also review possible changes to the Code of Ethics, the Code of Conduct, Internal Order, Hygiene and Safety Regulations and Crime Prevention Regulations.

## WORKPLACE AND SEXUAL HARASSMENT

Grupo Security has a Human Rights Policy which discloses and formalizes its commitment to the respect and protection of human rights, in which the Company is committed to all its members to ensure a work environment of peaceful coexistence and good treatment, free of sexual and workplace harassment. This policy is a guideline which may be further developed or supplemented by Banco Security, subject to the approval of its Board of Directors.

Workplace and sexual harassment is also addressed in the holding company's Code of Ethics and Code of Conduct, which establishes sanctions for those who commit this type of illegitimate harassment. The Internal Order, Hygiene and Safety Regulations also establish mechanisms for investigating workplace and sexual harassment. In 2022, Banco Security received three complaints of workplace harassment.

## COMPLAINT CHANNEL

Through the complaint channel, employees and all stakeholders can report and denounce possible violations of their rights, anonymously, confidentially and free from retaliation. The channel is hosted on an external server and is available both on the intranet and on Banco Security's public website.

Banco Security's Compliance Division is in charge of receiving and evaluating the complaints received. Non-compliance or violations of human rights may give rise to remediation mechanisms and/or disciplinary measures established by law, the respective contracts, the Internal Order, Hygiene and Safety Regulations, and other internal policies and procedures.

The Company is working on improving its channel in 2023 to incorporate the option for complaints regarding human rights and workplace and sexual harassment.

### COMPLAINT CHANNEL:

<https://security.ines.cl/security/formulario/>





## LEGAL AND REGULATORY COMPLIANCE

Banco Security ensures legal and regulatory compliance with regulations in relation to its customers, workers, environment, free competition and Law 20,393.



### CUSTOMER RELATIONS

Banco Security has a process for the creation of new products, which considers the formal participation of the Legal and Compliance divisions in the construction of these products, providing specific legal advice regarding the requirements associated with regulatory implementation. This ensures that the products and their associated processes comply with all applicable regulations, including Law No. 19,496. This also means that a product is checked for compliance with legal requirements, particularly consumer protection regulations when created or amended.

In 2022, there was only one minor case, for which the Bank was fined.



### EMPLOYEE RELATIONS

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. Finally, the Company has internal and external labor law counsel.

As of December 31, there was only one pending lawsuit and there were no adverse rulings for the Bank.



### ENVIRONMENTAL STEWARDSHIP

Banco Security has an ESG program, which includes several initiatives. In the area of lending, compliance with environmental aspects is incorporated as part of the criteria used when analyzing and approving loan applications from companies.



### FREE COMPETITION

These risks are managed through adequate internal controls and reports to the Board by the Audit Committee. At the end of 2022, Banco Security was involved in two lawsuits filed before the Free Competition Tribunal by two companies that trade cryptocurrencies. Further information can be found on the Bank's management of risk of anti-competitive practices in this chapter under the Risk Management subheading.



### COMPLIANCE WITH LAW NO. 20,393

The Bank has a Compliance Division that is responsible for implementing compliance programs for the entire relevant regulatory framework. These programs include those under Law 20,393, which covers corruption and bribery offenses, among others. In accordance with this law, the Company has a certified compliance program and a Crime Prevention Officer. Details are provided in the Crime Prevention Model section of this chapter.

### PENALTIES BY CATEGORY

CATEGORY	CLAIMS FILED IN 2022	NUMBER OF ENFORCED PENALTIES
Customers	0	0
Employees	1	0
Environment	0	0
Free Competition	2	0
Law 20,393	0	0
<b>TOTAL</b>	<b>3</b>	<b>0</b>

SOURCE: BANCO SECURITY



CHAPTER 03

# SECURITY CULTURE



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A CULTURE WITH A HALLMARK

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A DIVERSE GROUP

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A GREAT PLACE TO WORK

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# A CULTURE WITH A HALLMARK

Since its inception, Banco Security has been convinced that the success of the business lies in the people who make up the Company, and has therefore focused on attracting the best professionals in the market with a great vocation for customer service and who are enthusiastic about the project. Having a people-centered business has guided shareholders, board members and senior management over more than 30 years to promote the consistent development of a work environment that promotes the fulfillment of the life purpose of each person in the organization, thereby contributing to the business, their families and society.

It has built a solid and recognized corporate culture, with respect and care for people as its main pillar.

Inspired by our corporate values—closeness, professionalism and transparency—and considering the culture pillar, the Company has three slogans:

### WORK-FAMILY-LIFE BALANCE

We believe in the value of people and are concerned for their wellbeing. We strive each day to make sure all employees can successfully harmonize their personal and professional lives.

### THE IMPORTANCE OF HOW

It is in every action performed by employees. It is the importance of imbuing every action with the values that inspire our daily work. "How" objectives are achieved is the hallmark, the strength and the main advantage of the Bank, joined by the companies of the Group.

### LONG-TERM RELATIONSHIP

There is a concern to maintain a close relationship with all stakeholders, providing them with an excellent, personalized, professional and transparent service that harmonizes individual interests with those of the Company.

Thanks to its culture, Banco Security—as part of the Grupo Security companies—has been recognized for more than two decades as one of the best places to work in the country, according to the different rankings by Great Place to Work® (see Awards in Chapter 1). It was also the first company to be accredited by the IESE Business School of Universidad de Navarra in Spain as a Family-Responsible Company. The aim is to promote a corporate culture that favors the harmonization of professional work and family life. In this area, the objective is always to collaborate to strengthen the sustainability of companies and the promotion and stability of the family in society.

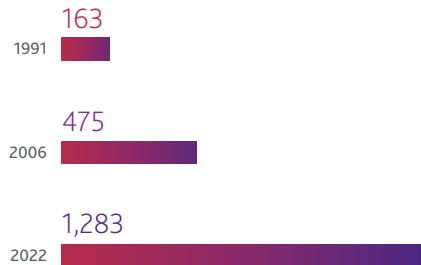


## THE SECURITY CULTURE AT A GLANCE



### GROWTH IN EMPLOYEE NUMBERS

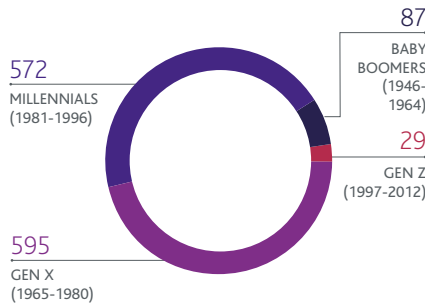
1991 - 2022



SOURCE: BANCO SECURITY

### EMPLOYEES BY GENERATION

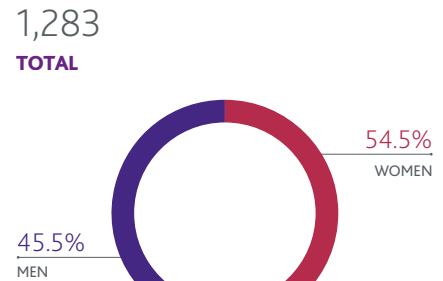
2022



SOURCE: BANCO SECURITY

### BANCO SECURITY EMPLOYEES

2022



SOURCE: BANCO SECURITY

7.7 years

**AVERAGE YEARS OF SERVICE**

7.4%

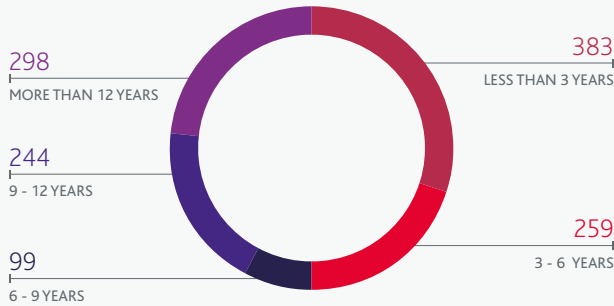
**VOLUNTARY TURNOVER**

33.10%

**LEADERSHIP POSITIONS OCCUPIED BY WOMEN**

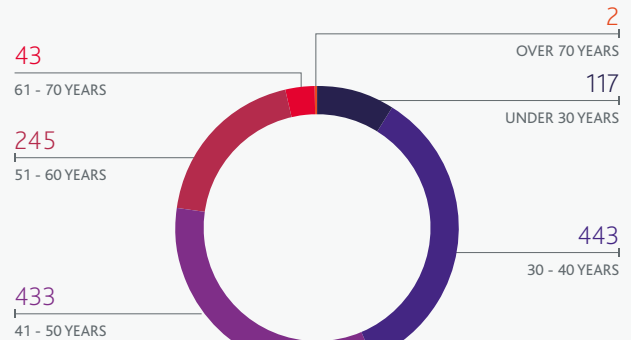


**NO. OF EMPLOYEES BY YEARS OF SERVICE**



SOURCE: BANCO SECURITY

**NO. OF EMPLOYEES BY AGE GROUP**



SOURCE: BANCO SECURITY

**No. OF EMPLOYEES BY POSITION ACCORDING TO GENDER**

Position	Female	Male
SENIOR MANAGEMENT	1	8
MANAGEMENT	5	50
SUPERVISORS	82	120
SALES FORCE	387	159
ADMINISTRATIVE STAFF	102	89
OTHER PROFESSIONALS	122	158

SOURCE: BANCO SECURITY

**TRAINING INDICATORS BY GENDER**

Indicator	Female	Male
CURRENT WORKFORCE	699	584
NUMBER OF ACTIVE PEOPLE TRAINED	699	582
HOURS OF TRAINING	40,306	21,689
AVERAGE HOURS PER EMPLOYEE	58	37

SOURCE: BANCO SECURITY

3.50%

**2022 ABSENTEEISM RATE**

83.60%

**UNIONIZATION RATE**

48.3 hours

**AVERAGE TRAINING HOURS PER EMPLOYEE**



## EMPLOYMENT CONTRACTS

In 2022, Banco Security adjusted working hours to less than **40 hours per week**.

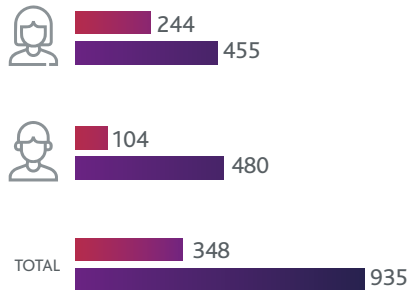
### WORK MODE

	100% IN-PERSON	HYBRID	100% REMOTE
Men	303	361	35
Women	418	118	48
<b>TOTAL</b>	<b>721</b>	<b>479</b>	<b>83</b>

SOURCE: BANCO SECURITY  
EXCLUDES PERU

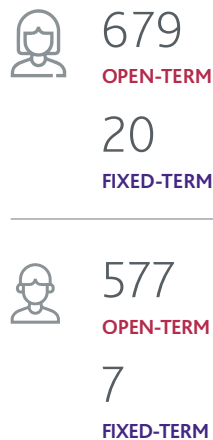
### NUMBER OF EMPLOYEES BY GENDER AND SHIFT TYPE

- REGULAR SHIFT (ON THE CLOCK)
- NO SHIFT (ART 22)



SOURCE: BANCO SECURITY  
IN 2022, ONE PERSON TOOK ADVANTAGE OF WORK ADAPTABILITY FOR PEOPLE WITH FAMILY RESPONSIBILITIES.

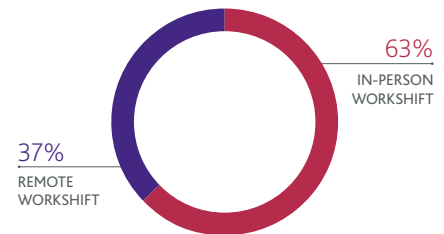
### EMPLOYMENT CONTRACTS: TYPE OF CONTRACT BY GENDER



SOURCE: BANCO SECURITY

### EMPLOYMENT CONTRACTS: WORK MODE

(LAST 6 MONTHS)



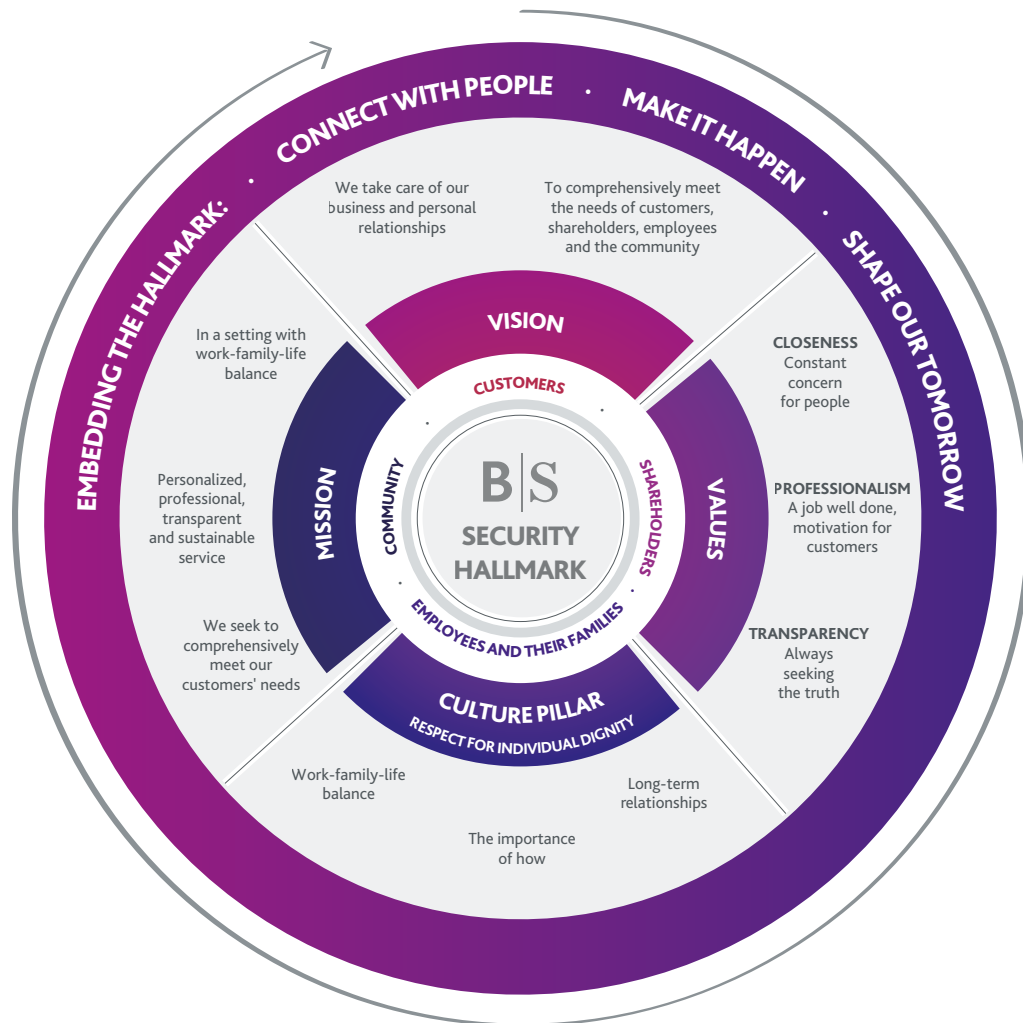
SOURCE: BANCO SECURITY  
THE PERCENTAGE REPRESENTS THE WEIGHTED AVERAGE PER COMPANY OVER THE LAST SIX MONTHS.





# THE SECURITY HALLMARK

At the Bank, we want everyone to live the Security Hallmark, which refers to the unique way of doing things and is derived from the essential elements of the culture: Mission, vision, values and the cultural pillar of respect for individual dignity.



Banco Security is convinced that in order to guarantee long-term success and continue to generate sustainable growth for all, its employees must clearly understand the scope of the Security Hallmark. For this reason, in 2022, the "Embedding the Security Hallmark" model was further developed, which includes principles, habits and behaviors to be rolled out in the Company's

internal processes. It was incorporated as a key performance management indicator and is used as the basis for the leadership workshops held during the year. The objective is to prepare everyone to face current and future challenges, enhancing the capabilities that make Banco Security a unique and differentiating place for its customers and employees.

## PRINCIPLES OF THE SECURITY HALLMARK



### CONNECT WITH PEOPLE

For Banco Security, each person is unique and irreplaceable and, therefore, deserves respect.

Connecting with people means respecting everybody's individuality, caring about each other and being a place where everyone can fully develop in order to unfold their maximum potential. Connecting with people is achieved through three habits:

- APPRECIATE AND RECOGNIZE
- COMMUNICATE WITH EMPATHY
- DEVELOP AND EMPOWER



### MAKE IT HAPPEN

The entity operates under the conviction that the only way to succeed is to become a team, working collaboratively between departments, operations and companies. Things are accomplished with excellence and simplicity, prioritizing and acting swiftly even when faced with challenges. It turns strategy into execution and execution into results, maintaining the highest ethical standards. Things are achieved by developing three habits:

- NETWORKING AND COMMITMENT
- SIMPLIFY AND ACCELERATE
- GET RESULTS



### SHAPE OUR TOMORROW

The Bank fosters an inclusive environment in which people are invited to share their views openly and honestly with a forward-looking approach. We are committed to making a difference, challenging traditional ways of working and continually improving and promoting solutions that respond to the needs and expectations of the different stakeholders. Shaping our tomorrow is achieved by developing three habits:

- LISTEN AND LEARN
- CHALLENGE AND TRANSFORM
- MAKE A DIFFERENCE

To implement the values, slogans and the Security Hallmark, we work in three main areas:

#### • LEADERSHIP:

At Security, leaders must be a living example and a training agent for their teams. To this end, they go through different training stages, including leadership workshops and training, where they are given tools to support the growth of each of the people on their teams. In addition, once a year the BEST group is awarded, made up of leaders who stand out in management, considering their climate, performance and other results.

#### • ETHICAL CULTURE:

Ongoing training is provided to employees to contribute to their awareness and habits, in order to avoid practices that are not in line with ethical business management and to go beyond, generating a positive impact on society. The teams are trained across the board on the Security Hallmark, Code of Ethics, Code of Conduct, Crime Prevention, Money Laundering, among others.

#### • SYSTEMS AND PROCESSES:

Operationalization of principles and values to make the ethical dimension of business and labor activities as tangible as possible. This area includes performance evaluations, award programs, work climate assessments, the Security Spirit and Integration awards, among others.



## THE JOY OF COMING BACK TOGETHER!

This year was very special for Banco Security. After two years of the pandemic, the traditional and long-awaited in-person activities, so characteristic of the Security Culture and which promote closeness and strengthen the sense of belonging to the Company, began to resume.

Among the activities carried out were the celebration of Fiestas Patrias in and outside Santiago, the family outing, attended by employees and their families, and the Securitylandia program, which aims to entertain employees' children between 6 and 13 years of age with various activities, at no cost to them.

In addition, the end-of-year celebrations are once again in person. One of them was held at the Club Hípico, attended by more than 1,000 employees and broadcast live to all regions. The most moving moment of the evening was the recognition of Francisco Silva Silva, who left the chairmanship of Grupo Security in 2022 after more than 30 years.

In addition, the Security and Integration Spirit awards were

presented to 24 employees. The Security Spirit Award seeks to honor people who best represent the Company's values and culture. The Integration Award honors employees who permanently promote and facilitate collaborative work among the Company's various departments and businesses.

Other in-person activities that were resumed this year were the traditional Fun Fridays, which consist of one Friday a month when Banco Security employees are surprised with a fun activity and something tasty and healthy to eat. In addition to this activity, awards ceremonies, strategic project launches, extended meetings of the companies with their managers (now in hybrid format) and strategic planning meetings of the management teams were once again held in person and took place over two or three days outside Santiago.

Despite the fact that during the pandemic the Company generated several instances to maintain the closeness and sense of belonging, there is nothing like the joy of meeting again in person in the office hallways.

# A DIVERSE GROUP

## INCLUSION AND DIVERSITY

Banco Security believes that diversity and inclusion are fundamental values for the cultivation of long-term relationships and for the sustainable growth of the organization. It promotes respect and values differences, through the formation of varied teams, with multiple approaches, which enrich the personal and professional development of each person and enable the generation of innovative solutions, contributing to better customer service and societal wellbeing.

In 2022, Grupo Security created the Diversity and Inclusion Policy, which aims to promote a culture that leverages these values, to eliminate possible biases, so that all employees feel respected and valued in their work environment. This standard is a general guideline for the Group, which can be further developed and supplemented by the various subsidiaries. On an organizational level, the Corporate Culture Division is responsible for its application.

## COMMITMENT TO INCLUSION AND DIVERSITY

- Maintain as a fundamental pillar the respect and care for the dignity of its employees.
- Ensure inclusive practices and processes free from discrimination.
- Provide equal opportunities for job access and professional growth.
- Ensure that all shortlists for selection and internal mobility are composed of men and women, to ensure that there is female participation at all levels of the organization.
- Foster an inclusive environment.

## DIVERSITY IN THE ORGANIZATION

40.71%

**WOMEN IN STEM POSITIONS  
(SCIENCE, TECHNOLOGY, ENGINEERING  
AND MATHEMATICS)**

43.18%

**WOMEN IN INCOME-GENERATING  
LEADERSHIP ROLES**

2.1%

**FOREIGN NATIONALS**

SOURCE: BANCO SECURITY

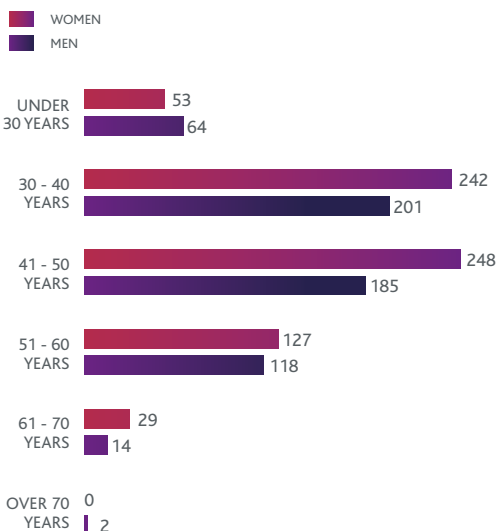
## NUMBER OF CHILEAN/FOREIGN EMPLOYEES

POSITION	NATIONALS		TOTAL
	CHILEAN	OTHER NATIONALITIES	
SENIOR MANAGEMENT	7	2	9
MANAGEMENT	53	2	55
SUPERVISORS	198	4	202
SALES FORCE	542	4	546
ADMINISTRATIVE STAFF	184	7	191
OTHER PROFESSIONALS	272	8	280
<b>OVERALL TOTAL</b>	<b>1,256</b>	<b>27</b>	<b>1,283</b>

SOURCE: BANCO SECURITY  
DETAILS OF ALL THE DIVERSITY TABLES IN THE APPENDICES.



**NO. OF EMPLOYEES BY AGE RANGE AND GENDER**



SOURCE: BANCO SECURITY

**NO. OF EMPLOYEES BY AGE RANGE AND POSITION**

POSITION	UNDER 30 YEARS	30 - 40 YEARS	41 - 50 YEARS	51 - 60 YEARS	61 - 70 YEARS	OVER 70 YEARS	OVERALL TOTAL
SENIOR MANAGEMENT	-	-	4	4	1	-	9
MANAGEMENT	-	8	19	25	3	-	55
SUPERVISORS	5	61	87	42	6	1	202
SALES FORCE	33	164	216	115	18	-	546
ADMINISTRATIVE STAFF	27	83	47	26	8	-	191
OTHER PROFESSIONAL STAFF	52	127	60	33	7	1	280
<b>OVERALL TOTAL</b>	<b>117</b>	<b>443</b>	<b>433</b>	<b>245</b>	<b>43</b>	<b>2</b>	<b>1,283</b>

SOURCE: BANCO SECURITY

**NO. OF EMPLOYEES BY YEARS OF SERVICE AND GENDER**



SOURCE: BANCO SECURITY



**NO. OF EMPLOYEES BY YEARS OF SERVICE AND POSITION**

POSITION	LESS THAN 3 YEARS	3 - 6 YEARS	6 - 9 YEARS	9 - 12 YEARS	MORE THAN 12 YEARS	OVERALL TOTAL
SENIOR MANAGEMENT	1	4	-	1	3	9
MANAGEMENT	10	10	2	9	24	55
SUPERVISORS	34	45	10	46	67	202
SALES FORCE	148	104	53	115	126	546
ADMINISTRATIVE STAFF	67	50	19	28	27	191
OTHER PROFESSIONAL STAFF	123	46	15	45	51	280
<b>OVERALL TOTAL</b>	<b>383</b>	<b>259</b>	<b>99</b>	<b>244</b>	<b>298</b>	<b>1,283</b>

SOURCE: BANCO SECURITY

In 2022, as an alternative measure of compliance with the Inclusion Law, a donation of CH\$14,640,000 was made to the Foundation for the Assistance and Rehabilitation of the Disabled (Fundación para la Ayuda y Rehabilitación de Discapacitados), for a project to strengthen the labor inclusion of people with disabilities derived from the use of licit and illicit drugs.

#### NUMBER OF PEOPLE WITH DISABILITIES BY POSITION AND GENDER

		
SENIOR MANAGEMENT	-	-
MANAGEMENT	-	-
SUPERVISORS	1	-
SALES FORCE	1	2
ADMINISTRATIVE STAFF	1	3
OTHER PROFESSIONALS	-	-
<b>TOTAL</b>	<b>3</b>	<b>5</b>

SOURCE: BANCO SECURITY

### COMMITMENT TO INCLUSION

During the month of September, the first Wheelchair Handball World Championship was held in Egypt, and the Chilean national team took part. Among those selected to represent our country was Carlos Jara, an employee of Banco Security who was supported by the Bank to participate in this event, which included teams from Brazil, India, Slovenia, the Netherlands and Egypt. Chile came in fourth place.

In addition, starting in 2022, Banco Security is sponsoring the outstanding Paralympic athlete Francisca Mardones, who won the gold medal in shot put at the 2020 Paralympic Games in Tokyo, and was distinguished with the Chilean National Sports Award in 2021. This reinforces the Group's commitment to support individuals who faithfully represent the values of commitment, effort and perseverance to achieve goals.





# PAY EQUITY

Banco Security has a Compensation Policy for all employees that ensures proper internal equity, external competitiveness, and talent attraction and retention. It also aims to manage employee compensation in an appropriate, timely and consistent manner, respecting the legal framework, the approved budget and market information.

The application of the policy considers the following general principles:

- Retention of talent that delivers value to the organization, through a competitive compensation package that includes fixed compensation, variable incentives and monetary and quality of life benefits.
- Compensation commensurate with the degree of responsibility and complexity of the position.
- Objective recognition of individual contributions through quantitative and qualitative performance assessment.

- Variable incentives through the achievement of individual and organizational goals.
- Work structures and dependencies appropriate to the business processes.

This policy is applicable to all employees, and the Corporate Culture Division is responsible for ensuring its compliance.

### FEMALE WAGE GAP BY CATEGORY

POSITION	AVERAGE WAGE GAP	MEDIAN WAGE GAP
MANAGEMENT AND SENIOR MANAGEMENT	104%	96%
SUPERVISORS	83.9%	82.8%
SALES FORCE	93.0%	90.9%
ADMINISTRATIVE STAFF	58.5%	59.7%
OTHER PROFESSIONAL STAFF	94.1%	94.3%

SOURCE: BANCO SECURITY





## MINIMUM GROSS MONTHLY COMPENSATION

Banco Security has established a minimum gross salary threshold that is much higher than the legal Chilean minimum wage and the salary for similar positions in the market. This is on top of the other benefits that employees get throughout the year.

COMPANY	BS MINIMUM WAGE	LEGAL MINIMUM WAGE (LMW)	% BS VS. LMW
AGF Security	1,124,493	400,000	281%
Banco Security	900,000	400,000	225%
Valores Security Corredores de Bolsa	1,080,461	400,000	270%

SOURCE: BANCO SECURITY

The Minimum Gross Monthly Compensation at Banco Security and at each of the companies includes: Base salary, legal monthly bonus, meals and transportation. These amounts preclude the sales force, since their monthly compensation is variable.





# GREAT PLACE TO WORK

## AWARDS

Since its inception, Grupo Security, Banco Security and subsidiaries have placed people at the center of the business throughout their history. This has resulted in trust-based relationships that favor harmony between work, family and personal life.

Thanks to this, the holding company and its subsidiaries have been recognized for more than two decades as one of the best places to work in the country. In 2022, they obtained 3<sup>rd</sup> place in the Best Workplaces in Chile 2021 ranking, 1<sup>st</sup> place for the second year in a row as the Best Workplaces for Women in Chile 2022, and 26<sup>th</sup> place in the Best Workplaces in Latin America 2022, all awarded by Great Place to Work®.



El mejor GRUPO lo construimos contigo  
#SomosSecurity



- Best Workplaces in Chile 2021 (#3)
- Best Workplaces in Chile 2020 (#5)
- Best Workplaces in Chile 2019 (#4)
- Best Workplaces in Chile 2018 (#3)
- Best Workplaces in Chile 2017 (#7)
- Best Workplaces in Chile 2016 (#8)
- Best Workplaces in Chile 2015 (#9)
- Best Workplaces in Chile 2014 (#9)
- Best Workplaces in Chile 2013 (#14)
- Best Workplaces in Chile 2012 (#12)
- Best Workplaces in Chile 2011 (#15)
- Best Workplaces in Chile 2010 (#15)
- Best Workplaces in Chile 2009 (#9)
- Best Workplaces in Chile 2008 (#7)
- Best Workplaces in Chile 2007 (#5)
- Best Workplaces in Chile 2006 (#14)



- Best Workplaces for Women in Chile 2022 (#1)
- Best Workplaces for Women in Chile 2021 (#1)



- Best Workplaces in Latin America 2022 (#26)
- Best Workplaces in Latin America 2021 (#27)
- Best Workplaces in Latin America 2015 (#25)
- Best Workplaces in Latin America 2013 (#21)
- Best Workplaces in Latin America 2011 (#47)
- Best Workplaces in Latin America 2008 (#15)

SOURCE: GRUPO SECURITY

## STRATEGIC PROJECT: MY EVOLUTION, YOUR SPACE TO GROW

In 2022 we implemented a new platform for talent management and development called Mi Evolución (My Evolution). It is a space where everyone can manage their talents and where managers can manage their teams' talents, developing each person's skills to the maximum. Everything is based on experience and created to adapt to new ways of working.

This tool uses artificial intelligence, which adapts to the individual interests of each employee for their development. It is used by more than 7,000 organizations worldwide and 70 million users. At the first stage of implementation, the following modules were launched: Talent Attraction, My Learning and Onboarding



*"The Interview Guides provided by the Talent Attraction module help me to ask better questions to get to know the candidate in depth."*

**CLAUDIA AMARO E.,  
BANCO SECURITY BRANCH AGENT**



*"My Evolution is a tool that the entire Group should be familiar with. It is didactic, simple and very useful. It helps us to grow as people and as professionals."*

**CATALINA FLORES M.,  
HEAD OF CUSTODY SERVICES AT BANCO SECURITY**



## TALENT ATTRACTION AND SELECTION

Banco Security is convinced that the sustainability of the business is directly related to the existence of excellent professionals who are aligned with the cultural pillars and corporate values. For this reason, the Company prioritizes development of internal talent, and when there is a specific need for a position, priority is given to people who are already part of the organization and who stand out for their performance and competencies. If the candidate is not found internally, the selection process begins with external recruitment.

All candidates, whether internal or external, are evaluated with objective methodologies that guarantee impartiality and consistency in the processes.

In addition, the Company has two important programs:

- **DISABILITY INCLUSION PROGRAM**

Created to provide opportunities for people with disabilities who have the professional skills required in any recruitment process. The Company relies on the advice of consulting firms for the recruitment of these candidates, their onboarding process and follow-up of the candidate's status during the first months of work, in order to address their needs and support them and the team in the adaptation process.

- **#SUMARALENTO  
(#ADDTALENT) PROGRAM**

Created to attract, retain and develop recent university graduates so that they can join one of the Security companies in the future.

## EMPLOYEE DEVELOPMENT

Banco Security has a learning and development model with a comprehensive approach to meet the professional and personal growth needs of all employees. In line with the Compensation and Diversity and Inclusion policies, the entity has practices to ensure equal opportunities in all processes and talent management systems, by providing mechanisms and tools to each person to develop their full potential and develop as a whole.

From a professional development standpoint, the main levers are ongoing feedback, recognition, development objectives and learning spaces. This helps to create an environment that encourages everyone to be the protagonist of their own development and to take on challenges to reach their maximum potential.

An example of this was the launching of the Impulsa Program, which seeks to provide ongoing training to account executives in Retail Banking. In 2022, 100% were trained and by 2023 the program is expected to be extended to the rest of the customer service channels. Impulsa aims to provide the necessary knowledge to enable them to perform their role effectively, in order to ensure an experience of excellence, in line with the Bank's value proposition.

Throughout their time with the Company, employees are provided with various opportunities and tools to motivate them to play a leading role in their development, and thus help them reach their full potential, enhancing the customer experience and the fulfillment of the Bank's value proposition.

Employees also have access to the Elijo Crecer (I Choose to Grow) program, which includes:

### PROFESSIONAL DEVELOPMENT PLAN (PDP)

Self-knowledge and development tool that enables employees to know their strengths and opportunities, in order to self-manage their personal and professional development.

### PERFORMANCE MANAGEMENT

Performance process where employees are the protagonists of their growth and development. Ongoing feedback and follow-up conversations between management and the employee are expected.

### CHALLENGES

Structured staffing and talent management process to review staff competencies, their interests and motivations, in order to select those who fit the required profiles for each initiative.

## LEARNING AND DEVELOPMENT PROGRAMS

### CORPORATE TRAINING PROGRAM

These align the organization by generating standardized knowledge regarding the Security Culture, corporate values, strategic focuses and specific organization-wide management contents. Some of the topics taught are: Corporate Onboarding, Security Hallmark, Customer Orientation, Service Quality, Mandatory Regulations, Code of Ethics, Code of Conduct, among others. Over the last 12 months, the Company prioritized training related to digital transformation, agile methodologies and the use of collaborative tools.

### ON-THE-JOB TRAINING

Specific technical programs adapted to each job position. Their aim is to improve people's efficiency and productivity, maximizing their performance in the current position. Annually, there is an organization-wide process to detect functional training needs, carried out through the supervisors and Corporate Culture Business Partners in each of the businesses.

### EXCELLENCE PROGRAMS

These aim to develop critical skills to leverage the transformation process of Security's businesses while boosting the talent and professional development of our employees. The most relevant excellence programs are the Commercial Excellence and Leadership Development programs. There are also scholarships available to cover part or all of technical, professional, postgraduate, diploma and MBA programs.



## TRAINING

MCH\$ 169.9

**TOTAL TRAINING  
BANCO SECURITY**

0.048%

**OF REVENUE SPENT  
ON TRAINING**



GENDER	WORKFORCE	NO. OF ACTIVE PEOPLE TRAINED	TRAINING HOURS	AVERAGE HOURS PER PERSON	% PEOPLE TRAINED
Female	699	699	40,306	57.7	100%
Male	584	584	21,689	37.1	100%
<b>TOTAL</b>	<b>1,283</b>	<b>1,283</b>	<b>61,995</b>	<b>48.3</b>	<b>100%</b>

SOURCE: GRUPO SECURITY

Banco Security favors the self-management of ongoing learning, providing its employees with digital technological tools that are designed for the professional and personal development of each employee.

In 2022, MCH\$169.9 was allocated to train 100% of the Company's staff on the following aspects:

### REGULATORY

These aim to comply with current legal regulations, as well as reinforcing safety mechanisms for Grupo Security's employees and customers. The subjects addressed in 2022 were:

- Crime Prevention Model.
- Cybersecurity.
- Workplace 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 subjects addressed in 2022 were:

- Collaboration tools.
- Remote working.
- Product and service training.

### EXCELLENCE

Structured staffing and talent management process to review staff competencies, their interests and motivations, in order to select those who fit the required profiles for each initiative.

- Leadership skills: Change management, difficult conversations, feedback and others.
- Model development: Embedding the Security Hallmark

## A NEW WAY OF WORKING

In 2022, Grupo Security officially launched "A New Way of Working," a hybrid mode that allows employees whose duties are compatible with telecommuting to combine remote work with office work.

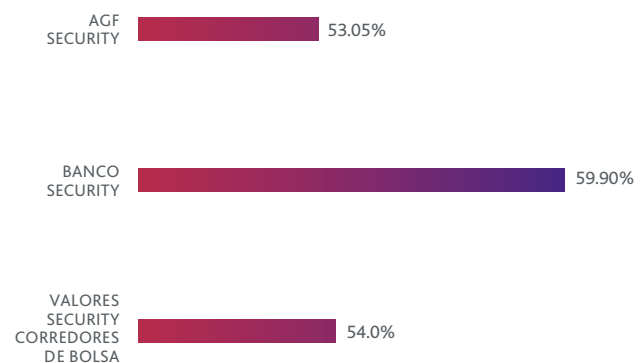
This change maximizes customer-facing productivity and goal achievement, while better harmonizing work, personal and family life. Throughout the year, we provided ongoing support to employees through recommendations for managers to organize their teams and to work efficiently and in adequate spaces.

In addition, a survey was conducted among all employees, with 70% participation, to learn about their experience with hybrid work, and the main results were as follows:

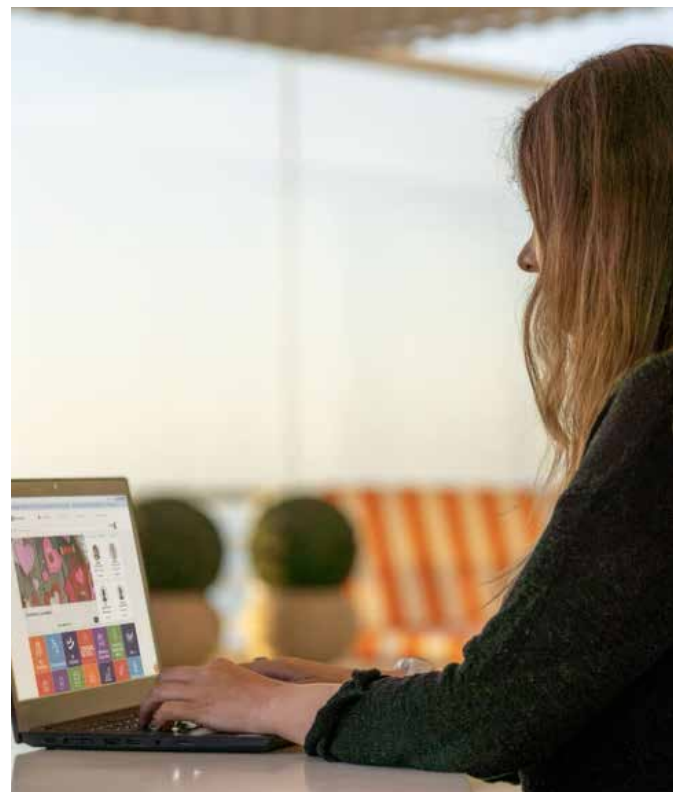
- 79% said that their experience working remotely was positive.
- Among the most valued benefits of this mode are the savings in travel time to the office and greater autonomy to manage time.
- 94% report that their productivity levels have not been negatively impacted; on the contrary, 47% increased their productivity.
- 92% of employees confirm that they have been able to maintain an ongoing relationship with the customer.

### AVERAGE REMOTE WORKING HOURS BY COMPANY

(LAST 6 MONTHS)



SOURCE: GRUPO SECURITY





## WORK-FAMILY-LIFE BALANCE

Throughout its more than 30 years of existence, the Company has worked to permanently listen to the needs of its employees and integrate family values into its corporate mission. This has led it to become a benchmark in the integration of work, personal and family life, and to contribute to the development and improvement of public policies, demonstrating Banco Security's commitment to contribute to the achievement of a better quality of life for all Chileans. An example of this is the system of gradual return to work for women once their postnatal period is over and the labor flexibility program for men who have become fathers, implemented many years ago, which served as inspiration for the formulation of the law that currently governs the matter in Chile. In the same vein, as of 2022, Group companies will work less than 40 hours per week.

### SUPPORTING NEW PARENTS

When any employees of the Bank and its subsidiaries experience the birth of a child, either naturally or by adoption, the Company sends a gift for the newborn and provides a bonus in UF to the employee.

Mothers have the benefit of flexible postnatal leave as a way to help harmonize their work role with motherhood and support their professional development by making it compatible with caring for their newborn.

The flexible return options are:

- **FULL-TIME PARENTAL POSTNATAL BENEFIT:**  
Gradual return to work with shifts ending at 4:00 p.m. during the following eight weeks.
- **HALF-DAY PARENTAL POSTNATAL BENEFIT:**  
Half-day leave extends until the child turns 10 months old and then a gradual return to work with shifts ending at 4:00 p.m. until the child's 12th month.
- If the mother transfers part of her postnatal leave to the father, he can make use of this gradual return scheme.

Fathers are given an additional bonus in UF to help care for the baby during its first month of life, and to facilitate co-responsibility and attachment with the newborn, and they are also given two additional days in addition to the five legal postnatal days. In addition, they have flexible parental postnatal leave, where they can make use of an additional day of telework per week and/or flexibility to adjust their start and end times, as long as it is applicable to their role and in coordination with their supervisor.

The Company also provides the childcare assistance benefit, which can be used by mothers to finance daycare or a voucher for mothers whose child cannot attend daycare due to a medical condition. In this case the child is cared for by a childcare assistant or a person accredited with a first aid course at home until the child reaches two years of age.

To support mothers during the breastfeeding period, Banco Security has comfortably equipped lactation rooms.



## WELLBEING

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At Banco Security there is a real concern for the comprehensive development of its employees, with the understanding that each of their lives extends beyond work.

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The Company has strengthened its employee value proposition by seeking to promote benefits aimed at improving the physical wellbeing and mental health of the Company's employees, as well as those that help to harmonize the personal and professional lives of the people who work at the Security companies.

The Company has a wellbeing program called "Vivo+ Salud y Bienestar", which provides people with tools through the creation of spaces for connection and recreational activities. The idea is for them to use their resources to become the protagonists of their own self-care and the care of others.

Under the umbrella of "Vivo + Salud y Bienestar", a new benefit was launched in 2022: Betterfly, a wellness platform that transforms employees' healthy habits into social donations with a purpose. In addition, it includes life insurance whose coverage grows day by day at no cost, providing each of its users with

financial protection and tools focused on the prevention and care of their comprehensive wellbeing.

Betterfly aims to impact the world with social donations such as water, food, trees and assistance for the elderly through Fundación Las Rosas. It believes in a better world, where every person can be financially protected and empowered to live their best life.

Likewise, Banco Security has a series of benefits that cut across the various interests of its employees, aimed at promoting their development within the Company. In accordance with the Compensation Policy, these benefits are a complement to remuneration, extensive to all employees with open-term contracts and mainly aimed at improving quality of life. It consists of a pool of more than 60 benefits to promote health and wellbeing, family time, to celebrate employees and to support them in increasing their savings (through deals, bonuses and credits).





### BANCO SECURITY EMPLOYEE BENEFITS

#### CELEBRATIONS

- 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

#### SPECIAL LEAVE

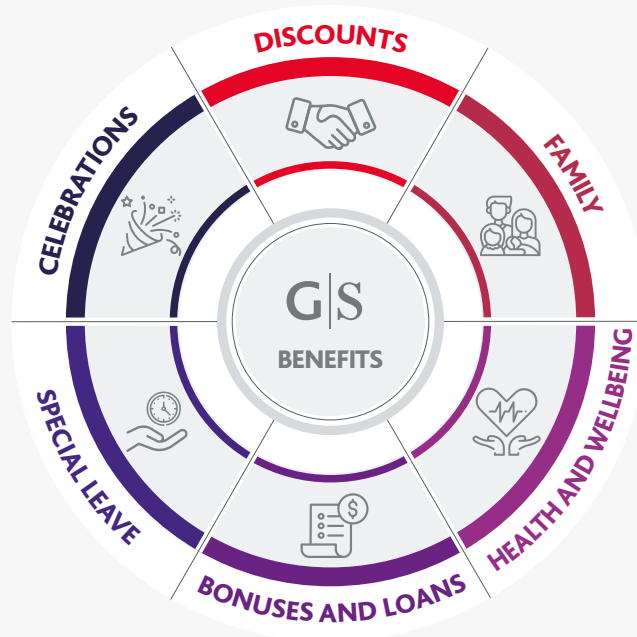
- Leave for residential moves
- Preventative check-ups
- 24 hours for you
- Marriage / civil union
- Afternoon off during children's school breaks
- Day off for birthday
- Additional flex vacation days
- Thesis defense
- Bereavement (unborn child, parent, sibling, parent-in-law, child).

#### DISCOUNTS

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

#### FAMILY

- 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



#### HEALTH AND WELLBEING

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

#### BONUSES AND LOANS

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

## OCCUPATIONAL SAFETY

With the understanding that the organization is responsible for the health and safety of its employees and people who may be affected by its activities, Banco Security—as part of the companies of Grupo Security—has an Occupational Health and Safety in the Workplace Policy (OSH) for the promotion and protection of the physical and mental health of its members. The standard was developed following the recommendations of NCh ISO 45001 and DS 67/2021, and its application falls to the Corporate Culture Division.

Security commitments to occupational safety:

- Prevention of risks of occupational accidents or illnesses.
- Compliance with legal regulations on occupational health and safety.
- Promotion of mechanisms for dialogue and participation of employees and their representatives on occupational health and safety issues.
- Ongoing improvement on these matters, to ensure a safe and healthy work environment.

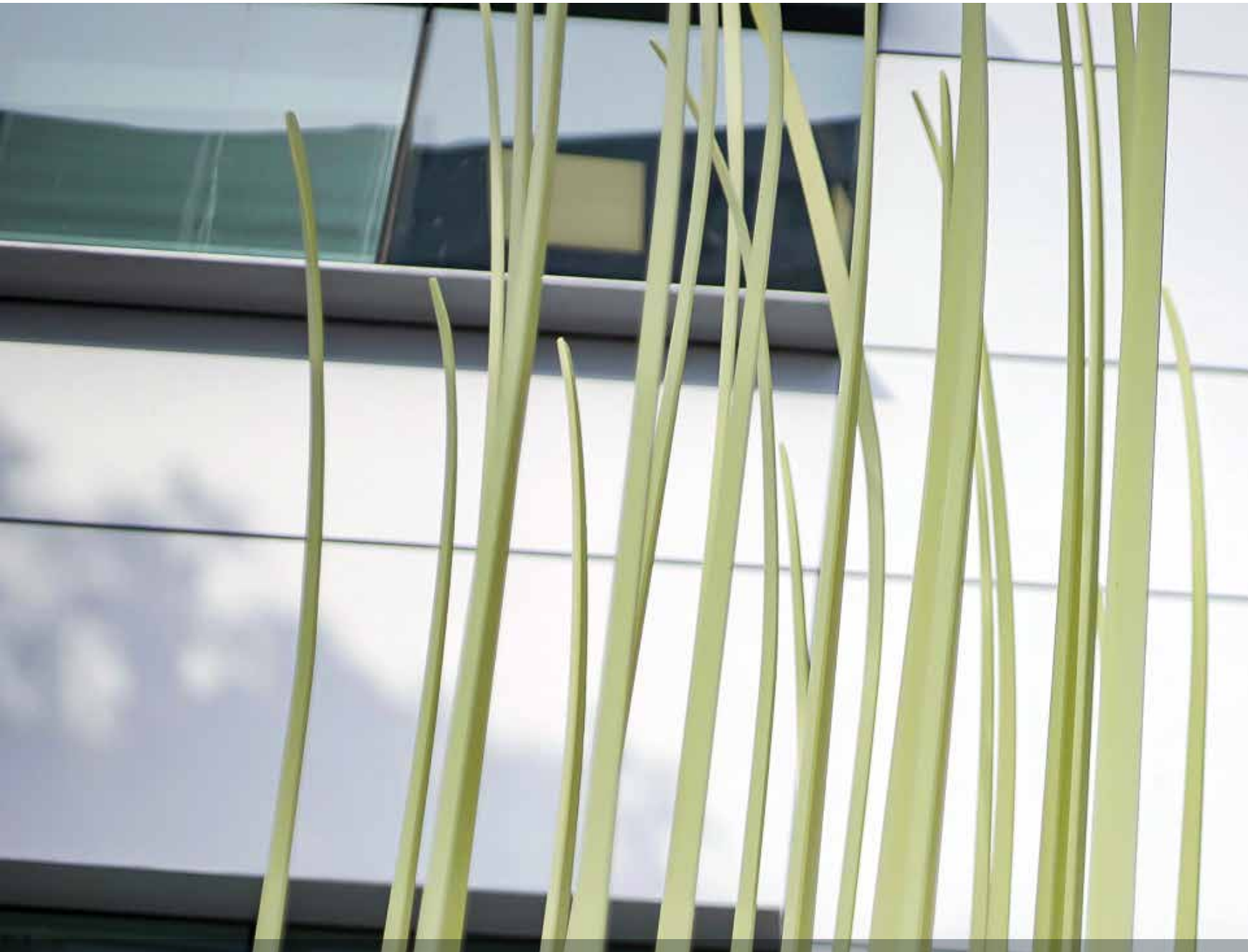
### OCCUPATIONAL SAFETY INDICATORS

	2022	2022 TARGET
Accident rate	0.24	<0.24
Fatality rate	0.00	0
Occupational illness rate	0.24	<0.5
Average days lost to work-related accidents	41.33	-
Average days lost to occupational illness	21.33	-
Average total days lost	31.33	-

SOURCE: GRUPO SECURITY

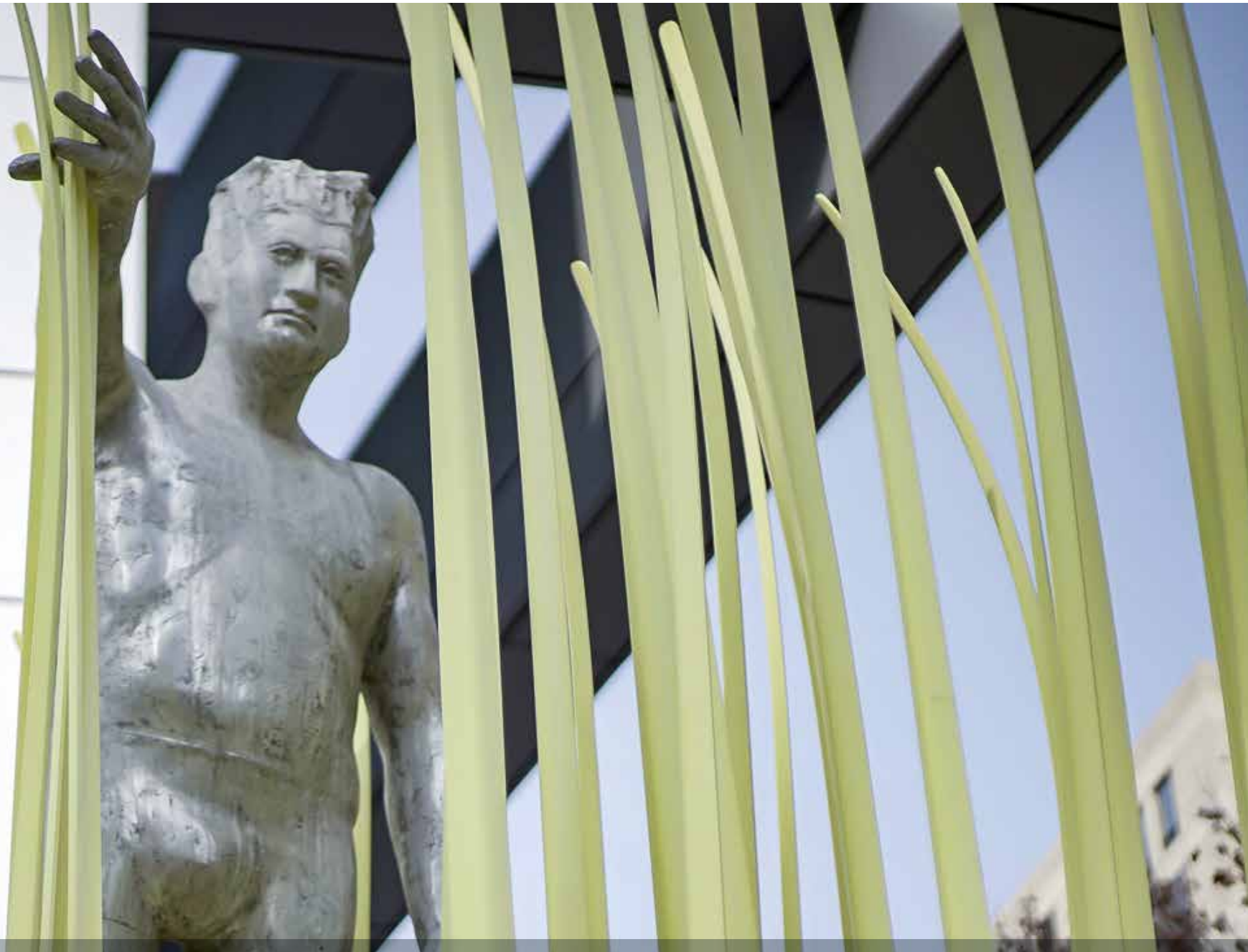


Banco Security was recognized for 40 years working together with ACHS and its ongoing commitment to the occupational health and safety of all employees.



CHAPTER 04

# **ECONOMIC PERFORMANCE**



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OPERATIONAL CONTEXT

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2022 RESULTS

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# OPERATIONAL CONTEXT

## GLOBAL CONDITIONS

From mid-2020 and throughout 2021 there was a significant recovery in global economic activity, due to the reopening of economies and the provision of monetary and fiscal stimulus. However, the speed and magnitude of the recovery—along with some supply problems in production chains—led to a fairly generalized increase in inflation worldwide, taking global CPI to 7.4%, a figure not seen since the early 1990s, making 2022 a year of moderation of monetary and fiscal stimuli to try to reverse the rise in prices.

Once the market internalized a tighter monetary policy in the U.S., the dollar began to appreciate quite significantly. This strengthening of the dollar began in late 2021 and gained strength in 2022. In fact, some emerging economies—including Chile's—that saw the rise in inflation exacerbated by the depreciation of their currencies began to withdraw stimulus before developed countries.

Inflation did not moderate but, on the contrary, continued to accelerate, and therefore the response of the monetary authorities had to be greater and greater, increasing fears of a significant slowdown in economic activity. This was quickly reflected in financial indicators. Stock exchanges—measured through the MSCI Global index—fell by close to 20% during the year, with similar magnitudes between countries and/or regions. Raw material prices fell by 4% on average, with copper plummeting 15%. The price of the red metal started the year close to US\$4.5 per pound and closed at US\$3.8 per pound. Oil, on the other hand, rose from US\$70 to US\$80 per barrel.

## GLOBAL GDP

Against the backdrop of rising inflation and the withdrawal of stimulus, growth prospects moderated across countries and regions, although the year did not end as badly as expected.

Global GDP expanded by 3.4% overall in 2022, in line with historical averages. In disaggregated figures, developed economies grew 2.7% while emerging economies grew 3.9%.

## DEVELOPED NATIONS

The United States went from 5.7% growth in 2021 to 2.1% in 2022, explained by a 2.8% increase in private consumption, mainly in services (4.5%), as spending on goods contracted slightly during the year (0.4%). Meanwhile, industrial investment (non-residential) reached an annual variation of 3.6%, adding half a percentage point to annual GDP. In the labor market, job creation continued, although more limited than in previous years. In fact, there were 4.8 million new jobs in 2022, compared to seven million in 2021. Stock markets reflected this less favorable growth with a 20% decrease in 2022.

The Eurozone expanded its GDP by 3.5%, with every economy growing, especially Germany (1.9%), France (2.6%), Italy (3.9%), and Spain (5.2%). However, the region did not escape the inflationary outlook and rate hikes, which led to a 19% decline in stock markets as measured by the MSCI Europe index.

## EMERGING NATIONS

Emerging economies also showed a moderation in the rate of expansion of economic activity. After growing 6.7% in 2021, this group of countries recorded a 4% rise in GDP in 2022. The slowdown occurred in all regions, with emerging European economies showing the biggest slowdown—from 6.7% to 0.7%—as a result of the effects of the war between Russia and Ukraine. China, on the other hand, also showed a significant drop in GDP, from 8% to 3%, explained in part by the high restrictions on mobility, known as the Zero COVID policy. Latin

America, meanwhile, showed a more limited moderation in activity, from 6.5% in 2021 to 3.9% in 2022. Disaggregation in Latin America showed that Colombia had the best performance (7.5%), followed by Argentina (5%). The most relevant economies due to their size are Brazil and Mexico, which grew 3.1%.

The stock market reflected this poor performance, dropping 22% in aggregate (MSCI Emerging Markets Index). Disaggregated by region, there were large divergences, with emerging Asian economies dropping more sharply (22%), due to China's 22% decline. Meanwhile, Latin America ended the year on par with year-end 2021, although there were also divergences between the main economies, with a 5% drop in Mexico and a 2% increase in Brazil.

The fixed-income market was unique in that the riskiest U.S. bonds (high yield) fell 11% in 2022, a lower magnitude than the 15% drop in the safest (high grade) bonds. Meanwhile, sovereign bonds from emerging countries (EMBI) showed a negative yield of 16%, while corporate bonds (CEMBI) fell by 14%.

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3.4%

**GLOBAL GDP**  
(% CHANGE 2021 - 2022)

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3.9%

**LATIN AMERICAN GDP**  
(% CHANGE 2021 - 2022)

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2.4%

**CHILEAN GDP**  
(% CHANGE 2021 - 2022)

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## CHILE

As with most countries, the Chilean economy experienced a significant rise in inflation starting in the second half of 2021, but gained momentum during 2022. This led the monetary authority to generate very restrictive conditions to moderate the increase in private spending. This, together with external financial conditions that became less favorable over the months, led to a moderation in economic activity. Thus, after expanding 11.7% in 2021, GDP grew 2.4% in 2022. However, the moderation ended up being more gradual than expected since, for much of the year, expectations pointed to a much lower increase of only 1.5%. In fact, both business and consumer economic expectations remained pessimistic throughout the year.

## SPENDING

From the perspective of domestic demand, which expanded by 2.3% during the year, private consumption had the greatest impact, growing by 3%, while investment rose by 2.8%, as it was still very much affected by domestic political processes.

## ANALYSIS BY INDUSTRY

When broken down by industry, the sectors with the best performance were transportation, communications and services, while mining and manufacturing exhibited a drop in annual production.

This economic performance created around 560,000 more jobs, equivalent to 6.7%. Wholesale and retail trade contributed the largest number of job openings, followed by accommodations and food services. The breakdown of employment by category showed that the greatest recovery occurred in salaried workers (7.1% increase), while on average, self-employment grew 5% year-on-year. Thus, the unemployment rate fell from an average of 8.8% in 2021 to 7.9% in 2022.



## FOREIGN TRADE

In terms of foreign trade, exports totaled BUS\$98.5, above the BUS\$94.7 of 2021. Almost half of these exports were copper shipments, totaling BUS\$44.6. Export volumes increased by 1.4%, due to copper exports falling by 5.6%, which was more than offset by exports of all other products increasing by 6.6%. Imports reached BUS\$94.7, with increases in all categories, including 61% in fuels. Meanwhile, imports of capital goods rose by 5.6% and consumer goods by 3.2%. In terms of volume, total imports rose by only 0.9%. Accordingly, the year-end balance of trade was a positive BUS\$3.8.

In the fiscal area, 2022 ended with a surplus of 1.1% of GDP, contrary to the expectation of a deficit, due to a 6.3% real increase in revenue from improved tax collections—in response to better economic activity—as well as higher taxes from private mining. Government expenditures contracted -23.1% in real terms, due to lower subsidies and grants in 2021 to counteract the effects of the pandemic.

## PRICE INDEXES

As mentioned, Chile had a significant increase in inflation since mid-2021, which accelerated during 2022, due to the usual lag of this variable in the face of higher spending, which in turn responded to excess liquidity in the economy. Other factors, such as the depreciated exchange rate and rising international prices, exacerbated the acceleration of inflation. After closing at 7.2% in 2021, year-on-year CPI variation rose to 14% by mid-year and only moderated to 12.8% by December, the highest rate since the early 1990s. Core inflation (IPCSAE), which excludes volatile prices, showed a similar yet smaller trend, rising from close to 5%

at the beginning of the year to hover around 10% by year end. The CPI for tradables increased by 15.9% in the year, while the CPI for non-tradables reached 9%.

## BENCHMARK INTEREST RATES

Although the Chilean Central Bank began adjusting the benchmark interest rate (MPR) in the second half of 2021, it was not until the end of that year that the MPR reached a level considered neutral. In addition, due to the lagged monetary policy, inflation continued to accelerate during the first half of the year, leading the monetary policymaker to raise the MPR more aggressively and even surpassing the peak level of 2008. The authority increased the MPR by 150bp in January and March, another 125bp in May; 75bp in June and July, and then 100bp in September and 50bp in October. With this, the MPR went from 4% in December 2021 to 11.25% at the end of 2022.

## EXCHANGE RATE

On the foreign exchange front, 2022 was a year in which the dollar continued its appreciation trend over the months, as the U.S. monetary policy conducted by the Fed became increasingly restrictive. In this context, the Chilean peso started the year with a parity close to CH\$ 850, and fluctuated around CH\$ 800 - CH\$ 850 during the first half of the year. However, in July there was an escalation of the exchange rate beyond what was suggested by its fundamentals, which generated an exchange rate intervention by the Chilean Central Bank. In addition, in the last quarter of the year, the dollar began to depreciate, which contributed to the parity dropping from close to CH\$1,000 to end the year at CH\$850, a level very similar to the beginning of the year.



## 2022 RESULTS

### THE BANKING INDUSTRY

The Chilean banking system is made up of 17 institutions, employs 54,428 people working in 1,481 branches and has a network of 7,538 ATMs distributed nationwide.

The banking industry offers products and services that deal with money management, such as receiving deposits, executing transactions, granting loans, managing liabilities and providing asset management advisory services, among others. In this context, key aspects are customer experience, customization of the solutions provided, the provision of consulting services at all levels, and the quality and response time of back-office capacity.

In 2022, the industry faced a deteriorating external environment due to rising interest rates to combat inflation, a rising dollar, falling commodity prices and increased risk perception, which led to a significant deterioration in global economic activity. In Chile, the economy continued to decelerate and, in line with market consensus, the year closed with a 1% decline in GDP.

Despite the above, the banking system proved resilient and maintained a comfortable liquidity position compared to the pre-pandemic period, although it faced the challenges of a more deteriorated economic environment and funding conditions. Stress testing showed that banks would remain solvent and with adequate liquidity to face severe stress scenarios on their convergence path to Basel III. For stress scenarios that consider an increase in the spreads implicit in the cost of funds, in line with previous events of financial pressure, bank intermediation spreads are assumed to be constant; i.e., the higher cost of funds is passed through to lending rates.

Thus, the total loan portfolio (excluding banks' foreign subsidiaries) grew 10.65% annually, just 4 bps above 2021 (10.27%), driven mainly by mortgage (14.38%), consumer (13.73%) and commercial (5.77%) lending.

#### BANKING INDUSTRY RESULTS

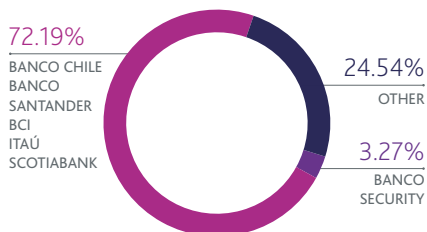
INCOME STATEMENT · MCH\$	2022	2021	CHANGE (%)
<b>NET INTEREST MARGIN</b>	<b>12,614,767</b>	<b>9,609,765</b>	<b>31.3%</b>
Net fees and commissions	2,474,766	2,244,106	10.3%
Net financial operating income	995,923	1,141,383	-12.7%
Other net operating income (losses)	257,012	-210,595	-222.0%
<b>GROSS OPERATING INCOME</b>	<b>16,342,468</b>	<b>12,784,659</b>	<b>27.8%</b>
Provisions for credit losses	-3,261,815	-2,183,279	49.4%
Support expenses	-6,649,694	-5,556,330	19.7%
<b>NET OPERATING INCOME</b>	<b>6,430,959</b>	<b>5,045,050</b>	<b>27.5%</b>
Income attributable to investments in other companies	46,314	-1,371	-3478.1%
<b>PROFIT BEFORE TAX</b>	<b>6,477,273</b>	<b>5,043,679</b>	<b>28.4%</b>
Income tax expense	-980,140	-1,216,970	-19.5%
<b>PROFIT FOR THE YEAR</b>	<b>5,497,133</b>	<b>3,826,709</b>	<b>43.7%</b>

SOURCE: CMF



**MARKET SHARE  
2022**

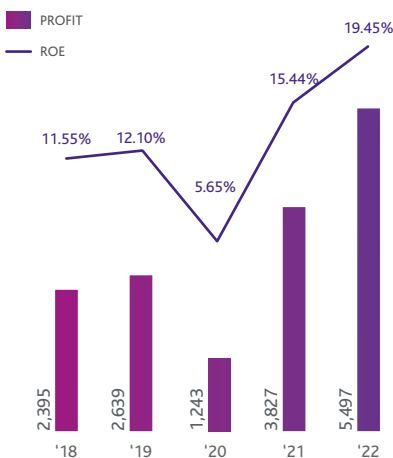
EXCLUDES LOANS AND ADVANCES TO BANKS



SOURCE: CMF

**PROFIT AND RETURN ON EQUITY  
CHILEAN BANKING INDUSTRY**

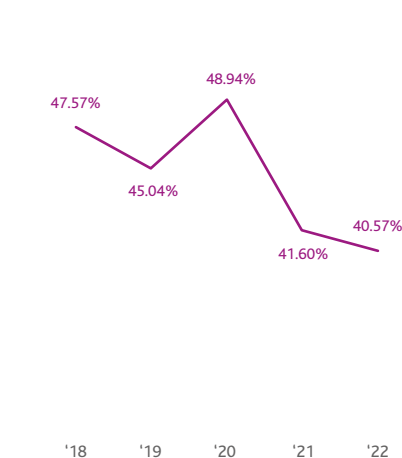
BCH\$ NOMINAL



SOURCE: CMF

**EFFICIENCY RATIO  
CHILEAN BANKING INDUSTRY**

PERCENTAGE



SOURCE: CMF

**GROWTH IN TOTAL EQUITY**

28,259  
2022

24,787  
2021

CHANGE

14.01%

**RETURN ON EQUITY**

19.45%  
2022

15.44%  
2021

**RETURN ON TOTAL ASSETS**

1.39%  
2022

1.06%  
2021

SOURCE: CMF

The banking industry reported an efficiency ratio of 40.57% measured as support expenses over gross operating income, and 1.68% measured as support expenses over total assets. The banking industry posted a risk ratio of 2.46%, measured as allowances for loan losses to total loans, and 1.68% for the NPL portfolio, measured as 90-day nonperforming loans to total loans.

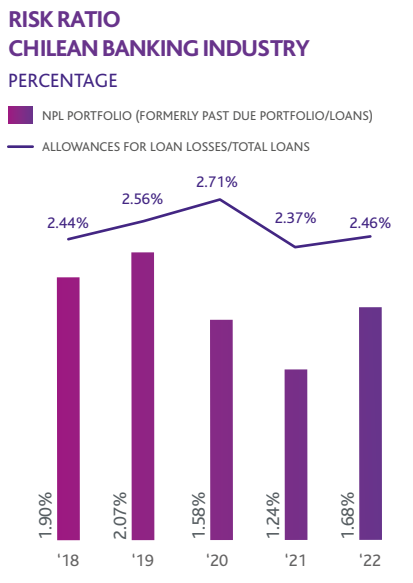
**EFFICIENCY RATIO FOR THE BANKING INDUSTRY**

EFFICIENCY RATIO	DEC 2022	DEC 2021
Banco Santander	42.81%	35.35%
Banco de Chile	31.95%	37.70%
Scotiabank	41.81%	40.52%
Bci	47.88%	44.99%
Itaú	52.1%	49.68%
LARGE BANKS	42.07%	40.94%
Banco Consorcio	30.05%	26.44%
Banco Security	43.02%	44.06%
Banco Internacional	46.47%	45.03%
Banco Bice	43.26%	42.76%
MEDIUM BANKS	41.02%	39.69%
<b>BANKING SYSTEM</b>	<b>40.57%</b>	<b>41.6%</b>

SOURCE: CMF

The result amounted to MCH\$5,497,133, an increase of 43% in 12 months, mainly explained by a higher net interest margin, attenuated by an increase in provisions for credit losses and higher support expenses.

Consequently, over the same period, the return on equity and return on average assets increased to 21.05% (16.62% as of December 2021) and 1.44% (1.14% as of December 2021), respectively.



SOURCE: CMF

**CREDIT RISK IN BANKING**

CREDIT RISK INDICATORS	DEC 2022	DEC-21
Allowances for loan losses / Total loans	2.46%	2.37%
Non-performing loans / loans (excluding loans and advances to banks)	1.68%	1.24%
Commercial allowances for loan losses / Commercial loans	2.52%	2.66%
Retail allowances for loan losses / Retail loans	2.43%	2.03%
Mortgage allowances for loan losses / Mortgage loans	0.57%	0.57%
Consumer allowances for loan losses / Consumer loans	7.54%	5.95%
Impaired portfolio	4.74%	4.50%

SOURCE: CMF





## BANCO SECURITY

In 2022 Banco Security and its subsidiaries reported profit of MCH\$142,366, an increase of 84.6% over the previous year. This is basically explained by a 35.3% increase in operating income, as a result of a better performance in all business areas.

In addition to surpassing initial estimates, the Bank continued to make progress in the materialization of the strategic focal areas defined for the 2022-2024 three-year period, comprising:

- i) Customer experience
- ii) Use of technology and data
- iii) Process transformation
- iv) Capital risk and use
- v) Environmental, social and governance
- vi) Culture and capabilities

For a deeper understanding of these, see Chapter 1, Business Strategy section.

By business, Commercial Banking had profit of MCH\$80,219, almost triple that of 2021, as a result of a higher net interest margin and lower risk expenses, with commercial loans of BCH\$5,815, which implies year-on-year growth of 6.1%. The Retail Banking business, meanwhile, generated MCH\$2,332, which compares positively with the loss of MCH\$3,510 the previous year, due to the higher returns on demand balances and the benefits of the Transformation Program implemented in recent years to improve the customer experience and boost business.

This performance made it possible to compensate for the

higher additional allowances made as a result of the changes in the regulatory model for the Consumer Loan product. For the Treasury business, profit for the year amounted to MCH\$65,019, 24.4% higher than the previous year, due to an increase in the net interest margin, reflecting a successful funding strategy, and to the greater mismatch maintained in the first half of the year. Finally, the contribution from subsidiaries increased by 59.3%, reaching MCH\$15,008.

In April, the second Regulatory Capital Self-Assessment Report (IAPE) was presented, which was prepared jointly by different areas of the Bank, incorporating both Pillar I risks (credit, market and operational) and Pillar II risks (banking book rate mismatches). On the other hand, a technological tool was implemented to provide a deeper analysis and management of indicators to ensure solvency levels appropriate to the risk profile of the Bank and its subsidiaries.

Regarding efforts to intensify the use of technology and data, progress continued to implement the Digital Development Plan, which aims to provide executives with more and better tools, redesign transactional channels to orient them towards a comprehensive relationship in the services offered in each of the segments, supported by advanced analytical methodologies that enable us to proactively meet the needs of our customers with tailored solutions.

## BANCO SECURITY INCOME STATEMENT

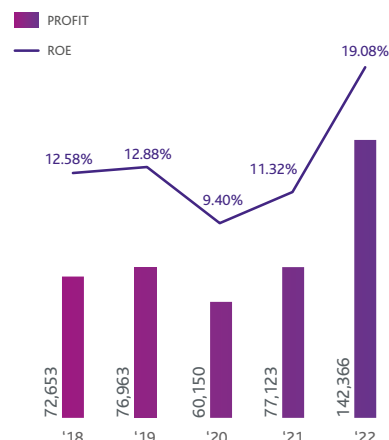
INCOME STATEMENT · MCH\$	2022	2021	CHANGE (%)
<b>NET INTEREST MARGIN</b>	<b>344,334</b>	<b>213,195</b>	<b>61.5%</b>
Net fees and commissions	65,375	59,430	10.0%
Net finance income	-2,031	24,931	-108.1%
Other net operating loss	-32	-835	-96.2%
<b>GROSS OPERATING INCOME</b>	<b>407,646</b>	<b>296,721</b>	<b>37.4%</b>
Provisions for credit losses	-72,925	-78,959	-7.6%
Support expenses	-175,530	-133,562	31.4%
<b>NET OPERATING INCOME</b>	<b>159,190</b>	<b>84,200</b>	<b>89.1%</b>
Income attributable to investments in other companies	409	17	2305.9%
<b>PROFIT BEFORE TAX</b>	<b>159,599</b>	<b>84,217</b>	<b>89.5%</b>
Income tax expense	-17,228	-7,086	143.1%
<b>PROFIT FOR THE YEAR</b>	<b>142,366</b>	<b>77,131</b>	<b>84.6%</b>

SOURCE: BANCO SECURITY

The net interest margin as of December was MCH\$344,334 (64.5% growth over 2021). Compared to the previous year, net interest income reached MCH\$241,418, due to a rise in commercial loans (49.9%) and debt instruments in the Bank's investment portfolio (370.7%). In addition, there was greater interest expense (92.0%), mainly on time deposits (MCH\$124,694 in 2022 versus MCH\$16,605 in 2021), due to interest rate hikes during the period and a higher volume of deposits (31.4%). Net indexation income was 73.0% higher than in 2021, given the high level of inflation.

PROFIT AND RETURN ON EQUITY  
BANCO SECURITY AND SUBSIDIARIES

MCH\$ NOMINAL



NET INTEREST MARGIN · MCH\$	2022	2021	CHANGE (%)
Interest and indexation income	1,050,203	506,975	107.2%
Interest and indexation expense	-705,868	-293,780	140.3%
<b>NET INTEREST MARGIN</b>	<b>344,334</b>	<b>213,195</b>	<b>61.5%</b>
Interest margin net of provisions for credit losses	271,409	134,236	102.2%
<b>NET INTEREST MARGIN / TOTAL LOANS</b>	<b>4.7%</b>	<b>3.2%</b>	<b>- 0 bps</b>
<b>NET INTEREST MARGIN NET OF PROVISIONS FOR CREDIT LOSSES / TOTAL LOANS</b>	<b>3.7%</b>	<b>2.0%</b>	<b>-10 p</b>

SOURCE: BANCO SECURITY



Net fees and commissions increased 7.2% to MCH\$65,375 in 2022, amid increased activity in credit cards, supplementary loan insurance products and higher revenues in AGF Security. In addition, there was a drop in commission expenses due to adjustments in the commercial structure of the asset management subsidiaries, effects that were partially offset by lower commission income for loan prepayments.

The Bank reported a net financial operating loss of MCH\$2,032, largely explained by lower returns on fixed-income instruments, together with a high basis of comparison because of strong returns in 2021.

Banco Security focuses on corporate customers and high-income individuals, which is reflected in its risk ratios. The strategy for the commercial portfolio has centered around supporting long-term businesses with adequate collateral coverage.

	CREDIT RISK (%)								
	ALLOWANCES FOR LOAN LOSSES / LOANS					NON-PERFORMING LOANS			
	MORTGAGE	CONSUMER	TOTAL	COMMERCIAL	TOTAL	MORTGAGE	CONSUMER	COMMERCIAL	TOTAL
Banco Security	0.14	4.93	2.50	2.33	0.80	1.60	2.16	1.94	1.37
Peer banks*	0.14	4.14	2.29	1.97	0.73	1.00	1.63	1.51	1.29
Banking system	0.57	7.54	2.52	2.46	1.35	2.48	1.74	1.68	1.24

SOURCE: CMF

\* AVERAGE FOR BICE, INTERNACIONAL, CONSORCIO AND SECURITY

INSTITUTION	LOANS <sup>1</sup> MCH\$	GUARANTEES <sup>2</sup> MCH\$	ALLOWANCES MCH\$	GUARANTEES / LOANS	ALLOWANCES / LOANS	(ALLOW. + GUAR.) LOANS
Banking system	109,248,483	56,972,112	2,255,386	52.1%	2.1%	54.2%
Peer banks <sup>3</sup>	16,452,377	11,425,928	359,923	69.4%	2.2%	71.6%
Large banks <sup>4</sup>	89,934,829	44,844,197	1,773,193	49.9%	2.0%	51.8%
Banco Security	5,361,603	3,752,237	133,022	70.0%	2.5%	72.5%

SOURCE: CMF

1. COMMERCIAL LOANS WERE EVALUATED INDIVIDUALLY ON INFORMATION AS OF NOVEMBER 2022.

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

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

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

Provisions for credit losses net of collection of written-off loans were MCH\$72,925, equivalent to 1% of total loans. There was a lower risk expense in the commercial portfolio of MCH\$44,014 (-35.3% compared to 2021), offset by the risk expense in the consumer portfolio of MCH\$21,505 (188.3% higher than in the previous year), with higher additional allowances, coupled with a low comparison base in 2021 due to lower commercial activity and higher available liquidity.

## PROVISIONS FOR CREDIT LOSSES / LOANS

PERCENTAGE

SECURITY RISK EXPENSE  
BANKING SYSTEM RISK EXPENSE

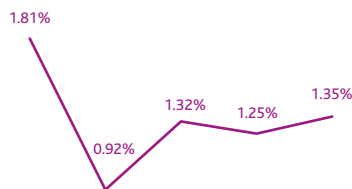


DEC-21 MAR-22 JUN-22 SEP-22 DEC-22

SOURCE: BANCO SECURITY

## NPL COVERAGE RATIO

PERCENTAGE



DEC-21 MAR-22 JUN-22 SEP-22 DEC-22

SOURCE: BANCO SECURITY

## TRENDS IN NPL PORTFOLIO

PERCENTAGE

COMMERCIAL  
CONSUMER  
MORTGAGE



DEC-21 MAR-22 JUN-22 SEP-22 DEC-22

SOURCE: BANCO SECURITY

In line with Banco Security's commitment to maintain a high level of safeguards, it recorded additional allowances of BCH\$12.5, 177.8% above 2021, closing the year with a stock of BCH\$21 (BCH\$10.5 in commercial; BCH\$9.5 in consumer, and BCH\$1 in mortgage lending).

## BANCO SECURITY COMMERCIAL, CONSUMER AND MORTGAGE PORTFOLIO RISK

MCH\$	4Q22	3Q22	% CHG QOQ	2022	2021	% CHG YOY
Provisions for credit losses - consumer	8,970	6,212	44.4%	21,505	7,460	188.3%
Provisions for credit losses - mortgage	1,530	103	1385.4%	2,997	2,583	16.0%
Provisions for credit losses - commercial	7,375	12,758	-42.2%	44,014	68,050	-35.3%
Impairment due to credit risk of other financial assets	1,976	551	258.62%	2,965	0	-
Other	35	-47	-	1,444	1,138	26.9%
<b>PROVISIONS FOR CREDIT LOSSES</b>	<b>19,886</b>	<b>19,577</b>	<b>1.6%</b>	<b>72,925</b>	<b>79,231</b>	<b>-8.0%</b>
Consumer provisions for credit losses / Loans	7.91%	5.74%	216 p	4.74%	1.76%	298 p
Mortgage provisions for credit losses / Loans	0.61%	0.04%	57 p	0.30%	0.31%	-1 p
Commercial provisions for credit losses / Loans	0.51%	0.87%	-36 p	0.76%	1.24%	-48 p
<b>PROVISIONS FOR CREDIT LOSSES / LOANS</b>	<b>1.09%</b>	<b>1.08%</b>	<b>1 p</b>	<b>1.00%</b>	<b>1.18%</b>	<b>-17 p</b>

SOURCE: BANCO SECURITY



## SUPPORT EXPENSES AND EFFICIENCY

As of December 2022, support expenses totaled MCH\$175,530 (27.0% higher than in 2021).

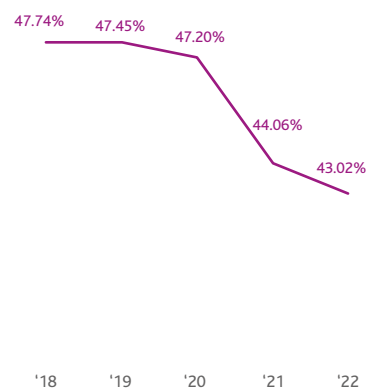
Administrative expenses totaled MCH \$84,288 (41.4% increase) because of higher corporate rates, mostly in the digital area, high inflation and increased credit card activity. In addition, changes were made to the commercial structure of the asset management subsidiaries, resulting in higher expenses previously recognized within fee and commission expenses.

Personnel expenses for the period amounted to MCH\$69,419, 9.4% higher than in 2021.

Banco Security's efficiency ratio—measured as total support expenses over total operating revenues—reached 43.0% due to higher revenue. In January 2022, changes to the compendium of accounting standards for banks came into effect, which implied a modification in the efficiency indicator published by the CMF.

### EFFICIENCY

#### PERCENTAGE



SOURCE: BANCO SECURITY

## BANCO SECURITY - BUSINESS SEGMENTS

MCH\$	COMMERCIAL BANKING		RETAIL BANKING		TREASURY		OTHER		TOTAL BANK		SUBSIDIARIES		CONSOLIDATED TOTAL	
	DEC-22	DEC-21	DEC-22	DEC-21	DEC-22	DEC-21	DEC-22	DEC-21	DEC-22	DEC-21	DEC-22	DEC-21	DEC-22	DEC-21
Net interest margin	162,020	101,935	75,571	49,524	103,986	61,319	0	0	341,577	212,777	4,665	1,811	346,243	214,588
Net fees and commissions	22,174	20,934	15,629	13,050	-260	-158	0	0	37,544	33,826	32,783	27,113	70,327	60,939
Financial operating income, net FX transactions and other income	5,596	8,426	1,506	1,237	-6,499	10,758	-13,130	-2,575	-12,527	17,845	9,482	7,196	-3,045	25,041
Loan losses and repossessed assets	-45,833	-60,754	-27,609	-15,031	-4,686	0	0	0	-78,128	-75,786	0	0	-78,128	-75,786
<b>TOTAL OPERATING INCOME (LOSS), NET OF PROVISIONS FOR CREDIT LOSSES</b>	<b>143,957</b>	<b>70,540</b>	<b>65,098</b>	<b>48,779</b>	<b>92,542</b>	<b>71,918</b>	<b>-13,130</b>	<b>-2,575</b>	<b>288,467</b>	<b>188,662</b>	<b>46,930</b>	<b>36,120</b>	<b>335,397</b>	<b>224,782</b>
Total support expenses	-54,260	-40,642	-62,479	-52,726	-17,257	-13,135	-9,932	-6,022	-143,928	-112,525	-31,869	-28,058	-175,797	-140,583
<b>NET OPERATING INCOME (LOSS)</b>	<b>89,697</b>	<b>29,898</b>	<b>2,618</b>	<b>-3,948</b>	<b>75,285</b>	<b>58,784</b>	<b>-23,061</b>	<b>-8,597</b>	<b>144,539</b>	<b>76,137</b>	<b>15,061</b>	<b>8,062</b>	<b>159,599</b>	<b>84,199</b>
Income tax benefit (expense)	-9,478	-3,315	-286	438	-10,266	-6,518	2,849	950	-17,181	-8,446	-47	1,360	-17,228	-7,086
<b>PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE BANK</b>	<b>80,219</b>	<b>26,583</b>	<b>2,332</b>	<b>-3,510</b>	<b>65,019</b>	<b>52,265</b>	<b>-20,212</b>	<b>-7,632</b>	<b>127,358</b>	<b>67,707</b>	<b>15,008</b>	<b>9,419</b>	<b>142,366</b>	<b>77,125</b>

SOURCE: CMF



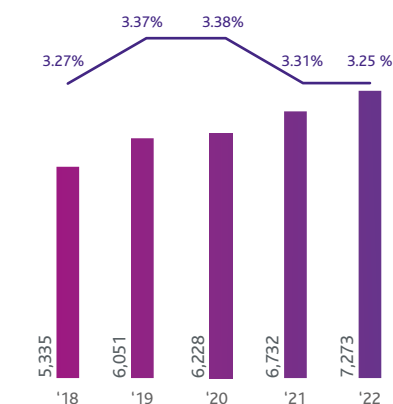
## BANCO SECURITY - LOAN PORTFOLIO

Total loans reached MCH\$4,093,302 in 2022, which represents growth of 0.9%. As of December, Banco Security's commercial loans grew 6.1%, totaling MCH\$5,814,896, and retail loans (consumer plus mortgage) amounted to MCH\$1,457,985, 16% higher than in the same period of 2021.

### LOAN GROWTH BANCO SECURITY

BCH\$ NOMINAL

■ LOANS  
— MARKET SHARE (EXCLUDES FOREIGN SUBSIDIARIES)



SOURCE: BANCO SECURITY

### LOAN PORTFOLIO BANCO SECURITY 2022

EXCLUDES LOANS AND ADVANCES TO BANKS



SOURCE: BANCO SECURITY

## FUNDING SOURCES

MCH\$	DEC-22	DEC-21	% CHG YoY
Demand deposits	1,088,447 10.9%	1,715,145 18.3%	-36.5%
Time deposits	2,450,519 24.4%	1,865,280 19.9%	31.4%
Total deposits	3,538,966 35.3%	3,580,425 38.2%	-1.2%
Bonds	3,650,642 36.4%	3,147,285 33.6%	16%
Debt issued	3,258,175 32.5%	2,787,965 29.8%	16.9%
Subordinated bonds	392,467 3.9%	359,320 3.8%	9.2%
Borrowings from financial institutions	1,513,112 15.1%	1,473,906 15.7%	2.7%
Other liabilities*	535,885 5.3%	463,546 4.9%	15.6%
<b>TOTAL LIABILITIES</b>	<b>9,238,605</b> <b>92.1%</b>	<b>8,665,162</b> <b>92.5%</b>	<b>6.6%</b>
Total equity	791,615 7.9%	700,616 7.5%	13.0%
<b>LIABILITIES + EQUITY</b>	<b>10,030,219</b> <b>100%</b>	<b>9,365,778</b> <b>100%</b>	<b>7.1%</b>

SOURCE: CMF

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



## DEMAND AND TIME DEPOSITS

As of December, total deposits amounted to MCH\$3,538,966, 1.2% below January-December 2021, and time deposits (43% retail and 57% institutional) increased 31.4% to MCH\$2,450,519.

Banco Security strictly monitors liquidity risk, 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. As of December 31, 2022, the ratio of long-term interest rate risk to regulatory capital was 3.25%.

## CAPITALIZATION

Banco Security's regulatory capital (RC) totaled BCH\$1,160, an increase of 18.2% compared to 2021, due to increased retained earnings from prior years and greater profit for the year. In addition, there was also an increase in subordinated bonds calculated as regulatory capital.

CAPITAL SUFFICIENCY INDEXES UNDER BASEL III	BASEL INDEX	DECEMBER 2022
Banco Security	CET 1	9.87%
	TIER 1	10.37%
	TIER 2	14.79%
Industry average	CET 1	11.16%
	TIER 1	11.89%
	TIER 2	15.60%

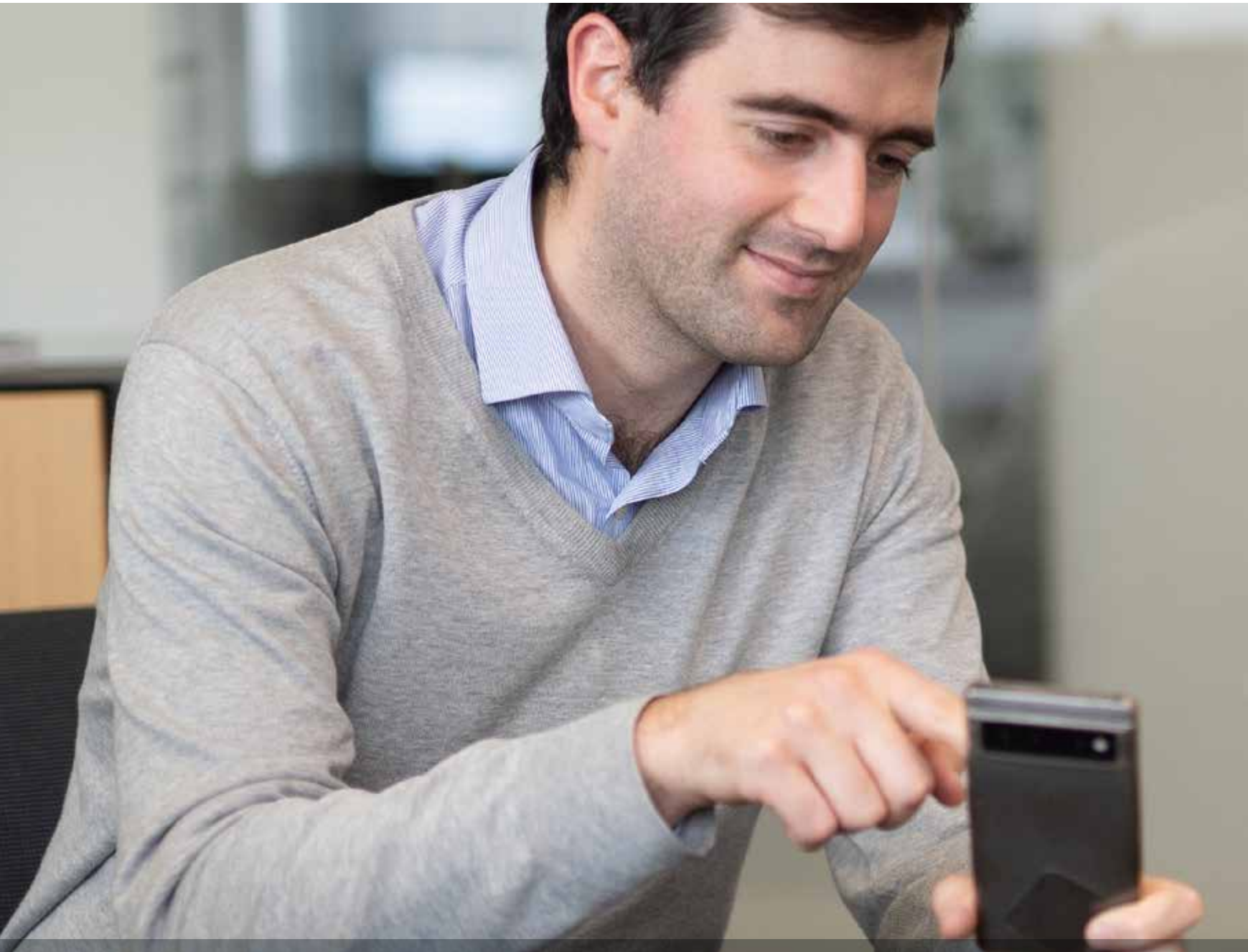
SOURCE: CMF

The Basel III capital adequacy ratio as of year-end December 2022, calculated as regulatory capital over risk-weighted assets, reached 14.79% (with a regulatory minimum of 9.25% according to the calendar), 165 bps over the previous year. The increase is due to a 18.2% rise in regulatory capital, partly offset by an increase in risk-weighted assets, in line with growth in total loans.

## DEBT ISSUED

SERIES	CMF REGISTRATION NUMBER	CMF REGISTRATION DATE	CURRENCY	AMOUNT	ANNUAL INTEREST RATE	TERM (YEARS)	MATURITY
H1	03/2007	January 25, 2007	UF	3,000,000	3.00	23	December 01, 2029
K5	14/2014	October 09, 2014	UF	5,000,000	2.75	10	June 01, 2024
K6	05/2015	April 01, 2015	UF	5,000,000	2.75	5	March 01, 2025
K7	05/2015	April 01, 2015	UF	5,000,000	2.75	10	September 01, 2025
K-eight	12/2016	October 03, 2016	UF	5,000,000	2.80	10	October 01, 2026
X1	02/2018	February 02, 2018	USD	50,000,000	3.50	5	January 15, 2023
Z3	08/2018	May 09, 2018	CLP	75,000,000,000	4.80	5	June 01, 2023
B8	11/2018	December 20, 2018	UF	5,000,000	1.80	5.5	February 01, 2024
D1	11/2018	December 20, 2018	UF	5,000,000	2.20	10.5	February 01, 2029
Q1	11/2018	December 20, 2018	UF	3,000,000	2.50	15	August 01, 2033
Z4	11/2018	December 20, 2018	CLP	75,000,000,000	4.80	5.5	April 01, 2024
B9	11/2019	November 11, 2019	UF	5,000,000	0.70	5.5	October 01, 2024
C1	11/2019	November 11, 2019	UF	5,000,000	0.80	6	March 01, 2026
D2	11/2019	November 11, 2019	UF	5,000,000	0.90	8.5	09/01/2027
D3	11/2019	November 11, 2019	UF	5,000,000	1.00	10.5	September 01, 2029
Z5	11/2019	11/11/2019	CLP	75,000,000,000	3.50	6	June 01, 2025
C2	04/2020	March 12, 2020	UF	5,000,000	0.10	5.5	May 01, 2025
D4	04/2020	March 12, 2020	UF	5,000,000	0.50	10.5	July 01, 2030
Q2	04/2020	March 12, 2020	UF	5,000,000	0.70	15	November 01, 2034
Q3	04/2020	March 12, 2020	UF	5,000,000	0.80	15.5	July 01, 2035
Z6	04/2020	March 12, 2020	CLP	100,000,000,000	2.65	5	December 01, 2024
Z7	04/2020	March 12, 2020	CLP	100,000,000,000	2.75	6	November 01, 2025
C3	06/2021	September 23, 2021	UF	5,000,000	0.40	5	July 01, 2026
C4	06/2021	September 23, 2021	UF	5,000,000	0.70	6	March 01, 2027
D5	06/2021	September 23, 2021	UF	5,000,000	1.00	7	April 01, 2028
D6	06/2021	September 23, 2021	UF	5,000,000	1.40	10.5	November 01, 2031
Z8	06/2021	September 23, 2021	CLP	100,000,000,000	3.30	6	June 01, 2027

SOURCE: BANCO SECURITY



CHAPTER 05

# CUSTOMERS



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BANCO SECURITY CUSTOMERS AT A GLANCE

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CUSTOMER CENTRICITY

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SERVICE QUALITY

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# BANCO SECURITY CUSTOMERS AT A GLANCE



## CUSTOMERS

108,974\*  
TOTAL CUSTOMERS  
BANK AND SUBSIDIARIES

20,742  
COMPANIES

88,232  
PEOPLE

74,630  
BANK  
CUSTOMERS

34,344  
SUBSIDIARY  
CUSTOMERS



## CUSTOMER EXPERIENCE

86%  
GOOD EXPERIENCES  
IN EVALUATIONS

84%  
RETAIL BANKING  
CUSTOMER  
RECOMMENDATION RATE

590,000  
DIGITAL  
TRANSACTIONS WITH  
SECURITYPASS

+28,000  
CUSTOMERS  
ENROLLED IN DIGITAL  
TRANSACTIONS

80%  
CONSUMER  
LOANS SOLD  
DIGITALLY



## RECOGNITION



2nd place  
PROCALIDAD NATIONAL SATISFACTION  
INDEX, BANKING SECTOR



3rd place  
CUSTOMER EXPERIENCE,  
PXI BANKING SECTOR RANKING

\* NOTE: TOTAL CUSTOMERS CONSIDERS UNIQUE CHILEAN ID NUMBERS, WHICH MAY BE CUSTOMERS OF BOTH THE BANK AND ITS SUBSIDIARIES.



# CUSTOMER CENTRICITY

## CUSTOMER SERVICE STRATEGY

### PILLARS OF CUSTOMER SERVICE

Banco Security has a value proposition differentiated by segment, inspired by the purpose of building a better world through financial solutions that make people's dreams come true. Accordingly, the institution strives to ensure that its account executives build long-term relationships and achieve a deep understanding of its customers, in order to offer them a high-value experience, with appropriate and agile solutions. This is supported by the Customer Voice listening model, which comprises the following elements:



#### UNDERSTANDING AND MANAGING THE CUSTOMER EXPERIENCE

Through the Amor por la Marca (Brand Love) methodology, the different customer interactions with the Bank are measured to evaluate both the experience and loyalty indicators (recommendation and repurchase). This makes it possible to obtain timely feedback on the value proposition and identify the main drivers affecting this.



#### ENSURING VALUED PRODUCTS AND SERVICES

Incorporation of customer expectations in the design of products and services to generate adequate solutions to their needs.



#### CONTINUOUS IMPROVEMENT

Ensure excellent service at each of the points of contact through the incorporation of the Close the Loop methodology, which sends alerts on service breakdowns and/or customer pain points, generating ongoing learning and continuous improvement.

### IMPULSA PROGRAM

Account executives are a fundamental pillar for the Bank. Through Impulsa, the Retail Banking Division's ongoing training program, they are given the necessary knowledge to be able to perform their role effectively and ensure an excellent experience. In 2022, 100% of the commercial teams were trained and the program is expected to be extended to the rest of the customer service channels during 2023.

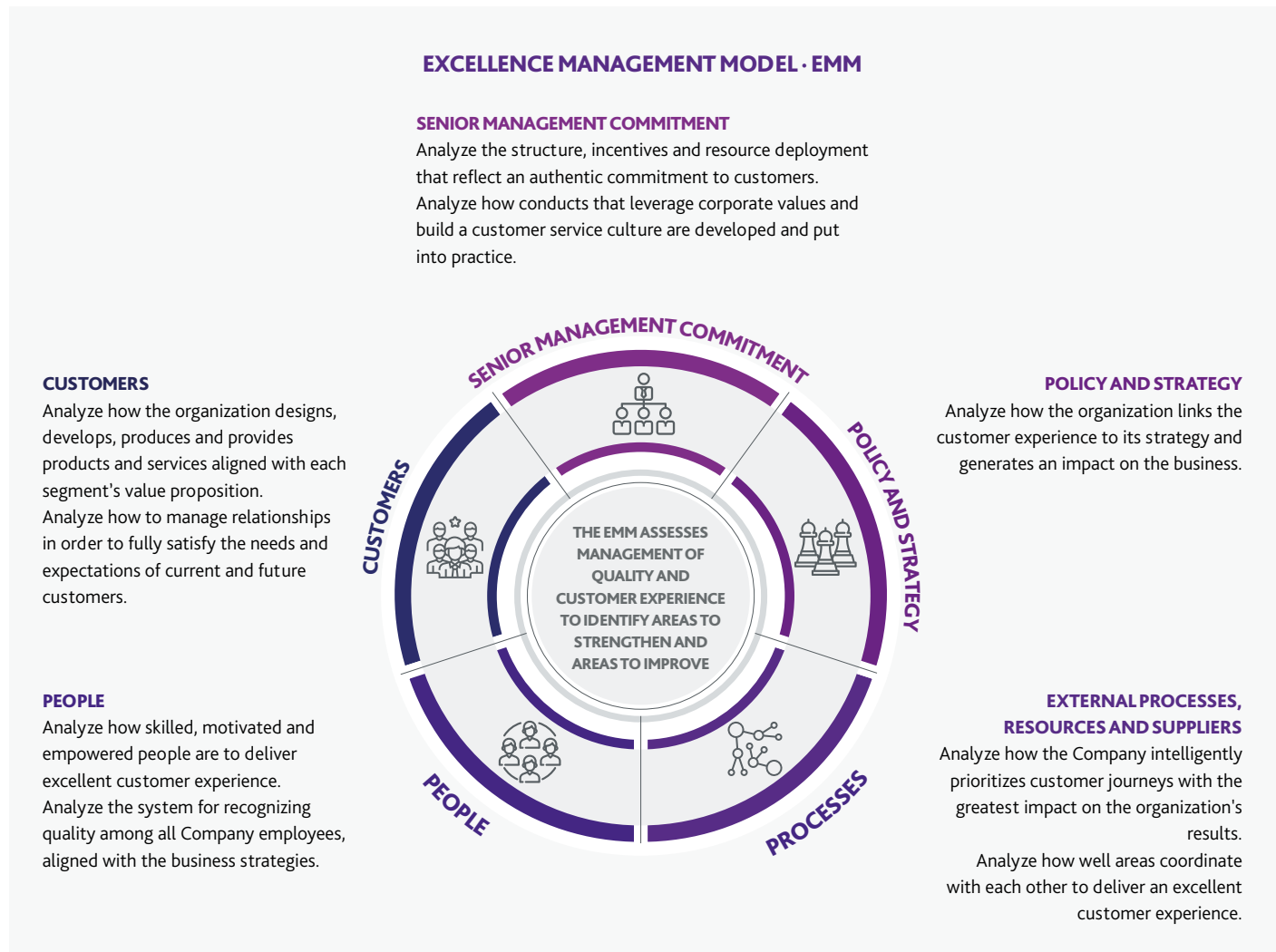




## MANAGEMENT MODEL

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. This assessment of the quality management level and experience makes it possible to

detect which areas should be strengthened and improved. 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.



SOURCE: BANCO SECURITY



## RELATIONSHIP BASED ON TRUST AND SECURITY

Banco Security is convinced that transparency is a value and a fundamental commitment in building long-term relationships with customers, which is materialized through the promotion and control of an adequate provision of information on issues such as rates or prices (interest rates, commissions, premiums), conditions and relevant characteristics of products and services, and charges. In addition, the aim is to facilitate comparability with similar products offered by other banks.

Another important element is customer data security. The Bank has a Privacy Policy, which complies with Law 19,628 on personal data protection and its amendments, the General Banking

Law and other regulations on personal data protection and confidentiality. It also defines how data may be processed and for what purpose, which can be for commercial, marketing, risk, recruitment, customer/user, statistical or similar services. It also considers the data communication and data processing security framework, among others.

Banco Security did not identify any privacy breaches, loss and/or leakage of customer data associated with banking secrecy or confidentiality during 2022 (FN-CB-230a.1).

## CUSTOMER SERVICE STRATEGY

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. To this end, it has four lines of business: Commercial Banking (Large Corporations and Real Estate, Companies and Branches, and Financial Institutions), Retail Banking (Private, Premium, Active and Entrepreneurs), Asset Management and Trade Desk.

TRANSACTIONAL						
FOREIGN TRADE	CASH MANAGEMENT	ACCOUNTS AND CARDS	LENDING	TRADE DESK	INSURANCE	ASSET MANAGEMENT
<ul style="list-style-type: none"> <li>• Imports</li> <li>• Exports</li> <li>• Exchange</li> <li>• Representative Office in Hong Kong</li> </ul>	<ul style="list-style-type: none"> <li>• Mass payments</li> <li>• Collections</li> <li>• Pension payments and tax obligations</li> <li>• Cashpooling</li> <li>• Sponsor bank service</li> <li>• CCLV and DVP</li> </ul>	<ul style="list-style-type: none"> <li>• Current accounts in local currency</li> <li>• Current accounts in foreign currency (USD, RMB)</li> <li>• Credit cards</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial loans</li> <li>• Leasing</li> <li>• State guarantees</li> <li>• Performance/bid bonds</li> <li>• Overdraft line</li> <li>• Corporate finance</li> </ul>	<ul style="list-style-type: none"> <li>• Spot and forward purchase and sale</li> <li>• Inflation insurance</li> <li>• Rate insurance</li> <li>• Swap, cross-currency swaps</li> <li>• Time deposits</li> </ul>	<ul style="list-style-type: none"> <li>• Credit life insurance</li> <li>• General insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Fund management</li> <li>• Equity trading</li> <li>• Securitization</li> </ul>

SOURCE: BANCO SECURITY



### SERVICE CHANNELS

Banco Security and its subsidiaries have different customer service channels to provide optimal and timely customer service to attend to the needs and requirements of its customers.

IN-PERSON	TELEPHONE	DIGITAL	SELF-SERVICE
18 BRANCHES	41 CALL CENTER EXECUTIVES	WWW.BANCOSECURITY.CL	13 ATMS
442 SALES EXECUTIVES/ASSISTANTS		WWW.INVERSIONESSECURITY.CL  MOBILE APP	SELF-SERVICE KIOSKS



# SERVICE QUALITY

Since 2020, Banco Security has been using the “Amor por la Marca” (Love for the Brand) method, which listens to the voice of our customers from early on and monitors their interactions while using customer service channels. The feedback identifies errors, to manage the causes and transform experiences.

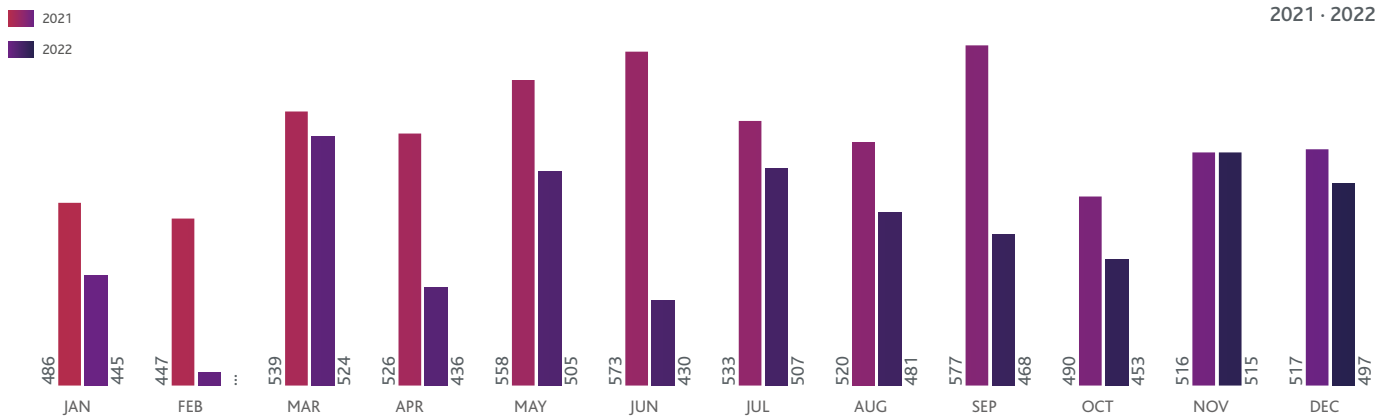
Complaints are handled by a specialized unit with protocols and deadlines. The process performed and answers provided

are permanently evaluated through internal monitoring and customer satisfaction surveys.

All of the above has consistently raised experience levels, improving the different assessments by eight points and reducing bad experiences to a minimum. Along the same lines, complaint and customer attrition rates have fallen significantly (-12% and -15%, respectively) with respect to 2021.

## TOTAL COMPLAINTS FILED

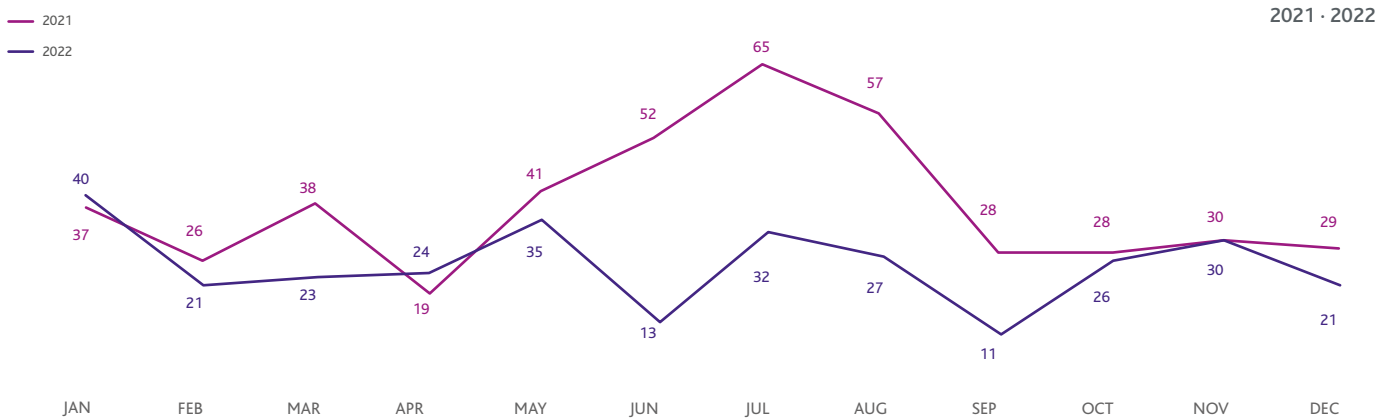
RETAIL AND COMMERCIAL BANKING



SOURCE: BANCO SECURITY

## TOTAL COMPLAINTS FILED WITH REGULATOR

INCLUDES CMF AND SERNAC COMPLAINTS



SOURCE: BANCO SECURITY

Since 2021, Banco Security has shown a reduction in the rate of complaints to regulatory agencies. In this period it decreased by 26% compared to 2020 and in 2022 it decreased by 33% compared to the previous period.



CHAPTER 06

# COMMITTED TO OUR ECOSYSTEM



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CARING FOR THE ENVIRONMENT

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RESPONSIBLE SUPPLIER MANAGEMENT

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CREATING VALUE FOR THE COMMUNITY

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FINANCIAL LITERACY

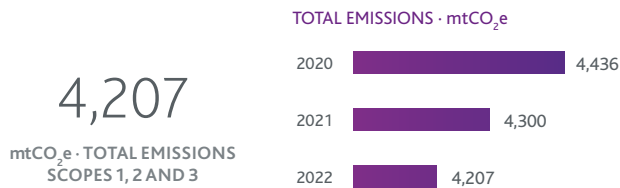
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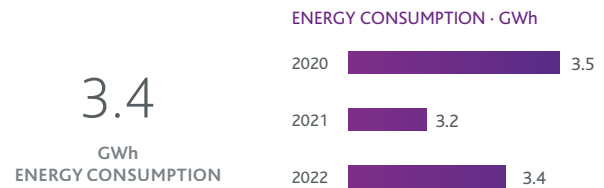
# KEY FIGURES

## ENVIRONMENT

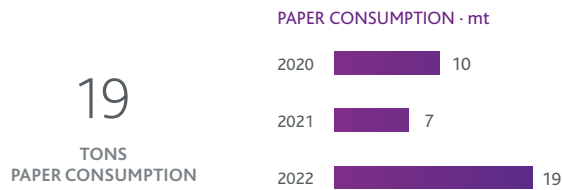
### CARBON FOOTPRINT



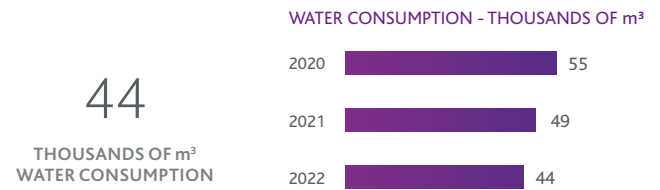
### ENERGY CONSUMPTION



### PAPER CONSUMPTION



### WATER CONSUMPTION



## SUPPLIERS

**660**  
TOTAL BANCO  
SECURITY SUPPLIERS

**73%**  
INVOICES PAID  
IN 1-15 DAYS

**100%**  
DOMESTIC  
SUPPLIERS


SOURCE: BANCO SECURITY

# CARING FOR THE ENVIRONMENT

For Banco Security, sustainable development means caring for the environment and reducing the direct and indirect negative impact of its activities. Inspired by this, it has developed a series of initiatives, such as incorporating social and environmental variables in project financing and supplier management, as well as measuring the carbon footprint and obtaining the Huella Chile certification from the Ministry of the Environment.

## CARBON FOOTPRINT MEASUREMENT

4.2 ktCO<sub>2</sub>e  
CARBON FOOTPRINT 2022




0.1 ktCO<sub>2</sub>e

**FUEL AND REFRIGERANT GASES**  
SCOPE 1

SOURCE	%CO <sub>2</sub> e
Power generators	4%
Natural gas	N/A
Company vehicles	3.7%
Refrigerant gases	93%

2.0%




1.0 ktCO<sub>2</sub>e

**ELECTRICITY**  
SCOPE 2

SOURCE	%CO <sub>2</sub> e
Average grid	3 GWh 100%
100% renewable	0 GWh 0%
Solar panels	0 GWh 0%

25%




1.0 ktCO<sub>2</sub>e

**SUPPLIES AND SERVICES CONTRACTED**  
SCOPE 3

SOURCE	%CO <sub>2</sub> e
Datacenter services	85%
Armored transportation	2%
Courier services	11%
Others (paper, water, cards)	2%

24%




0.9 ktCO<sub>2</sub>e

**CUSTOMER TRIPS TO THE BANK**  
SCOPE 3

SOURCE	%CO <sub>2</sub> e
Travel by private transportation 42% use	79%
Travel by public transportation 21% use	9%
Bicycle and on foot 37% use	0%
Island ATMs + web access	12%

21%




0.7 ktCO<sub>2</sub>e

**ON-SITE AND REMOTE WORK**  
SCOPE 3

SOURCE	%CO <sub>2</sub> e
Private travel alone 29% use	48%
Private shared travel 12% use	11%
Travel by public transportation 49% use	26%
Bicycles, scooters and on foot 10% use	0.02%
Remote work	15%

16%



0.5 ktCO<sub>2</sub>e

**OTHERS**  
SCOPE 3

SOURCE	%CO <sub>2</sub> e
Business travel	91%
A1 fuel production	0.1%
Waste and recycling	9%

13%

NOTE: DIFFERENCES MAY APPEAR IN THE FINAL FIGURE DUE TO ROUNDING OF DECIMALS. SCOPE 2 EMISSIONS REPORTED USING THE LOCATION-BASED METHOD. EXCLUDES IMPACT OF GHG EMISSIONS FROM THE BANK'S FINANCING. SOURCE: PROYECTAE



## GHG EMISSIONS BY SCOPE AND EMISSIONS INTENSITY

ASPECT	UNIT	2019	2020	2021	2022
<b>SCOPE 1</b>					
Fixed-source combustion	mtCO <sub>2</sub> e	104	62	60	3
Mobile source combustion	mtCO <sub>2</sub> e	6	0	0	3
Fugitive emissions from refrigerants	mtCO <sub>2</sub> e	135	159	124	79
<b>SCOPE 2</b>					
Electricity consumed (market)	mtCO <sub>2</sub> e	3,609	2,636	2,637	1,924
Electricity consumed (location)	mtCO <sub>2</sub> e	3,609	2,636	2,637	1,924
<b>SCOPE 3</b>					
Office supplies + bank cards	mtCO <sub>2</sub> e	101	45	30	51
External data center services	mtCO <sub>2</sub> e	1,199	1,133	1,172	865
Fuel manufacture under Scope 1	mtCO <sub>2</sub> e	21	14	14	1
Armored transportation services	mtCO <sub>2</sub> e	61	59	32	19
Courier transportation services	mtCO <sub>2</sub> e	741	339	251	153
Waste and recycling	mtCO <sub>2</sub> e	300	77	110	113
Business trips	mtCO <sub>2</sub> e	307	39	36	853
Employee transport	mtCO <sub>2</sub> e	3,505	1,399	1,656	1,475
Visits to the bank: Customer trips	mtCO <sub>2</sub> e	1,728	912	753	757
Visits to the bank: Island + third-party ATMs	mtCO <sub>2</sub> e	4	2	1	1
Visits to the bank: Website	mtCO <sub>2</sub> e	151	135	131	106
<b>CARBON FOOTPRINT (MARKET)</b>	<b>mtCO<sub>2</sub>e</b>	<b>11,973</b>	<b>7,010</b>	<b>7,007</b>	<b>6,405</b>
<b>CARBON FOOTPRINT (LOCATION)</b>	<b>mtCO<sub>2</sub>e</b>	<b>11,973</b>	<b>7,010</b>	<b>7,007</b>	<b>6,405</b>
Office + branch surface area	Thousands of m <sup>2</sup>	44	44	44	44
Emissions scope 1+2 (market) / office + branch surface area	kgCO <sub>2</sub> e/m <sup>2</sup>	88	65	64	45

**NOTES:**

THE INFORMATION COMES FROM DIFFERENT INTERNAL SYSTEMS OF THE BANK AND SUPPLIER CONTACTS.

GHG EMISSIONS WERE OBTAINED BY MULTIPLYING ACTIVITY DATA BY DOCUMENTED EMISSION FACTORS, ACCORDING TO GHG PROTOCOL GUIDELINES.

EMISSIONS OF CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, NF<sub>3</sub>, HFCS AND PFCs ARE CONSIDERED.

GLOBAL WARMING POTENTIALS FROM THE IPCC'S SIXTH ASSESSMENT REPORT (AR6) ARE USED FOR DIRECT EMISSIONS; AND FACTORS PUBLISHED DIRECTLY BY DEFRA/MINISTRY OF ENERGY FOR INDIRECT EMISSIONS.

SOURCE: PROYECTAE

The Bank's main sources of carbon emissions come from electricity consumption in offices and branches (25%), electricity consumption in the external data center (21%) and customer trips (18%).

Opportunities for improvement are presented in relation to energy efficiency of the entity and its suppliers, acquisition of renewable energies and digitalization strategies to reduce customer trips to branches.



## RESPONSIBLE INVESTMENT AND SUSTAINABLE FINANCING

Banco Security is aware that, in its role as a corporate financier, provider of banking services, life insurance, pension annuities and asset management and other types of products and services, it has the capacity to make a difference by supporting the development of a low-carbon and socio-environmentally friendly economy. The Company recognizes climate change as one of the main threats to economic development. Therefore, through its Sustainability Policy, it is committed to reducing the negative socio-environmental impacts of its activities and to promoting the development of projects that promote care for the environment.

In addition, in 2022 the Bank worked on further strengthening the Equator Principles and increasing the requirements for granting financing to companies related to the production or issuance of hydrocarbons, setting them at 30% for new

customers. Likewise, in the case of real estate projects, social variables were incorporated in lending assessment.

Its subsidiary AGF Security adhered to the Principles for Responsible Investment (PRI), a collaborative partnership for the development of sustainable markets. Consequently, AGF Security approved its first Responsible Investment Policy for the Group to assess the environmental, social and governance risks to the funds it manages directly and indirectly and to their issuers. This document establishes clear and robust governance, involving the Board of Directors and the Company's Financial and Investment Risk Committee.

Review AGF's Responsible Investment Policy at: <https://www.inversionessecurity.cl/informacion-de-interes/administradora-general-de-fondos>

### TOPICS INCORPORATED BY AGF SECURITY IN FUND ASSESSMENTS



#### ENVIRONMENTAL

- Emissions, sources and waste
- Carbon in own operations
- Carbon in products and services
- Environmental and social impact of products and services
- Use of land and biodiversity
- Use of land and biodiversity in the supply chain
- Use of resources
- Use of resources: supply chain



#### SOCIAL

- Access to basic services
- Community relations
- Data privacy and IT security
- Environmental and social impact of products and services
- Human rights
- Human rights in the supply chain
- Human capital
- Occupational health and safety
- Resilience



#### GOVERNANCE

- Shareholders' meetings - quality and integrity management
- Shareholders' meeting structure
- Property and shareholder rights
- Compensation
- Auditing and financial reporting
- Stakeholder governance
- Bribery and corruption
- Business ethics
- ESG - finance integration
- Product governance



# RESPONSIBLE SUPPLIER MANAGEMENT

As part of its commitment to provide products and services of excellence through its companies, Banco Security aims to optimize its operational and administrative processes to ensure a quality and timely response to the needs of both its customers and its subsidiaries. For this purpose, the Bank has an Outsourcing Policy and the respective manuals and procedures, which establish a model to guarantee the minimum principles of behavior in terms of ethical, social and environmental conduct. The document is inspired by the Code of Ethics and corporate policies on Human Rights, Crime Prevention, Sustainability and Occupational Health and Safety.

Banco Security requires all its suppliers to comply with current legislation and to adopt the policies and procedures necessary to implement the requirements contained in the Outsourcing Policy. It explicitly declares the responsibility of suppliers to communicate these guidelines to their own employees and subcontractors, and to have adequate procedures for their compliance.

In 2022 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.

## FUNDAMENTAL PRINCIPLES IN OUR RELATIONSHIPS WITH SUPPLIERS AND CONTRACTORS

### 1. TRANSPARENCY AND FAIRNESS IN SELECTION PROCESSES.

### 2. ETHICS AND RESPONSIBILITY IN BUSINESS:

Rejection of any form of corruption, extortion or bribery and compliance with Law 20,393.

### 3. INDIVIDUAL DIGNITY:

The holding company rejects child labor in all of its forms. It also demands respect for workers' rights, such as the payment of a living wage and labor obligations, as well as safe and healthy working conditions.

### 4. ENVIRONMENT:

The Company especially values those suppliers that consider the prevention, mitigation and control of impacts to the environment.

### 5. INFORMATION PRIVACY AND CONFIDENTIALITY:

Suppliers must have the necessary safeguards to ensure the protection of data derived from the contractual relationship with the Group. The latter may request additional measures, if it deems necessary.

### 6. PERIODIC MONITORING OF SUPPLIERS IN DIFFERENT AREAS.

### 7. CONTINGENCY PLAN TO GUARANTEE THE OPERATIONAL CONTINUITY OF THE BUSINESS.

### 8. ACCESS TO A COMPLAINTS CHANNEL BY THE COMPANY AND ITS EMPLOYEES:

The purpose of this is to be able to ask questions and/or make complaints related to compliance with the policy that governs their contractual relationship with the holding company.

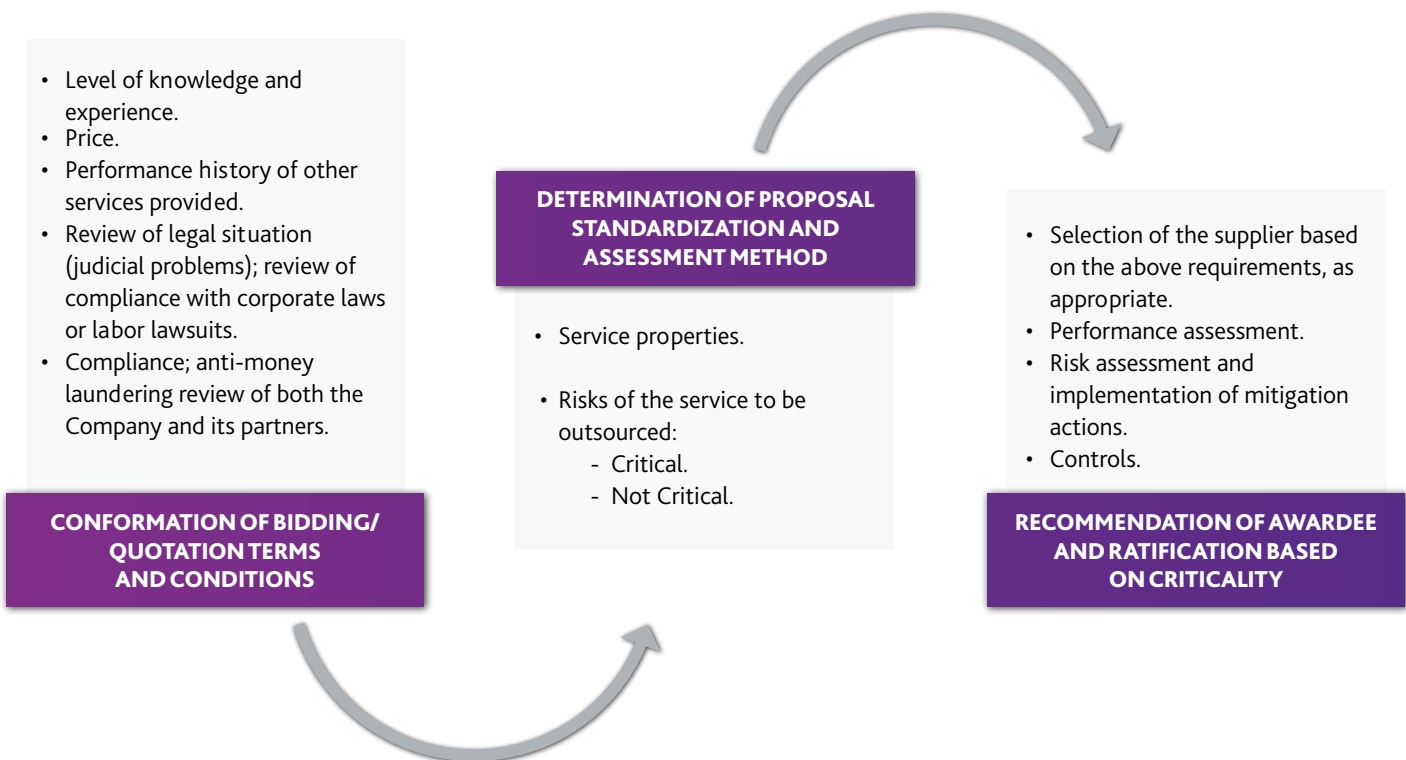
## SUPPLIER MANAGEMENT PROCEDURES

Banco Security understands that suppliers are key to sustainably achieving its strategic objectives. For this purpose, it has a request-to-pay process consisting of five stages:



## SUPPLIER ASSESSMENT AND SELECTION

This is carried out through a bidding/quotation process where the attributes and conditions of service are made available to bidders, together with specific requirements for the supplier company.









## MONITORING

This stage consists of monitoring compliance with contractual commitments and the multidimensional assessment of performance at both the supplier and service level. This process is performed to both identify improvements or corrections and prevent/correct incidents and manage risks.

### TYPES OF MONITORING

 <p><b>SERVICE QUALITY CONTROL MONITORING</b></p> <ul style="list-style-type: none"> <li>• Performance and service quality.</li> <li>• Relevant incidents and events.</li> <li>• Business Continuity Plan adequacy and test results.</li> <li>• Compliance with Information Security protocols.</li> <li>• Implementation of agreed action plans for operational risk management/mitigation.</li> </ul>	 <p><b>SUPPLIER CONTROL MONITORING</b></p> <ul style="list-style-type: none"> <li>• Financial position.</li> <li>• Proactive monitoring of supplier's public information (news, social security debts, lawsuits, labor management).</li> <li>• Review of Money Laundering and Terrorism Financing area.</li> <li>• Compliance with internal practices.</li> <li>• Compliance with subcontracting elements.</li> <li>• Approval of site visits.</li> <li>• Implementation of agreed actions for operational risk management/mitigation.</li> </ul>	 <p><b>CONTRACT MONITORING</b></p> <ul style="list-style-type: none"> <li>• Term and deadlines for modification, renewal or termination.</li> <li>• Control of compliance with contractual clauses.</li> <li>• Control of performance bonds.</li> <li>• Budgetary control.</li> <li>• Application of fines.</li> </ul>	 <p><b>ADDITIONAL MONITORING OF CRITICAL (ANNUAL) AND RELEVANT SERVICE PROCESSES (AS REQUIRED)</b></p> <ul style="list-style-type: none"> <li>• Risk assessment of the service to be outsourced.</li> </ul>
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## SUPPLIER PAYMENTS

### INVOICES PAID TO DOMESTIC SUPPLIERS

PAYMENT DAYS	SUPPLIERS	INVOICES	AMOUNT (THCH\$)
0-15	924	13,293	74,432,815
16-30	403	1,984	7,503,001
31-60	101	258	728,845
>60	42	92	746,279
<b>OVERALL TOTAL</b>	<b>969</b>	<b>15,627</b>	<b>83,410,939</b>

### INVOICES PAID TO FOREIGN SUPPLIERS

PAYMENT DAYS	SUPPLIERS	INVOICES	AMOUNT (THCH\$)
0-15	30	136	1,805,841
16-30	22	108	1,110,525
31-60	20	30	1,006,744
>60	15	44	268,213
<b>OVERALL TOTAL</b>	<b>57</b>	<b>318</b>	<b>4,191,323</b>

SOURCE: BANCO SECURITY  
NOTE: AT BANCO SECURITY ONE SUPPLIER INDIVIDUALLY CONCENTRATES OVER 10% OF THE PURCHASES (CAPITAL).

## VALUE CREATION FOR THE COMMUNITY

Since its creation in 1991, Grupo Security 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 life well as supporting foundations.

### GUIDELINES FOR CONTRIBUTIONS TO THE COMMUNITY

Grupo Security has a Community Contribution Policy, which establishes guidelines and procedures to be followed by the Group to contribute to the community and environment through sponsorships or donations. Activities are promoted that are consistent with corporate principles and values, that enhance the brand image and are aligned with the vision and strategic objectives.

In 2022 Banco Security made donations of more than MCH\$223.

### FOSTERING WORK-FAMILY BALANCE POLICIES

In keeping with its conviction of the relevance of reconciling work and family life for professional development and the construction of sustainable businesses, Grupo Security and its subsidiaries contribute to the country and to the development of public policies by sharing its experiences with different centers of study. An example of this is the partnership with The Center for Work and Family at the ESE Business School at Universidad de los Andes, which it has maintained for over 10 years, to foster a business culture that favors 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 its outcomes among the Company's employees. It 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.

Banco Security, in turn, sponsors ESE Business School's

Corporate Reputation Center at this university. This unit promotes 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, the Bank also makes contributions to educational institutions and study centers, such as Pontificia Universidad Católica de Chile and the Centro de Estudios Públicos (CEP).





## SUPPORT FOR DIGNIFIED OLD AGE, ENTREPRENEURS, YOUNG PEOPLE AND WOMEN IN VULNERABLE CONDITIONS

Grupo Security and its subsidiaries maintain a historic partnership with Fundación Las Rosas, through solidarity campaigns and volunteer work aimed at supporting dignified old age for the residents of its 28 homes. In 2022, winter and Christmas solidarity campaigns were also carried out, through which employees raised a total of CH\$20,905,000. In addition, corporate volunteering resumed, with visits to Hogar San Carlos, located in the Recoleta district.

Along the same lines, we volunteered at the daycare center Guardería Parroquial La Estampita, located in the Independencia district, which looks after the children of immigrants. Both volunteer opportunities took place once a week during the working day and are fully financed by the Company.



On the other hand, thanks to contributions from the SENCE budget, the Company contributed to the education, insertion and reinsertion into the labor market of young women, single mothers, micro-entrepreneurs and vulnerable populations in the country. These donations were made as follows:

**SIMÓN DE CIRENE** is a non-profit organization that has been accompanying entrepreneurs, social organizations and communities to achieve their goals for more than 26 years, by providing management tools through training and different forms of tailored and group mentoring throughout Chile. The courses financed by the Security companies focused on guidance and counseling to better manage social organizations, educational or long-stay establishments, and also on people who have an enterprise and wish to improve their current condition. This year's training has focused on administrative, financial, legal and personal skills, techniques and strategies. With the support of Grupo Security, 367 people were trained through these courses.



**FUNDACIÓN SOYMÁS** exists to eradicate poverty and further gender equity. It invests in physical, mental and emotional health, supports teen mothers in extreme poverty and vulnerability with the continuation of higher education studies, training in trades or support for entrepreneurship and subsequent labor market insertion. They are able to develop their personal and professional potential and positively influence their environments. Specifically, it seeks to stop the intergenerational transmission of poverty by addressing the problem of teenage pregnancy in marginalized communities, the defense of the fundamental rights of the most vulnerable populations, such as children and women, and the vindication of the role of women in the different spheres of society. In 2022, thanks to Security's contributions, the foundation trained 114 young women, single mothers living in the La Pintana district.



**CORPORACIÓN ESPERANZA** is a non-profit organization that works to rehabilitate drug addicts, prevent addiction and collaborate in the creation of public policies in this area on a national level. It holds the conviction that every person has the capacity to make amends, to rebuild their life, to integrate into society and to recover their family, freedom and dignity. Likewise, it believes that every human being who struggles to get off drugs is worthy of respect and admiration; they just need a chance. The corporation focuses on four main pillars: Psychological support and

therapy, family and social therapy, spiritual support and guidance, and job skills training. Grupo Security is part of this project through work scholarships, which provide training for the acquisition of tools, skills and knowledge to help them integrate or reintegrate into the workforce through workshops, training and more.



## SPORADIC CAMPAIGNS RELATED TO HEALTH

### BETTERFLY EFFECT

Under the umbrella of the “Vivo +, Salud y Bienestar” wellbeing program, a new benefit was launched last year for all employees: Betterfly, a wellness platform that transforms employees’ healthy habits into social donations with a purpose.

### DONATIONS WITH A PURPOSE

Through the use of Betterfly, Banco Security employees collaborated with the following foundations:



*“We are happy that Grupo Security employees joined the Betterfly effect in 2022.*

*Through the use of our platform, they have been able to access benefits that, along with providing a variety of products and services for their wellbeing, have allowed them to generate an impact on their communities and the planet. Thank you Grupo Security for all the good that was made possible through your positive actions!”.*

**CRISTOBAL DELLA MAGGIORA,  
CO-FOUNDER & PRESIDENT BETTERFLY**

DONATIONS	
PURPOSE	FOUNDATION
• Rehabilitation assistance	• Fundación Teletón
• Feeding those who need it most	• Red de Alimentos
• More trees for Latin America	• One Tree Planted
• Support a senior citizen	• Fundación Las Rosas
• Learn about the global water crisis	• Water is Life
• Against child malnutrition in Haiti	• Leche para Haití
• Food for a child from Venezuela	• Alimenta la solidaridad



### BREAST CANCER PREVENTION

Banco Security joined the National Breast Cancer Prevention Campaign in October. It also encouraged the use of the benefit of the day off for preventive screenings and disseminated material to help with prevention efforts and raise awareness of the importance of early detection. In addition, through Caja Los Andes, discounts were made available for Palpa products and free mammograms at Red de Salud UC during October and November.



## DONATIONS THROUGH OPERATIONS

Banco Security is constantly searching for more sustainable alternatives to run its business, exploring solidarity initiatives to cover the needs of the operation.

### GIFT CARD RECOGNITION PROGRAMS

The Company's recognition programs include a gift card system through which outstanding employees can donate 3% of the amount received to one of the following institutions through Betterfly:

- **CENTRO DE ESTUDIOS IDEA PAÍS**

Through research on public affairs and training of young people, it seeks a more humane, just and supportive society.

- **FUNDACIÓN COMPLEMENTA**

Educational project for people with Down Syndrome and support for their families.

### CORPORATE GIFTS

The purchase of these gifts supported Fundación Expreso Chile. This foundation works in cooperation with Hogar de Cristo, through the recovery of trades and talents for homeless people.

## PROMOTING SPORTS AND COLLABORATIVE WORK

Banco Security and its subsidiaries became official sponsors of the outstanding Paralympic athlete Francisca Mardones. The national shot putter not only won the gold medal at the last Paralympic Games in Tokyo 2020, beating the world record in the discipline, but also received the National Sports Award 2021 and was named ambassador of the Pan American and Parapan American Games in Santiago 2023, to be held in October and November.





# FINANCIAL LITERACY

## SECURITY ECONOMIC SEMINAR

Grupo Security and its subsidiaries are convinced that another way to contribute to the community is through the generation of spaces for reflection, providing a view of the future and the macroeconomic and domestic economic context. To this end, for more than 15 years the Group has organized the Security Economic Seminar. Re-energizing Chile was the title chosen for the 2022 version of this meeting, which included the traditional participation of economist and MIT academic Ricardo Caballero and the special presence of Spanish Congresswoman Cayetana Álvarez Toledo.



650

IN-PERSON ATTENDEES  
AT THE ECONOMIC SEMINAR

30,000

WEB VIEWS

279,910

YOUTUBE VIEWS

## WEBINAR

The Company uses YouTube, where it has uploaded 21 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, six webinars led by Security's Chief Economist, Felipe Jaque, were held in 2022, which analyzed the national and global situation. For those who prefer audio over videos, Inversiones Security has a channel on the Spotify platform, in which Company executives talk in depth about relevant investment issues, such as the rise in interest rates, prospects for investment instruments and international markets.



## LEARN BY PLAYING



In 2022, Banco Security added a new initiative that took a new direction in its financial literacy actions: It supported Aprendo Jugando, an innovative project aimed at bridging the gap of financial illiteracy through entertainment. The program, created by MomentoCero, Fundación Entrepreneur and Open Box Consulting, uses educational games with schoolchildren from an early age. With 17 years of experience, it is already present nationwide and has 450 teachers working in this field with 112,500 students. In addition, based on the value of recognition, it offers two annual educational internships in Finland for managers and teachers who stand out in the program. Last year the Bank contributed UF 1,500.



CHAPTER 07

# BANCO SECURITY SUBSIDIARIES



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VALORES SECURITY S.A. CORREDORES DE BOLSA

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ADMINISTRADORA GENERAL DE FONDOS SECURITY

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# VALORES SECURITY S.A. CORREDORES DE BOLSA

**INVERSIONES** security

CORREDORES DE BOLSA

**CHILEAN TAX ID:** 96.515.580-5

**CHAIRMAN:** Enrique Menchaca O.

**CHIEF EXECUTIVE OFFICER:** Piero Nasi T.

**FORMED:** 1987

**LEGAL ADDRESS:**

Apoquindo 3150, Las Condes

**TELEPHONE:** +56 22 581 5600

**WEBSITE:** [www.inversionessecurity.cl](http://www.inversionessecurity.cl)

## AFFILIATIONS

### REGIONAL ORGANIZATIONS

- Santiago Exchange
- Santiago Chamber of Commerce
- Instituto de Estudios Bancarios G. Subercaseaux



## EMPLOYEES

41

TOTAL  
EMPLOYEES

17%

WOMEN IN  
THE COMPANY

10.7

YEARS IN  
BUSINESS

72.8

AVERAGE TRAINING  
HOURS PER EMPLOYEE



## CUSTOMERS

14,562

TOTAL CUSTOMERS

3,053

COMPANIES

11,509

PEOPLE



## SHAREHOLDERS

3,503

PROFIT  
MCH\$

9.23%

ROAE



## THE INDUSTRY

Securities intermediation contributes to developing the capital market by enabling intermediaries and customers to trade securities and financial instruments. In Chile, this system has been in operation since 1892 when the Valparaíso Stock Exchange was founded. As of December 2022, there are 27 brokerage firms, including Larrain Vial and BTG Pactual, as the main players in terms of trading value. At the end of the period, stock market activity, measured as trading value in shares and investment fund units (CFI), totaled MCH\$75,466,544, which represents a 0.5% drop with respect to 2021. With MCH\$1,126,141 in share and CFI trading value, Valores Security has a market share of 1.5%.

## SERVICE PROPOSAL

Valores Security offers advice to investors through the analysis and diagnosis of both the local and international markets, through its team of professionals and investment specialists. In addition, it has electronic platforms for investing in different types of financial instruments both locally and globally, in an agile, simple, transparent and consolidated manner, through partnerships with Santiago Exchange, the Electronic Exchange, Pershing LLC BNY Mellon and Banco Inversis S.A.

The Company has two lines of business: Proprietary trading and third-party investments. The former are mainly composed of purchase and sale transactions of fixed-income and money market instruments, forward transactions and mutual fund units. The latter are for the purchase and sale of shares, fixed income and money market instruments, sale and repurchase agreements, simultaneous operations, forwards, portfolio management and foreign securities trading.

Inversiones Security has six in-person and digital customer service models focused on serving each customer segment: Wealth Management, Private Management, Active Management, Corporate Management, an External Channel, and also, customers can remotely buy and sell shares on its website.

## 2022 RESULTS

### TOTAL ASSETS IN CUSTODY AND UNDER MANAGEMENT

FIGURES IN MCH\$

#### CUSTODY SERVICES FOR UNRELATED THIRD PARTIES

1,146,850

DEC · 2022

982,268

DEC · 2021

#### CUSTODY SERVICES FOR RELATED THIRD PARTIES

8,239

DEC · 2022

50,972

DEC · 2021

### INTERNATIONAL

513,298

DEC · 2022

598,923

DEC · 2021

### ASSETS IN CUSTODY AND UNDER MANAGEMENT

1,668,387

DEC · 2022

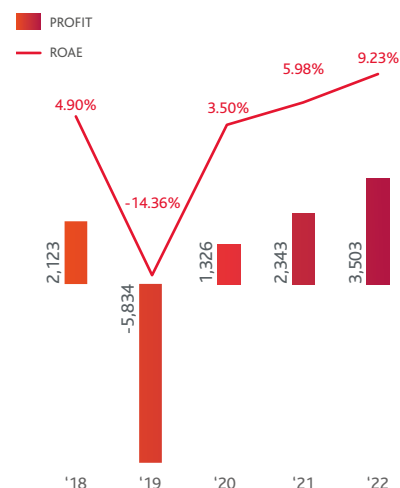
1,632,163

DEC · 2021

SOURCE: VALORES CORREDORES DE BOLSA SECURITY

### PROFIT VALORES SECURITY

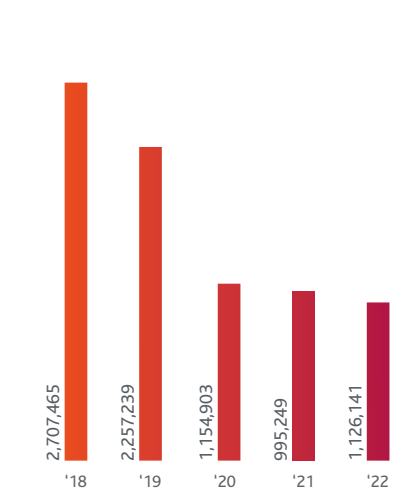
MCH\$ NOMINAL



SOURCE: VALORES CORREDORES DE BOLSA SECURITY

### SHARES VALUE TRADED

MCH\$ NOMINAL



SOURCE: VALORES CORREDORES DE BOLSA SECURITY



# ADMINISTRADORA GENERAL DE FONDOS SECURITY

**INVERSIONES** security

ADMINISTRADORA GENERAL DE FONDOS

**CHILEAN TAX ID:** 96.639.280-0

**CHAIRMAN:** Renato Peñafiel M.

**CHIEF EXECUTIVE OFFICER:**

Juan Pablo Lira T.

**FORMED:** 1992

**LEGAL ADDRESS:**

Apoquindo 3150, piso 7, Las Condes

**TELEPHONE:** +56 22 581 5600

**WEBSITE:** [www.inversionessecurity.cl](http://www.inversionessecurity.cl)

## AFFILIATIONS

- International Federation of Pension Fund Administrators, Chile (FIAP)
- Chilean Mutual Fund Association (AFM)
- Chilean Investment Fund Managers Association (ACAFI)



## EMPLOYEES

50

TOTAL EMPLOYEES

28%

WOMEN IN THE COMPANY

8.7

YEARS IN BUSINESS

24.5

AVERAGE TRAINING HOURS PER EMPLOYEE



## CUSTOMERS

48,833

TOTAL CUSTOMERS

6,074

COMPANIES

42,759

PEOPLE



## SHAREHOLDERS

11,511

PROFIT MCH\$

16.95%

ROAE

## DESCRIPTION OF THE INDUSTRY

In Chile, the mutual fund industry has 23 participants and is highly concentrated in the banking sector. As of December 2022, the industry's regulatory capital under management averaged MCH\$47,810,342, a figure that represents a drop of 6.23% with respect to 2021. AGF Security has a market share of 4.66%.

Meanwhile, the investment fund industry has 50 participants and is diversified among both banking and non-banking players.

Investment funds finance business ventures, infrastructure projects, real estate investments, among others, to contribute to sustainable development and the economic and socio-environmental wellbeing of the country. As of June 2022, the sector managed 736 public investment funds for MUS\$33,964. Administradora General de Fondos Security manages 20 public investment funds equivalent to MUS\$672, a market share of 1.9%

## SERVICE PROPOSAL

Administradora General de Fondos Security offers services and advice to meet the asset management needs of its customers, through a highly qualified team with vast experience in fund management, who apply an investment philosophy based on four concepts: +Track Record; Consistency; Value Added, based on long-term fundamental visions; and Tactical Biases. The Company mainly serves medium-sized investors, high-net-worth individuals, and companies and institutional investors in need of specialized, professional asset management services. With 31 mutual funds and 25 investment funds, Administradora General de Fondos Security is one of the leading fund managers in the Chilean market. In 2022, the subsidiary managed assets in excess of MCH\$3,057,057 for its unitholders.

Inversiones Security has six in-person and digital customer service models focused on serving each customer segment: Wealth Management, Private Management, Active Management, Corporate Management, Institutional Distribution and External Channels, in addition to its website where customers can remotely transact with products from AGF Security and Valores Security.

## MILESTONES IN 2022

- Signed a partnership with PineBridge Investment Ireland Limited, which will allow AGF Security to participate as sub-investment manager of the Paretun PineBridge Latin America Corporate Bond Fund.
- Announcement of the launch of the first fund to promote electromobility together with Kia Motors, for a total of BCH\$7.
- Adherence to the Principles for Responsible Investment and approval of the Responsible Investment Policy by the Board of Directors.

### AWARDS:

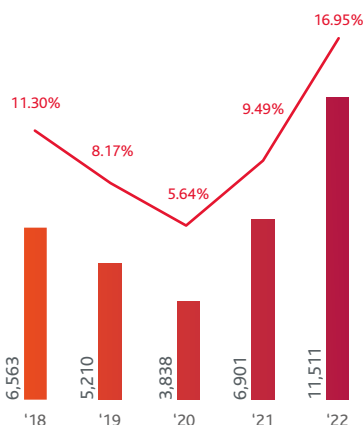
- ALAS20, RESPONSIBLE INVESTMENT CATEGORY.
- FIVE SALMON AWARDS 2022:
  - 1<sup>st</sup> Place Debt Fund > 365 Days Domestic, in Chilean Pesos (Security FIRST Mutual Fund)
  - 1<sup>st</sup> Place in the Emerging Asia Stock Category
  - 1<sup>st</sup> Place Equity Category Latin America
  - 2<sup>nd</sup> Place Equity Category U.S.A.
  - 3<sup>rd</sup> Place Aggressive Balanced Category
- 2022 MORNINGSTAR AWARDS:
  - Best Global Administrator
  - Best Foreign Equity Fund (Security Global Mutual Fund, series F)
  - Best Short-Term Fixed Income Fund Chilean Pesos (Security Midterm UF Mutual Fund, B series)

## 2022 RESULTS

### PROFIT AGF SECURITY

MCH\$ NOMINAL

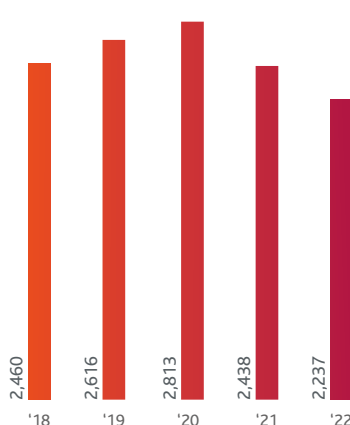
■ PROFIT  
— ROAE



SOURCE: AGF SECURITY

### MUTUAL FUNDS UNDER MANAGEMENT

BCH\$ NOMINAL



SOURCE: AGF SECURITY  
CLOSING REGULATORY CAPITAL AS REPORTED BY THE MUTUAL FUND ASSOCIATION (AAFM)

4.66%

MARKET SHARE IN 2022 (MUTUAL FUNDS)

SOURCE: AGF SECURITY



CHAPTER 08

# APPENDICES





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ADDITIONAL INFORMATION

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BOARD DIVERSITY

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EMPLOYEE STATISTICS

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MATERIAL EVENTS

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SUSTAINABILITY INDICATORS

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## ADDITIONAL INFORMATION

### COMPANY IDENTIFICATION

**NAME OR CORPORATE NAME:**

Banco Security

**DOING BUSINESS AS:**

Banco Security

**LEGAL ADDRESS:**

Apoquindo 3100, Las Condes, Santiago.

**CHILEAN TAX ID:**

97.053.000-2

**TYPE OF ENTITY:**

Private banking corporation

### CONTACT INFORMATION

Marcela Villafaña, IR

**TELEPHONE:**

+56 2 2584 4540

**EMAIL:**

marcela.villafana@security.cl,  
relacioninversionistas@security.cl

**WEBSITE:**

www.security.cl

### 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.

Security was authorized by Resolution No. 178 of September 16, 1981 of the Superintendency of Banks and Financial Institutions, today CMF.

## PROPERTIES AND FACILITIES

BUILDING	ADDRESS	SURFACE AREA m <sup>2</sup>	STATUS
Apoquindo 3150	Apoquindo 3100, piso -1	722.00	Owned
Apoquindo 3150	Apoquindo 3100, piso 1	602.75	Owned
Apoquindo 3150	Apoquindo 3100, piso 2	1,148.14	Owned
Apoquindo 3150	Apoquindo 3180, piso -1	373.09	Owned
Apoquindo 3150	Apoquindo 3180, piso 1	585.29	Owned
Apoquindo 3150	Apoquindo 3150, piso -1 zócalo	115.87	Owned
Agustinas 621	Agustinas 621, piso 1	517.00	Owned
Agustinas 621	Agustinas 621, piso 2	337.00	Owned
Agustinas 621	Agustinas 621, piso 3	337.00	Owned
Agustinas 621	Agustinas 621, piso 4	337.00	Owned
Agustinas 621	Agustinas 621, piso 5	337.00	Owned
Agustinas 621	Agustinas 621, piso 8	337.00	Owned
Agustinas 621	Agustinas 621, piso -1	517.00	Owned
Agustinas 621	Agustinas 621, piso -2	517.00	Owned
Santiago Branches	A. Vespucio 2760 C	335.00	Leased
Santiago Branches	Av. del Parque 4023	145.00	Leased
Santiago Branches	Av. Providencia	467.00	Leased
Santiago Branches	Av. La Dehesa 1744	329.00	Owned
Santiago Branches	Camino Chicureo km 1,7	145.00	Leased
Santiago Branches	Vitacura 6577	280.00	Leased
Santiago Branches	Presidente Riesco 5335, unit 101	320.00	Leased
Santiago Branches	Carlos Ossandon 1231	280.00	Leased
Regional Branches	San Martín 2511, Antofagasta	390.00	Owned
Regional Branches	Huanhualí 85, local 6, La Serena	427.00	Leased
Regional Branches	Chacabuco 681, oficina 1001, Copiapó	126.63	Leased
Regional Branches	Libertad 1097, Viña del Mar	314.00	Leased
Regional Branches	Highway Edo. Frei Montalva 340, local 6, Rancagua	380.00	Leased
Regional Branches	Av. Circunvalación Norte 1055, L. B-2, Talca	384.00	Leased
Regional Branches	O'Higgins 428, Concepción	589.00	Owned
Regional Branches	Bulnes 701, Temuco	550.00	Owned
Regional Branches	Guillermo Gallardo 132, Puerto Montt	530.00	Leased



## PROPERTIES AND FACILITIES - CONTINUED

BUILDING	ADDRESS	SURFACE AREA m <sup>2</sup>	STATUS
Teatinos	Teatinos 251, of. 301	288.00	Leased
Apoquindo 3150	Apoquindo 3150, piso 2	220.00	Owned
Apoquindo 3150	Apoquindo 3150, piso 3	791.37	Owned
Apoquindo 3150	Apoquindo 3150, piso 4	423.90	Owned
Apoquindo 3150	Apoquindo 3150, piso 4	413.40	Owned
Apoquindo 3150	Apoquindo 3150, piso 5	206.70	Owned
Apoquindo 3150	Apoquindo 3150, piso 5	206.70	Owned
Apoquindo 3150	Apoquindo 3150, piso 5	423.90	Owned
Apoquindo 3150	Apoquindo 3150, piso 10	232.05	Owned
Apoquindo 3150	Apoquindo 3150, piso 11	232.05	Owned
Augusto Leguía 70	Augusto Leguía 70, piso 8	274.60	Leased
Augusto Leguía 70	Augusto Leguía 70, piso 9	582.48	Leased
Augusto Leguía 70	Augusto Leguía 70, piso 10	582.48	Leased
Augusto Leguía 70	Augusto Leguía 70, piso 11	582.48	Leased
Augusto Leguía 70	Augusto Leguía 70, piso 12	582.48	Leased
Augusto Leguía 100	Augusto Leguía 100, 1/4 piso 13	180.00	Leased
Augusto Leguía 70	Augusto Leguía 70, piso 8	307.85	Leased
Apoquindo 3150	Apoquindo 3150, Floor 6	605.20	Leased

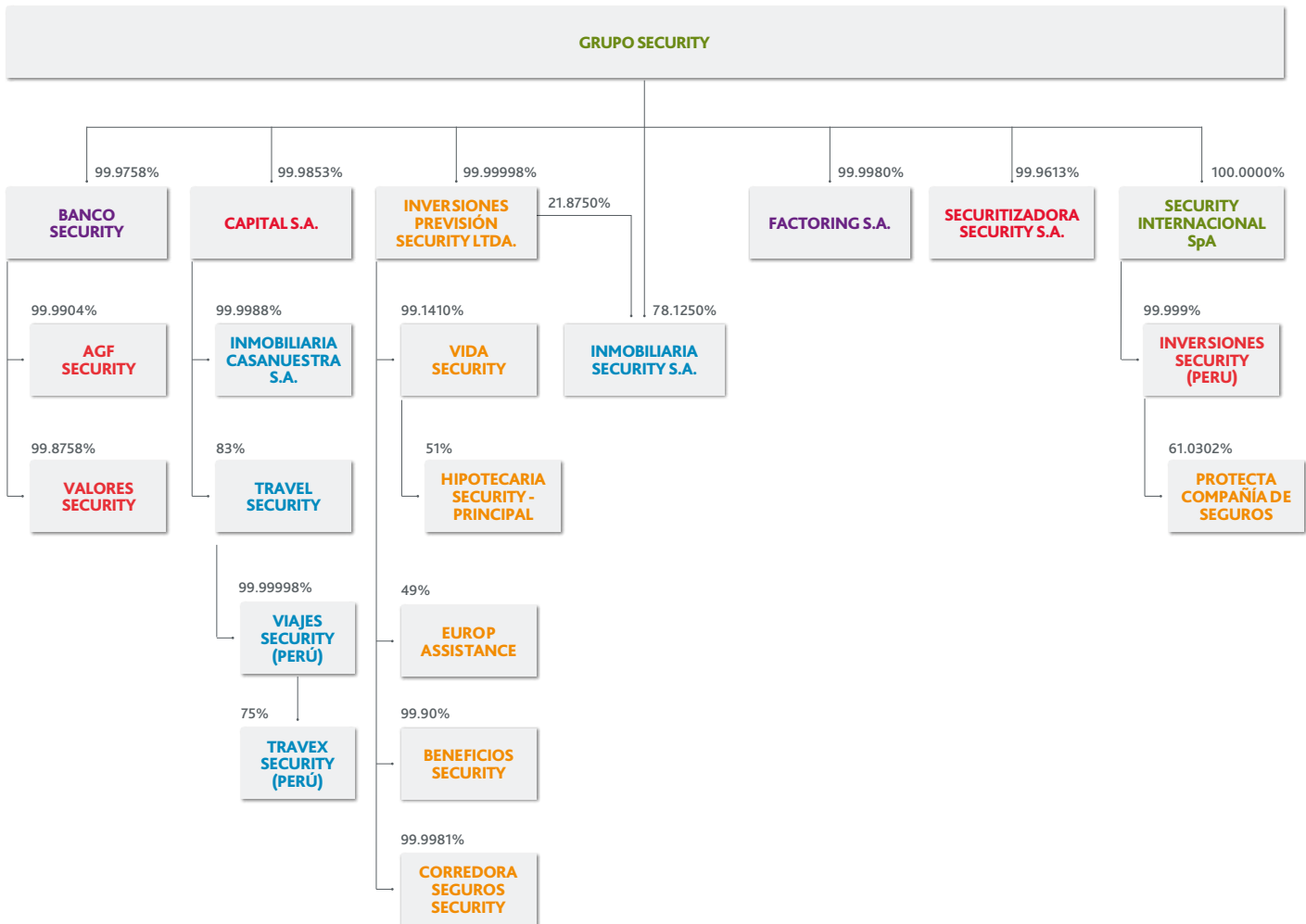
## USEFUL LIFE TABLE

CATEGORY	USEFUL LIFE		
	BOOK-BASIS	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

## COMMENTS FROM SHAREHOLDERS AND DIRECTORS' COMMITTEE

For the year 2022, there were no comments or proposals regarding the Company as a going concern presented by the Company's shareholders. The Bank has not formed a Directors' Committee as required by Article 50 bis of Law 18,046 for Corporations.

## CORPORATE STRUCTURE





## SUBSIDIARIES

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

#### TYPE OF COMPANY

Corporation, subsidiary of Banco Security.

#### CHILEAN TAX ID

96.515.580-5

#### SECURITIES REGISTRY

Valores Security is registered under number 0111 in the Securities Registry.

#### CORPORATE PURPOSE

Securities brokerage.

The purpose of the company is to carry out securities brokerage operations, in the terms contemplated in Article No. 24 of Law No. 18,045, Securities Market Law, and it may also carry out such complementary activities as Financial Market Commission may authorize.

To undertake various businesses, including trading equities (stockbroking), fixed income, foreign currency, portfolio management and financial advisory services.

#### GENERAL INFORMATION

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 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 No. 10098 dated October 27, 2004, the Chilean Superintendency of Securities and Insurance 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, 2022, subscribed and paid-in capital totaled MCH\$36,394.

#### PERCENTAGE OF TOTAL GRUPO SECURITY ASSETS

The total assets of Valores Security S.A. Corredores de Bolsa represent 2.813% of the total individual assets of Grupo Security.

#### BUSINESS RELATIONSHIPS WITH SUBSIDIARIES, ASSOCIATES AND PARENT COMPANY

Valores Security provides a variety of services to the subsidiaries and associates of Grupo Security S.A., as well as to the parent company. For Banco Security, it provides advisory services, fixed-income and currency trading services and forwards. For Administradora General de Fondos S.A. and Asesorías Security, it also provides services to buy and sell financial instruments, stocks and dollars, as well as other advisory services and forward contracts. For the Group's insurance area, Valores Security performs transactions related to insurance policies for Penta-Security Seguros Generales S.A. and Seguros Vida Security Previsión S.A., and insurance brokerage for Corredora de Seguros Security. For Travel Security S.A., it assists with ticket purchases and for Global Security it provides credit check processing services. It also provides data processing and phone services as well as auditing and accounting services for Inversiones Invest Security Ltda. It provides financial services for Inversiones Seguros Security Ltda. These services may possibly be offered to customers of the Group's subsidiaries and associates in the future.

#### BOARD APPOINTMENTS

##### CHAIRMAN OF THE BOARD:

Enrique Menchaca O. Chilean Tax ID: 6.944.388-5

##### BOARD MEMBERS:

Roberto Tresoldi M. Chilean Tax ID: 13.254.002-0

Maximum Hitoshi Kamada L. Chilean Tax ID: 21.259.467-9

Fernando Salinas P. Chilean Tax ID: 8.864.773-4

##### CHIEF EXECUTIVE OFFICER:

Piero Nasi T. Chilean Tax ID: 13.190.931-4

## 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).

The corporate purpose of Administradora General de Fondos Security S.A. consists of managing all types of mutual funds regulated by D.L. 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. Likewise, pursuant to Article 220 of Law 18,045 of the Securities Market Law, it may offer APV and APVC voluntary pension savings plans, develop complementary activities authorized by the Financial Market Commission, formerly the Superintendency of Securities and Insurance through Circular No. 1,566 of 2001 or the one that amends or replaces it; the administration of third party funds authorized by Circular No. 1,894 of 2008 and advisory and consulting services in investment decision making, authorized by Circular No. 1,897 of 2008.

### GENERAL INFORMATION

The Company was incorporated by public instrument on May 26, 1992, and licensed to operate on June 2, 1992, by the Superintendency of Securities and Insurance in Exempt Ruling No. 0112. The Company is regulated by the Superintendency of Securities and Insurance and the provisions of DL 1,328 and its regulations. In ruling No. 288 dated September 17, 2003, the Superintendency of Securities and Insurance 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 Superintendency of Securities and Insurance.

### SUBSCRIBED AND PAID-IN CAPITAL

As of December 31, 2022, subscribed and paid-in capital totaled MCH \$3,354.

### PERCENTAGE OF TOTAL GRUPO SECURITY ASSETS

The total assets of Administradora General de Fondos Security S.A. represent 4.73% of the total individual assets of Grupo Security.

### BUSINESS RELATIONSHIPS WITH SUBSIDIARIES, ASSOCIATES AND PARENT COMPANY

Administradora General de Fondos Security S.A. provides investment services for purchasing fund units to all subsidiaries and associates of Grupo Security S.A., as well as to the parent company. These services may possibly be offered to customers of the Group's subsidiaries and associates in the future.



## BOARD DIVERSITY

### NUMBER OF BOARD MEMBERS BY GENDER

BOARD MEMBERS	NUMBER
Men	9
Women	0

### NUMBER OF BOARD MEMBERS BY NATIONALITY AND GENDER

BOARD MEMBERS	CHILEAN	FOREIGN
Men	9	0
Women	0	0

### NUMBER OF BOARD MEMBERS BY AGE

BOARD MEMBERS	UNDER 30 YEARS	30 - 40	41 - 50	51 - 60	61 - 70	OVER 70 YEARS
Men	-	-	-	2	3	4
Women	-	-	-	-	-	-

### NUMBER OF BOARD MEMBERS BY LENGTH OF SERVICE

BOARD MEMBERS	UNDER 30 YEARS	3 - 6 YEARS	6 - 9 YEARS	9 - 12 YEARS	MORE THAN 12 YEARS
Men	3	1	-	1	4
Women	-	-	-	-	-

### ADDITIONAL INFORMATION ON BOARD MEMBERS

BOARD MEMBER	ROLE	AGE	NATIONALITY	ATTENDANCE AT REGULAR MEETINGS	ATTENDANCE AT EXTRAORDINARY MEETINGS
Francisco Silva Silva	Chairman *	81	Chilean	9/16	1/2
Renato Peñafiel Muñoz	Chairman *	70	Chilean	14/16	2/2
Ramón Eluchans Olivares	Vice Chairman	69	Chilean	16/16	2/2
Hernán Felipe Errázuriz Correa	Board Member	77	Chilean	16/16	2/2
Jorge Marín Correa	Board Member	62	Chilean	16/16	2/2
Juan Cristóbal Pavez Recart	Board Member	52	Chilean	15/16	2/2
Fernando Salinas Pinto	Board Member*	52	Chilean	6/6	0/2
Bonifacio Bilbao Hormaeche	Board Member	61	Chilean	15/16	2/2
Mario Weiffenbach Oyarzún	Alternate Board Member	78	Chilean	1/6	1/2
Ignacio Ruiz Tagle Vergara	Alternate Board Member	69	Chilean	3/6	0/2

NOTE: FRANCISCO SILVA SILVA, CHILEAN TAX ID 4.103.061-5, DEGREE IN CIVIL ENGINEERING, SERVED AS CHAIRMAN OF BANCO SECURITY AND SUBSIDIARIES UNTIL AUGUST 11, 2022. FERNANDO SALINAS BEGAN SERVING AS A BOARD MEMBER ON SEPTEMBER 15, 2022.



# EMPLOYEE STATISTICS

## NUMBER OF EMPLOYEES BY GENDER

	FEMALE	MALE	TOTAL
Senior management	1	8	9
Management	5	50	55
Supervisors	82	120	202
Sales force	387	159	546
Administrative staff	102	89	191
Other professional staff	122	158	280
<b>TOTAL</b>	<b>699</b>	<b>584</b>	<b>1,283</b>

## NUMBER OF EMPLOYEES BY NATIONALITY

	ARGENTINA		BOLIVIA		BRAZIL		CHILE		CHINA		COLOMBIA		ECUADOR		MEXICO		PERU		SPAIN		VENEZUELA		OVERALL TOTAL
	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M			
Senior management	-	1	-	-	1	6	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	9
Management	-	-	-	-	4	49	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-	-	55
Supervisors	-	-	1	-	81	117	-	-	-	1	-	-	1	-	-	-	-	-	-	-	1	-	202
Sales force	-	-	-	-	384	158	-	1	-	-	-	-	-	-	1	-	-	1	-	1	1	-	546
Administrative staff	1	-	-	-	97	87	-	1	1	-	-	1	-	-	-	-	-	-	-	2	1	-	191
Other professional staff	-	-	-	1	117	155	1	-	1	-	-	1	-	-	-	-	-	-	-	2	2	-	280
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>684</b>	<b>572</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>1,283</b>	

## NUMBER OF EMPLOYEES BY AGE GROUP

	UNDER 30 YEARS		30 - 40		41 - 50		51 - 60		61 - 70		OVER 70 YEARS	TOTAL OVERALL
	F	M	F	M	F	M	F	M	F	M	M	
Senior management	-	-	-	-	-	4	1	3	-	1	-	9
Management	-	-	1	7	3	16	1	24	-	3	-	55
Supervisors	2	3	25	36	37	50	16	26	2	4	1	202
Sales force	19	14	112	52	153	63	86	29	17	1	-	546
Administrative staff	16	11	46	37	27	20	8	18	5	3	-	191
Other professional staff	16	36	58	69	28	32	15	18	5	2	1	280
<b>TOTAL</b>	<b>53</b>	<b>64</b>	<b>242</b>	<b>201</b>	<b>248</b>	<b>185</b>	<b>127</b>	<b>118</b>	<b>29</b>	<b>14</b>	<b>2</b>	<b>1,283</b>



### NUMBER OF EMPLOYEES BY YEARS OF SERVICE

	LESS THAN 3 YEARS		3 - 6 YEARS		6 - 9 YEARS		9 - 12 YEARS		MORE THAN 12 YEARS		OVERALL TOTAL
	F	M	F	M	F	M	F	M	F	M	
Senior management	-	1	1	3	-	-	-	1	-	3	9
Management	2	8	1	9	-	2	2	7	-	24	55
Supervisors	17	17	14	31	3	7	19	27	29	38	202
Sales force	102	46	64	40	41	12	89	26	91	35	546
Administrative staff	37	30	30	20	12	7	15	13	8	19	191
Other professional staff	43	80	22	24	8	7	17	28	32	19	280
<b>TOTAL</b>	<b>201</b>	<b>182</b>	<b>132</b>	<b>127</b>	<b>64</b>	<b>35</b>	<b>142</b>	<b>102</b>	<b>160</b>	<b>138</b>	<b>1,283</b>

### NUMBER OF EMPLOYEES WITH DISABILITIES

	PEOPLE WITH DISABILITIES		WORKFORCE		% OF PEOPLE WITH DISABILITIES	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
Senior management	-	-	1	8	0.0%	0.0%
Management	-	-	5	49	0.0%	0.0%
Supervisors	1	-	82	120	1.2%	0.0%
Sales force	1	2	387	159	0.3%	1.3%
Administrative staff	1	3	102	89	1.0%	3.4%
Other professional staff	-	-	121	158	0.0%	0.0%
<b>TOTAL</b>	<b>3</b>	<b>5</b>	<b>698</b>	<b>583</b>	<b>0.4%</b>	<b>0.9%</b>

### TYPE OF EMPLOYMENT CONTRACT

	OPEN-TERM				FIXED-TERM			
	WOMEN		MEN		WOMEN		MEN	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Senior management	1	0.1%	8	0.6%	-	0.0%	-	0.0%
Management	5	0.4%	49	3.8%	-	0.0%	-	0.0%
Supervisors	82	6.4%	120	9.4%	-	0.0%	-	0.0%
Sales force	373	29.1%	156	12.2%	14	1.1%	3	0.2%
Administrative staff	100	7.8%	87	6.8%	2	0.2%	2	0.2%
Other professional staff	117	9.1%	156	12.2%	4	0.3%	2	0.2%
<b>TOTAL</b>	<b>678</b>		<b>576</b>		<b>20</b>		<b>7</b>	

## WORKPLACE FLEXIBILITY

### NUMBER OF EMPLOYEES BY TYPE OF WORK SCHEDULE

WORK SCHEDULE	MEN		WOMEN		TOTAL	
	NUMBER	%	NUMBER	%	NUMBER	%
100% in-person	131	10.2%	364	28.4%	495	38.6%
100% remote working	6	0.5%	7	0.5%	13	1.0%
Hybrid	447	34.8%	328	25.6%	775	60.4%
<b>TOTAL</b>	<b>584</b>	<b>45.5%</b>	<b>699</b>	<b>54.5%</b>	<b>1,283</b>	<b>100.0%</b>

### NUMBER OF EMPLOYEES BY TYPE OF WORK SCHEDULE

WORK SCHEDULE	MEN		WOMEN		TOTAL	
	NUMBER	%	NUMBER	%	NUMBER	%
No time control*	480	37.4%	455	35.5%	935	72.9%
Time control	104	8.1%	244	19.0%	348	27.1%
<b>TOTAL</b>	<b>584</b>	<b>45.5%</b>	<b>699</b>	<b>54.5%</b>	<b>1,283</b>	<b>100.0%</b>

NOTE: NO TIME CONTROL AS SPECIFIED IN ARTICLE 22 OF THE LABOR CODE.



## POSTNATAL LEAVE

### FEMALE POSTNATAL LEAVE

	PEOPLE ON POSTNATAL LEAVE (1ST 12 WEEKS)				PEOPLE WITH EXTENDED POSTNATAL LEAVE (12 WEEKS)							
	NUMBER OF PEOPLE ELIGIBLE	NUMBER OF PEOPLE WHO USED THE BENEFIT	%	AVERAGE NO. DAYS	NUMBER OF PEOPLE ELIGIBLE	FULL-TIME			PART-TIME			
						NUMBER OF PEOPLE WHO USED THE BENEFIT	%	AVERAGE NO. DAYS	NUMBER OF PEOPLE WHO USED THE BENEFIT	%	AVERAGE NO. DAYS	
Senior management	-	-	-	-	-	-	-	-	-	-	-	-
Management	-	-	-	-	-	-	-	-	-	-	-	-
Supervisors	1	1	100%	84	-	-	-	-	-	-	-	-
Sales force	16	16	100%	84	-	-	-	-	-	-	-	-
Administrative staff	3	3	100%	84	-	-	-	-	-	-	-	-
Other professional staff	4	4	100%	84	-	-	-	-	-	-	-	-

### FEMALE POSTNATAL LEAVE, WEEKS TRANSFERRED TO THE FATHER

	TRANSFERRED TO FATHER (6 WEEKS)			
	NUMBER OF PEOPLE ELIGIBLE	NUMBER OF PEOPLE WHO USED THE BENEFIT	%	AVERAGE NO. DAYS
Senior management	-	-	-	-
Management	-	-	-	-
Supervisors	-	-	-	-
Sales force	-	-	-	-
Administrative staff	-	-	-	-
Other professional staff	-	-	-	-

### MEN

	PEOPLE ON POSTNATAL LEAVE (5 DAYS)				PEOPLE ON POSTNATAL LEAVE (6 WEEKS)			
	NUMBER OF PEOPLE ELIGIBLE	NUMBER OF PEOPLE WHO USED THE BENEFIT	%	AVERAGE NO. DAYS	NUMBER OF PEOPLE ELIGIBLE	NUMBER OF PEOPLE WHO USED THE BENEFIT	%	AVERAGE NO. DAYS
Senior management	-	-	-	-	-	-	-	-
Management	-	-	-	-	-	-	-	-
Supervisors	4	4	100%	5	-	-	-	-
Sales force	3	3	100%	5	-	-	-	-
Administrative staff	-	-	-	-	-	-	-	-
Other professional staff	2	2	100%	5	-	-	-	-

## EMPLOYEE BENEFITS

### MY FAMILY

BENEFIT	DESCRIPTION
Paternity leave	A flexible working schedule during a child's first month of life, in addition to the 5 legal days of postnatal paternity leave.
Reduced working day	Departure at 4:00 p.m.
Family outing	A fun afternoon at Fantasilandia amusement park with family and colleagues.
Christmas gift	A 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 \$ 220,000 until the child is two years old.
Securitylandia	For children between 7 and 13 years of age, we have trained staff in charge of specialized programs during school breaks.
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 for CH\$75,000 to the children of employees who achieve an average of 6.5 or higher in high school.
PAES Award	Award of CH\$130,000 in a drawing that includes all those who performed well on the university entrance exams (PAES).
Scholarship for children	Scholarship application for children who are beginning their studies or who are renewing their scholarship.
Gradual return	To support women in gradually harmonizing their work role with their role as mothers, flexible working hours are offered in two ways: 1) Full-day parental postnatal leave: gradual return to work until 4:00 p.m. during the following 8 weeks. 2) Half-day parental postnatal leave: half-day rest is extended until the child turns 10 months and then gradual return to work until 4:00 p.m. until the child turns 12 months.

### MY GOOD HEALTH AND WELLBEING

BENEFIT	DESCRIPTION
Fitness activities	We invite employees to participate in different sports throughout the year.
Talks and workshops	We hold free open lectures and hands-on workshops with expert speakers.
Exercise breaks	We hold exercise breaks 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 1000 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.
Betterfly	Wellness platform that transforms employees' healthy habits into social donations with a purpose. It also comes with life insurance whose coverage grows every day at no cost, provides financial protection and provides tools focused on prevention and care for your physical, mental and financial wellbeing.



## MY BONUSES AND LOANS

BENEFIT	DESCRIPTION
Marriage / civil union bonus	UF 15
National independence celebrations bonus	UF 5
Group bank loans	Loans with preferential rates
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 adjustment	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 2 and 4 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.
Housing subsidy	To purchase a first home, expand it or to repay debt.
Christmas bonus	UF 6
Inclusive child bonus.	Bonus granted to each employee who has one or more children with a certified disability with a % greater than or equal to 60%.

## MY SPECIAL LEAVE AND TIME OFF

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 hours (3 days) for personal matters.
Marriage / civil union	Seven days
Afternoon off during children's school breaks	Two afternoons off during children's school breaks.
Thesis defense	One day off.
Death (living or unborn child, parent, sibling and parent-in-law).	From two to 15 days off under these painful circumstances.
30 hours for family	30 hours per year to harmonize the different roles.
Flexible afternoon	Work from wherever you want, 1 week of remote working.
Day off per month for studies	12 days off per year for studies.

## MY CELEBRATIONS

BENEFIT	DESCRIPTION
National independence day 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.
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 the grandparents of Grupo Security.
A meaningful Christmas	A gift to enjoy with your family.
Easter	Tasty eggs to celebrate this important day.

## MY DISCOUNTS

BENEFIT	DESCRIPTION
Movistar	Plans and equipment with preferential values.
Arturo López Pérez Foundation	Additional coverage in oncological treatment, for hospital and in-patient procedures.
Dental clinics	Special discounts at two partnering dental clinics.
Book shops	Special discounts.
Restaurants	Special discounts.
Fitness centers	Special discounts.



# MATERIAL EVENTS

## BANCO SECURITY

### SANTIAGO, DECEMBER 2, 2022

Hereby pursuant to the provisions of Articles 9 and 10 of Law 18,045 of the Securities Market Law, and in accordance with letter A. a) of Section II of General Regulation No. 486 and paragraph 5.1.7 of Section IV of General Regulation No. 30, both of the Financial Market Commission, we hereby inform you as a Material Event that on this date a partial placement of dematerialized bearer bonds was made in the local market.

The specific terms of the placement were as follows:

Series "Z8" Bond, Code BSECZ80621, for a total amount of CH\$11,000,000,000 (eleven billion Chilean pesos), maturing on June 1, 2027, at an average placement rate of 6.46% (six point forty-six percent), registered in the Securities Registry under number 6/2021 on September 23, 2021.

### SANTIAGO, DECEMBER 6, 2022

Hereby pursuant to the provisions of Articles 9 and 10 of Law 18,045 of the Securities Market Law, and in accordance with letter A. a) of Section II of General Regulation No. 486 and paragraph 5.1.7 of Section IV of General Regulation No. 30, both of this Financial Market Commission, we hereby inform you as a Material Event that on this date, a partial placement of

dematerialized bearer bonds was made in the local market.

The specific terms of the placement were as follows:

Series "Z8" Bond, Code BSECZ80621, for a total amount of CH\$2,900,000,000 (two billion nine hundred million Chilean pesos), maturing on June 1, 2027, at an average placement rate of 6.45% (six point forty-five percent), registered in the Securities Registry under number 6/2021 on September 23, 2021.

### SANTIAGO, DECEMBER 14, 2022

Hereby pursuant to the provisions of Articles 9 and 10 of Law 18,045 of the Securities Market Law, and in accordance with letter A. a) of Section II of General Regulation No. 486 and paragraph 5.1.7 of Section IV of General Regulation No. 30, both of the Financial Market Commission, we hereby inform you as an Essential Event that on this date a partial placement of dematerialized bearer bonds was made in the local market.

The specific terms of the placement were as follows:

Series "Z8" Bond, Code BSECZ80621, for a total amount of CH\$11,000,000,000 (eleven billion Chilean pesos), maturing on June 1, 2027, at an average placement rate of 6.45% (six point forty-five percent), registered in the Securities Registry under number 6/2021 on September 23, 2021.



## ADMINISTRADORA GENERAL DE FONDOS SECURITY

### SANTIAGO, MARCH 25, 2022

Pursuant to article 9 and 10-2 of Law No. 18,045 on the Securities Market, and being duly authorized to do so, via this letter, I come to communicate to you a Material Event regarding Administradora General de Fondos Security S.A.:

At a regular meeting of the Board of Directors of Administradora General de Fondos Security S.A., held on March 16, 2022, it was agreed to call an annual general meeting for April 04, 2022 at 9:30 a.m.

The following matters are to be addressed at the annual general meeting:

1. Approval of the annual report, balance sheet and financial statements for the year-ended December 31, 2021, including the report of independent auditors for that year.
2. Appointment of external auditors.
3. Approval of profit distribution and dividend payments.
4. Board compensation for 2022.
5. Board expenses in 2021.
6. Information on related party transactions in conformity with the Corporations Law.
7. Designation of newspaper for legal publications.
8. In general, all other matters that should be addressed at an annual shareholders' meeting according to law.

As the Company's two shareholders committed to attend the meeting, the Company did not publish a notice to call the meeting.

The Board of Directors agreed that shareholders will be permitted to participate in this meeting using the technological

means that the Company will provide for such purpose, which will allow remote participation, voting and identification of shareholders, in accordance with the provisions of CMF General Standard 435 and Ruling 1,141. These means will be duly reported in the summons.

We thereby request that the Chairman of the Commission take this information into consideration and deem fulfilled the laws and regulations that require Administradora General de Fondos Security S.A. to provide such information.

### SANTIAGO, APRIL 13, 2022

Pursuant to article 9 and 10-2 of Law No. 18,045 on the Securities Market, and being duly authorized to do so, via this letter, I come to communicate to you as a Material Event regarding Administradora General de Fondos Security S.A., the resolutions adopted at the annual general meeting held on April 11, 2022:

1. Approve the Annual Report, Balance Sheet, Statement of Income and Independent Auditors' Report for the year ended December 31, 2021.
2. Distribute a dividend for the total amount of CH\$20,000,000,000, which will be paid starting April 18 of the current year to shareholders registered in the Shareholder Registry as of midnight on the 5th working day prior to this date of payment.
3. Designate EY Audit SPA as the Company's independent auditors for the year 2022.

### SANTIAGO, APRIL 22, 2022

We hereby inform you that Mr. Julio Barriga Tapía has been appointed Crime Prevention Officer, replacing Mr. Mauricio Parra Legrand, who began his position on April 1, 2022.



## SANTIAGO, MAY 6, 2022

Pursuant to the provisions of Article 9 and the second paragraph of Article 10 of the Securities Market Law, in connection with General Regulation No. 30, issued by the Financial Market Commission, being duly authorized, I hereby inform you as a Material Event of the SECURITY PANTHEON SECONDARY OPPORTUNITY INVESTMENT FUND (the "Fund"), that the Board of Directors of Administradora General de Fondos Security S. A. (the "Fund Manager") agreed to call an ordinary meeting of the Fund's Contributors to be held on May 20, 2022, beginning at 9:30 a.m. at Avenida Apoquindo 3150, 7th floor, district of Las Condes, Santiago, to decide on the following matters:

1. Approve the fund's annual report as presented by Fund Manager regarding the fund's management and administration and to approve the corresponding financial statements.
2. Elect the members of the Oversight Committee and set its compensation;
3. Approve the expense budget for the Oversight Committee;
4. Appoint the fund's external auditing firm from among those registered for that purpose with the CMF;
5. Decide on the appointment of independent appraisers or valuers required for the valuation of the fund's investments; and
6. Any matter of common interest to the investors that does not require an extraordinary meeting.

### PUBLICATION OF THE FUND'S FINANCIAL STATEMENTS

The Contributors are hereby informed that the Annual Financial Statements of the Fund and the report of its external audit firm were published on the Fund Manager's website [www.inversionessecurity.cl](http://www.inversionessecurity.cl), on March 30, 2022, and that this information can be accessed directly through the following hyperlink: <https://www.inversionessecurity.cl/sites/inversiones/files/archivos-ffmm-ffii/EEFF%20Fondo%20de%20Inversio%CC%81n%20Pantheon%20Secondary%20Oppor-tunity.pdf>

### RIGHT TO PARTICIPATE IN THE MEETING

The Contributors who are registered in the Contributors' Registry five working days prior to the date of the meeting shall have the right to participate in the meeting.

### REMOTE PARTICIPATION AND VOTING

In accordance with the provisions of the Financial Market Commission in General Rule No. 435 and Circular 1,141, both dated March 18, 2020, the Contributors are hereby informed that they may attend and vote at the meeting by technological means.

The Contributors must inform no later than 6:00 p.m. on May 19, 2022, if they will participate in the meeting by such means, by sending an e-mail to the address [asambleas@security.cl](mailto:asambleas@security.cl), in which they must inform the name of the contributor or representative who will attend and attach the documents that prove their identity and legal capacity, in accordance with the accreditation process contained in the "Instructions for Remote Participation" which is available on the website <https://www.inversionessecurity.cl/productos-y-servicios/productos/fondos-de-inversion/pantheon-secondary-opportunity>.

The attendance and voting of the Contributors participating in the meeting by technological means will be carried out through an online video conference system called "Webex". Further details on the operation of this system are available on the website mentioned in the preceding paragraph.

### QUALIFICATION OF POWERS OF ATTORNEY

Any powers of attorney will be authorized on the same day of the meeting when it is scheduled to begin.

## SANTIAGO, JUNE 2, 2022

By means of this letter, pursuant to the provisions of Article 9 and the second paragraph of Article 10 of Law 18,045 and in section 2.2 of Section TI of General Regulation No. 30 of the former Superintendency of Securities and Insurance, and duly

authorized for this purpose, I am writing to inform you of the following Material Event regarding Administradora General de Fondos Security S.A. (the "Company").

The Company has entered into an agreement with PineBridge Investments Ireland Limited, the investment manager of the Paretun Pinebridge Latin America Corporate Bond Fund (the "Fund"), domiciled in Luxembourg, for the Company to manage investments of the Fund.

We would be grateful to consider this information as submitted and to consider that the legal and regulatory standards that require Administradora General de Fondos Security S.A. to provide this information have been complied with.

### SANTIAGO, AUGUST 11, 2022

In my capacity as Chief Executive Officer of Administradora General de Fondos Security, expressly empowered for this purpose and in compliance with the provisions of Article 9 and the second paragraph of Article 10, both of Law No. 18,045 of the Financial Market Commission, I hereby inform you of the following Material Event regarding the institution I represent:

- (i) At the board meeting held on August 10, 2022, the Board of Directors unanimously agreed to accept the resignation of Mr. Francisco Silva Silva as board member and Chairman of the Company. The Board of Directors expressed its gratitude to Mr. Silva for the excellent services he has rendered to the Company for more than 30 years;
- (ii) Following this, Mr. Renato Peñafiel Muñoz was elected Chairman of the Board of Directors and Chairman of the Company; and
- (iii) In addition, the Board of Directors appointed Mr. Fernando Salinas Pinto as a board member to replace Mr. Francisco Silva.

In the same meeting, the resignation of Mrs. Paulina las Heras Bugeado was accepted and the Board of Directors appointed Mr. Alberto Oviedo Obrador to replace her as board member.

We would be grateful that this information is considered submitted and that the legal and regulatory standards that Administradora General de Fondos Security S.A. is required to provide are considered to have been complied with.

### SANTIAGO, OCTOBER 14, 2022

Pursuant to article 9 and 10-2 of Law No. 18,045 on the Securities Market, and being duly authorized to do so, via this letter, I come to communicate to you a Material Event regarding Administradora General de Fondos Security S.A.:

At an ordinary meeting of the Board of Directors of Administradora General de Fondos Security S.A., held on October 12, 2022, it was agreed to call an extraordinary meeting for October 28, 2022 a 9:30 a.m.

The following matters will be addressed at the extraordinary shareholders' meeting:

1. Approval of profit distribution and dividend payments for a total of MCH\$7,000,000,000.
2. In general, all other matters that should be addressed at an extraordinary shareholders' meeting according to law.

As the Company's two shareholders committed to attend the meeting, the Company did not publish a notice to call the meeting.

The Board of Directors agreed that shareholders will be permitted to participate in this meeting using the technological means that the Company will provide for such purpose, which will allow remote participation, voting and identification of shareholders, in accordance with the provisions of CMF General Standard 435 and Ruling 1,141. These means will be duly reported in the summons.

We thereby request that the Chairman of the Commission take this information into consideration and deem fulfilled the laws and regulations that require Administradora General de Fondos Security S.A. to provide such information.



## SANTIAGO, NOVEMBER 4, 2022

Pursuant to article 9 and 10-2 of Law No. 18,045 on the Securities Market, and being duly authorized to do so, via this letter, I come to communicate to you as a Material Event regarding Administradora General de Fondos Security S.A. the resolution adopted at the extraordinary shareholders' meeting held on October 28, 2022:

Distribute a dividend for the total amount of CH\$7,000,000,000, which will be paid starting November 04 of the current year to shareholders registered in the Shareholder Registry as of midnight on the 5th working day prior to this date of payment.

## SANTIAGO, DECEMBER 20, 2022

Pursuant to the provisions of Article 18 of Law 20,712 on the Administration of third-party funds and individual portfolios, and Articles 9 and 10 of the Securities Market Law, and being duly authorized in my capacity as Chief Executive Officer of Administradora General de Fondos Security S.A. (hereinafter the "Fund Manager"), I hereby inform you as a Material Event of Fondo de Inversión Security Deuda Privada Automotriz (hereinafter the "Fund"), the following:

### A. CAPITAL REDUCTION

1. Pursuant to the provisions of Title X, number TWO, paragraph 2.1 of the Fund's Internal Regulations, on December 26, 2022, a capital decrease will be made in a single installment for a

total amount of CH\$369,198,674, through a decrease in the value of each of the Fund's quotas.

2. The value to be paid for each of the Fund's installments will be as follows:

SERIES	AMOUNT IN CH\$ PER SERIES	VALUE FOR EACH INSTALLMENT (DISTRIBUTION FACTOR)
Series A	CH\$354,563,843	87,159.253441495
Series S	CH\$14,634,831	87,633.718562874

### B. DIVIDEND PAYMENT

Also, on the same date, an interim dividend in the amount of CH\$50,801,326 will be distributed against the net profit received in 2022. The payment of this interim dividend will be made as detailed below:

SERIES	AMOUNT IN CH\$ PER SERIES	VALUE FOR EACH INSTALLMENT (DISTRIBUTION FACTOR)
Series A	\$ 48,789,386	11,993.457718781
Series S	\$ 2,011,940	12,047.544910180

The payment of the interim dividend will be made to Contributors who are registered in the Register of Contributors at midnight of the fifth business day prior to the date on which the payment is to be made, pro rata to the number of shares they hold on that date.

Finally, payment will be made in cash, cashier's check or bank transfer, in accordance with the instructions provided by the Contributors.

## VALORES SECURITY S.A. CORREDORES DE BOLSA

### SANTIAGO, MARCH 25, 2022

Pursuant to article 9 and 10-2 of Law No. 18,045 on the Securities Market, and being duly authorized to do so, I hereby communicate to you a material event regarding Valores Security S.A. Corredores de Bolsa:

At a regular meeting of the Board of Valores Security S.A. Corredores de Bolsa held on March 24, 2022, it was agreed to call the shareholders to an annual general meeting for April 11, 2022 at 9:00 a.m.

The following matters were to be addressed at the annual general meeting:

1. Approval of the annual report, balance sheet and financial statements for the year-ended December 31, 2021, including the report of independent auditors for that year.
2. Approval of profit distribution and dividend payments.
3. Election of Board of Directors.
4. Board expenses in 2021.
5. Board compensation for 2022.
6. Appointment of the Company's independent auditors.
7. Information on related party transactions in conformity with the Corporations Law.
8. Designation of newspaper for legal publications.
9. In general all other matters that should be addressed at an annual shareholders' meeting according to law.

As the Company's two shareholders committed to attend the meeting, the Company did not publish a notice to call the meeting.

We thereby request that the Chairman of the Commission take this information into consideration and deem fulfilled the laws and regulations that require Valores Security S.A. Corredores de Bolsa to provide such information

### SANTIAGO, APRIL 11, 2022

In compliance with the provisions of Article 9 and the second paragraph of Article 10 of Law No. 18,045 of the Securities Market Law, and in accordance with the regulations of ongoing information contained in General Rule No. 30 of the Financial Market Commission (CMF), we hereby inform you, as an essential fact, that at the annual general meeting of Valores Security S.A., Corredores de Bolsa, hereinafter the Company, held on April 11 of this year, it was agreed to renew and maintain the current Board of Directors of the Company for a period of three years as of the date of the aforementioned meeting, and this Board of Directors is composed of Mr. Enrique Menchaca Olivares, Mr. Fernando Salinas Pinto and Mr. Máximo Hitoshi Kamada.

### SANTIAGO, MAY 5, 2022

We hereby inform you that Mr. Julio Barriga Tapia has been appointed Crime Prevention Officer, replacing Mr. Mauricio Parra Legrand, who began his position on April 1, 2022.

### SANTIAGO, AUGUST 4, 2022

In my capacity as Chief Executive Officer of Valores Security S.A. Corredores de Bolsa (the "Company"), expressly empowered for this purpose and in compliance with the provisions of Article 9 and the second paragraph of Article 10, both of Law No. 18,045, and Section II of General Regulation No. 30 of the Financial Market Commission, I hereby inform you of the following Material Event regarding the Company I represent:



At an extraordinary board meeting held on the same date, August 4, 2022, the Board of Directors unanimously agreed to accept the resignation of Mr. Fernando Salinas Pinto as a board member of the Company. The Board of Directors expressed its gratitude to Mr. Salinas for the excellent services he has rendered to the Company.

We thereby request that this information is taken into consideration and deemed fulfilled the laws and regulations that require Valores Security S.A. Corredores de Bolsa to provide such information.

### **SANTIAGO, AUGUST 26, 2022**

In my capacity as Chief Executive Officer of Valores Security S.A. Corredores de Bolsa (the "Company"), expressly empowered for this purpose and in compliance with the provisions of Article 9 and the second paragraph of Article 10, both of Law 18,045 and Section II of NCG No. 30 of this Commission, I hereby report the following Material Event regarding the Company I represent:

At the regular board meeting held on this same date, August 25, 2022, it was unanimously agreed to appoint Mr. Roberto Francesco Tresoldi Manríquez, Chilean Tax Id. 13.254.002-0, as a board member.

We thereby request that this information is taken into consideration and deemed fulfilled the laws and regulations that require Valores Security Corredores de Bolsa to provide such information.

# NCG 461

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iii.	Legal or regulatory framework	The main regulations governing the activities of Banco Security and subsidiaries are as follows: Law 18,045 regulating the Securities Market; Law 18,046 on Corporations; Law 20,712 on Management of Third Party Funds and Individual Portfolios; General Banking Law; Law No. 18,010, of 1981, on Money Credit Operations and Other Money Obligations; Decree with Force of Law No. 707, of 1982, on Bank Current Accounts and Checks; Bank Current Accounts and Checks; Decree Law No. 3,475, of 1980, on Stamp Taxes; Law No. 20,712, of 2014, on Management of Third Party Funds and Individual Portfolios; Law No. 19,281, of 1993, on Leasing of Homes with Promise of Sale, and Supreme Decrees No. 1,334 of the Ministry of Finance (1995), and No. 120 of the Ministry of Housing and Urban Development (1995), which regulate the different Titles of Law No. 19,281; Law No. 20,345, of 2009, on Clearing and Settlement Systems for Financial Instruments; Law 21,236, which Regulates Financial Portability, and Decree 1,154 of the Ministry of Finance (2020), which approves the Regulations of the previous law; Law 19,439, of 1996, on Endorsable Mortgage Loan Contracts and Other Matters Related to Housing Financing; Law 19,983, of 2004, which Regulates the Transfer and Grants Executive Merit to a Copy of the Invoice; and Law 21,314, of 2021, Establishes New Transparency Requirements and Strengthens the Responsibilities of Market Agents, Regulates Pension Advice, and other matters; Law 21,081, of 2018, on Protection of Consumer Rights; Law 19,913, which Creates the Financial Analysis Unit and Amends Various Provisions on Money Laundering and Money Laundering; Law 20,393, among others.
iv.	Regulators	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, Financial Analysis Unit and Sernac.
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iv.	Customers representing individually more than 10% of revenue	No customer represented 10% or more of sales during the period at Banco Security.
v.	Main brands commercialized	Banco Security does not own any trademarks or patents related to the business of the parent company and its subsidiaries.
vi.	Ownership patents	Banco Security does not own any trademarks or patents related to the business of the parent company and its subsidiaries.
vii.	Licenses, franchises, royalties and others	Does not apply to Banco Security.
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# SUSTAINABILITY INDICATORS

## SASB COMMERCIAL BANKS · BANCO SECURITY

TOPIC	INDUSTRY	QUANTIFIABLE METRIC	CODE	RESPONSE
Data security	Commercial Banks	(1) Number of data breaches, (2) percentage involving personally identifiable information. (PII), (3) number of account holders affected.	FN-CB-230 a.1.	During 2022, no customer data privacy violations, losses and/or breaches related to banking secrecy or reserve were identified.
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 through governance that monitors compliance with information security and cybersecurity policies and regulatory framework. In addition, its management is incorporated 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.
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 1,171 loans were processed for principal of MCH\$133,338
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 58 loans were processed for principal of MCH\$6,433. No write-offs were considered in the calculation, 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 2022 that URL had 2,362 one-page views. More information on financial education initiatives can be found in the Chapter Committed to the Ecosystem.
Incorporation of environmental, social and governance risk factors in credit risk analysis	Commercial Banks	Commercial and industrial credit exposure, by industry	FNCB410 a.1	See Sector Breakdown and DAR Structure tables, pages 164 and 165.
Incorporation of environmental, social and governance risk factors in credit risk analysis	Commercial Banks	Discussion of how environmental, social and governance (ESG) factors are integrated into credit analysis.	FNCB410 a.2	<p>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 setting 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.</p> <p>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.</p>

## SASB COMMERCIAL BANKS · BANCO SECURITY · CONTINUED

TOPIC	INDUSTRY	QUANTIFIABLE METRIC	CODE	RESPONSE
Business 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	In 2022 there were no 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
Business ethics	Commercial Banks	Description of whistleblower/complaint policies and procedures	FNCB510 a.2	Banco Security's ethics management system has a secure and confidential complaint channel, which can be accessed by any external or internal person through the institution's public web portal. This service allows for the filing of anonymous reports related to Law 20,393, which focuses on crime prevention. It contemplates all the crimes considered in this regulation, highlighting money laundering and financing of terrorism, bribery, handling stolen property, fraud and others. It is anonymous and includes a follow-up procedure that ensures the correct management of all complaints, which are analyzed by independent units. Additionally, there is an option to make internal complaints directly to supervisors or to the Compliance Division, who are trained to manage them and refer them to the corresponding instances and ensure their resolution in a confidential manner and in accordance with established procedures. Specific e-learning courses on the Code of Ethics, the Code of Conduct and the crime prevention program (Law 20,393) are given to all employees on an annual basis.
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 March 31, 2021. The 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 (RAN). 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 General Banking Law. 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 2022, Banco Security is not considered a systemic bank, based on information for 2021.

## PARAMETERS OF COMMERCIAL BANKING ACTIVITY

CODE		NO.	AMOUNT (MCH\$)
FN-CB-000-A	Current accounts - individuals	57,674	207,111
	Current accounts - small business	14,137	234,004
FN-CB-000-B	Loans - individuals	24,986	579,948
	Loans - small business	3,303	1,093,379
	Loans - corporate	3,952	1,355,747

NOTE: THE BANK DOES NOT HAVE SAVINGS ACCOUNTS

**FNCB410 a.1****INCORPORATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK FACTORS IN CREDIT RISK ANALYSIS****BREAKDOWN**

SECTOR	DEC-20 MCH\$	NOV-21 MCH\$	DEC-21 MCH\$	DEC-22 MCH\$
Agriculture and livestock except fruit farming	40,332	44,038	47,989	40,726
Fruit	151,566	180,161	185,514	185,033
Forestry and wood extraction	9,264	7,838	7,298	8,463
Fishing	72,892	96,528	90,694	76,114
Wholesale trade	278,671	317,970	331,852	365,534
Retail trade, restaurants and hotels	266,017	266,147	266,058	267,966
Communications	28,707	27,730	24,008	25,357
Home construction	780,558	749,811	737,088	718,295
Other construction	233,102	257,943	244,822	257,951
Mining and quarries	86,929	101,687	103,470	112,440
Production of metal and non-metal production, machinery and equipment	124,443	125,449	106,874	123,154
Timber and furniture industry	11,580	14,797	14,285	13,589
Food, beverage and tobacco industry	107,094	100,949	102,858	108,817
Chemical products and oil, coal, rubber and plastic derivatives	66,169	66,798	61,242	62,066
Print and editorial industry	9,203	9,617	9,672	7,334
Textile and leather industry	13,351	13,246	13,406	12,848
Other manufacturing industries	1,545	1,221	1,026	1,338
Transportation and storage	349,896	368,054	372,441	434,806
Utilities	221,825	252,910	249,516	181,318
Real estate and service providers	923,502	1,080,188	1,096,024	1,225,055
Community, social and personal services	662,187	682,749	837,395	824,499
Financial and insurance companies	855,194	1,124,222	1,015,070	1,075,407
<b>OVERALL TOTAL</b>	<b>5,338,193</b>	<b>5,934,554</b>	<b>5,918,602</b>	<b>6,128,109</b>

## FNCB410 a.1 INCORPORATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK FACTORS IN CREDIT RISK ANALYSIS

### DAR STRUCTURE

SECTOR	DEC-20 MCH\$	NOV-21 MCH\$	DEC-21 MCH\$	DEC-22 MCH\$
Agriculture, fruit growing and forestry	201,162	232,037	240,801	234,222
Real estate and service providers	923,502	1,080,188	1,096,024	1,225,055
Wholesale and retail trade	544,688	584,117	597,909	633,500
Construction	1,013,660	1,007,754	981,909	976,246
Financial and insurance companies	855,194	1,124,222	1,015,070	1,075,407
Manufacturing	333,384	332,077	309,364	205,991
Mining - Oil	86,929	101,687	103,470	235,594
Fishing	72,892	96,528	90,694	76,114
Services	662,187	682,749	837,395	824,499
Transportation and storage	349,896	368,054	372,441	434,806
Utilities and telecommunications	250,532	280,640	273,524	206,674
<b>OVERALL TOTAL</b>	<b>5,294,027</b>	<b>5,890,053</b>	<b>5,918,602</b>	<b>6,128,109</b>



# GRI ENVIRONMENTAL TABLES

## 301-1 STANDARD: MATERIALS USED BY WEIGHT OR VOLUME

MATERIALS	UNIT	2019	2020	2021	2022
Consumption of paper (renewable material)	t	23	10	7	19

NOTES:  
REDUCING THE USE OF PAPER IS A PRIORITY FOR THE BANK, AS IT IS ONE OF THE MAIN MATERIALS, WHICH AT SOME POINT COULD BECOME WASTE.

## 302-1/3 STANDARD: ENERGY CONSUMPTION WITHIN THE ORGANIZATION

ASPECT	UNIT	2019	2020	2021	2022
<b>Total energy required by the organization</b>	<b>GWh</b>	<b>4.1</b>	<b>3.5</b>	<b>3.2</b>	<b>3.4</b>
Fossil fuels	GWh	0.2	0.2	0.2	0.0
Biomass-based fuels	GWh	0.0	0.0	0.0	0.0
Average grid electricity	GWh	3.9	3.3	3.1	3.4
Certified 100% renewable electricity	GWh	0.0	0.0	0.0	0.0
Office + branch surface area	Thousands of m <sup>2</sup>	24	24	24	22
<b>Total energy / Surface area of offices + branches</b>	<b>kWh/m<sup>2</sup></b>	<b>176</b>	<b>149</b>	<b>138</b>	<b>157</b>
Percentage of electricity from renewable sources	%	0%	0%	0%	0%

NOTES:  
INFORMATION TAKEN FROM THE BANK'S INTERNAL BILLING AND RECORDS.  
ELECTRICITY CONSUMPTION IS ESTIMATED FOR OFFICES AND BRANCHES WITHOUT INFORMATION, PRORATED BY M<sup>2</sup>.  
CONVERSION FACTORS ARE FROM THE MINISTRY OF ENERGY, USING THE LOWER HEATING VALUE.

## 303-3 STANDARD: WATER WITHDRAWAL BY SOURCE

ASPECT	UNIT	2019	2020	2021	2022
<b>Total water extracted</b>	<b>Thousands of m<sup>3</sup></b>	<b>78</b>	<b>55</b>	<b>49</b>	<b>44</b>
From third party or mains supply	Thousands of m <sup>3</sup>	78.1	55.2	49.3	43.7
From surface water	Thousands of m <sup>3</sup>	0	0	0	0
From groundwater	Thousands of m <sup>3</sup>	0	0	0	0
From sea water	Thousands of m <sup>3</sup>	0	0	0	0
From raw materials (produced)	Thousands of m <sup>3</sup>	0	0	0	0
Office + branch surface area	Thousands of m <sup>2</sup>	24	24	24	22
Water consumption / office + branch surface area	m <sup>3</sup> /m <sup>2</sup>	3.3	2.4	2.1	2.0

NOTES  
WATER IN OFFICES AND BRANCHES IS MAINLY USED FOR SANITATION PURPOSES.  
THE BANK DISCHARGES ITS WATER TO THE COUNTRY'S PUBLIC/PRIVATE SEWAGE SYSTEMS IN ACCORDANCE WITH REGULATIONS.



## 305-1/2/3/4 STANDARD: GHG EMISSIONS BY SCOPE AND EMISSIONS INTENSITY

ASPECT	UNIT	2019	2020	2021	2022
<b>SCOPE 1</b>					
Fixed-source combustion	mtCO <sub>2</sub> e	104	62	60	3
Mobile source combustion	mtCO <sub>2</sub> e	6	0	0	3
Fugitive emissions from refrigerants	mtCO <sub>2</sub> e	135	159	124	79
<b>SCOPE 2</b>					
Electricity consumed (market)	mtCO <sub>2</sub> e	3,609	2,636	2,637	1,924
Electricity consumed (location)	mtCO <sub>2</sub> e	3,609	2,636	2,637	1,924
<b>SCOPE 3</b>					
Office supplies + bank cards	mtCO <sub>2</sub> e	101	45	30	51
External data center services	mtCO <sub>2</sub> e	1,199	1,133	1,172	865
Fuel manufacture under Scope 1	mtCO <sub>2</sub> e	21	14	14	1
Armored transportation services	mtCO <sub>2</sub> e	61	59	32	19
Courier transportation services	mtCO <sub>2</sub> e	741	339	251	153
Waste and recycling	mtCO <sub>2</sub> e	300	77	110	113
Business trips	mtCO <sub>2</sub> e	307	39	36	853
Employee transport	mtCO <sub>2</sub> e	3,505	1,399	1,656	1,475
Visits to the bank: Customer trips	mtCO <sub>2</sub> e	1,728	912	753	757
Visits to the bank: Island + third-party ATMs	mtCO <sub>2</sub> e	4	2	1	1
Visits to the bank: Website	mtCO <sub>2</sub> e	151	135	131	106
<b>CARBON FOOTPRINT (MARKET)</b>	<b>mtCO<sub>2</sub>e</b>	<b>11,973</b>	<b>7,010</b>	<b>7,007</b>	<b>6,405</b>
<b>CARBON FOOTPRINT (LOCATION)</b>	<b>mtCO<sub>2</sub>e</b>	<b>11,973</b>	<b>7,010</b>	<b>7,007</b>	<b>6,405</b>
Office + branch surface area	Thousands of m <sup>2</sup>	44	44	44	44
Emissions scope 1+2 (market) / office + branch surface area	kgCO <sub>2</sub> e/m <sup>2</sup>	88	65	64	45

## NOTES

THE INFORMATION COMES FROM DIFFERENT INTERNAL SYSTEMS OF THE BANK AND SUPPLIER CONTACTS.  
 GHG EMISSIONS WERE OBTAINED BY MULTIPLYING ACTIVITY DATA BY DOCUMENTED EMISSION FACTORS, ACCORDING TO GHG PROTOCOL GUIDELINES.  
 EMISSIONS OF CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, NF<sub>3</sub>, HFCs AND PFCs ARE CONSIDERED.  
 GLOBAL WARMING POTENTIALS FROM THE IPCC'S SIXTH ASSESSMENT REPORT (AR6) ARE USED FOR DIRECT EMISSIONS; AND FACTORS PUBLISHED DIRECTLY BY DEFRA/MINISTRY OF ENERGY FOR INDIRECT EMISSIONS.



CHAPTER 09

# FINANCIAL STATEMENTS



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CONSOLIDATED FINANCIAL STATEMENTS

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EARNINGS REPORT

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SUMMARIZED FINANCIAL STATEMENTS OF SUBSIDIARIES

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STATEMENT OF RESPONSIBILITY

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## **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, 2022 and 2021, 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 conformity with accounting standards and instructions issued by the Financial Market Commission. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

### **AUDITOR'S RESPONSIBILITY**

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

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



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

## OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco Security and subsidiaries as of December 31, 2022 and 2021, 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.

## EMPHASIS OF MATTER

As indicated in Note 2, these consolidated financial statements have been prepared in accordance with the accounting standards and instructions issued by the Financial Market Commission in the new Compendium of Accounting Standards for Banks, which was applied for reporting periods beginning January 1, 2022. The impacts of implementing this new standard are described in Note 4 "Accounting Changes."

A handwritten signature in black ink, appearing to read 'R. Arroyo N.', written over a horizontal line.

**RODRIGO ARROYO N.**

EY Audit Ltda.

Santiago, February 22, 2023



## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(MILLIONS OF CHILEAN PESOS (MCH\$))

ASSETS	NOTES	12/31/2022 MCH\$	AS OF DECEMBER 31, 2021 MCH\$	AS OF JANUARY 01, 2021 MCH\$
<b>Cash and due from banks</b>	<b>7</b>	<b>442,055</b>	<b>840,208</b>	<b>447,692</b>
Transactions in the course of collection	7	48,802	54,727	39,433
<b>Financial instruments held for trading at fair value through profit and loss</b>	<b>8</b>	<b>283,665</b>	<b>246,980</b>	<b>305,151</b>
Financial derivative instruments	8	231,099	198,416	194,478
Debt financing instruments	8	48,632	42,980	71,239
Other	8	3,934	5,584	39,434
Financial assets not for trading that must be measured at fair value through profit and loss	9	-	-	-
Financial assets at fair value through profit and loss	10	-	-	-
<b>Financial assets at fair value through other comprehensive income</b>	<b>11</b>	<b>1,810,089</b>	<b>1,334,855</b>	<b>932,317</b>
Debt financing instruments	11	1,806,527	1,330,786	932,317
Other	11	3,562	4,069	-
<b>Financial derivative instruments for hedging</b>	<b>12</b>	<b>46,843</b>	<b>41,975</b>	<b>28,907</b>
<b>Financial assets at amortized cost</b>	<b>13</b>	<b>7,147,200</b>	<b>6,570,315</b>	<b>6,105,030</b>
Investment under resale agreements and securities borrowing	13	-	-	-
Debt financing instruments	13	43,423	-	-
Loans and advances to banks	13	-	2,824	724
Customer loans and receivables - commercial	13	5,669,586	5,338,606	4,960,385
Customer loans and receivables - mortgage	13	1,002,716	823,471	710,939
Customer loans and receivables - consumer	13	431,475	405,414	432,982
Investments in other companies	14	2,470	2,401	2,095
Intangible assets	15	39,266	40,060	41,645
Property, plant and equipment	16	18,895	19,967	20,980
Right-of-use leased assets	17	6,361	7,398	7,297
Current tax assets	18	16,732	3,146	1,992
Deferred tax assets	18	69,187	58,785	28,899
Other assets	N.19. Other assets	74,087	133,196	110,453
Non-current assets and disposal groups held for sale	20	24,569	9,523	2,593
<b>TOTAL ASSETS</b>		<b>10,030,221</b>	<b>9,363,536</b>	<b>8,074,484</b>

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

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(MILLIONS OF CHILEAN PESOS (MCH\$))

LIABILITIES	NOTES	AS OF DECEMBER 31, 2022 MCH\$	AS OF DECEMBER 31, 2021 MCH\$	AS OF JANUARY 01, 2021 MCH\$
Transactions in the course of payment	7	23,711	42,893	29,276
Financial liabilities held for trading at fair value through profit and loss	21	240,562	203,018	200,562
Financial derivative instruments	21	240,562	203,018	200,562
Other	21	-	-	-
Financial liabilities at fair value through profit and loss	9	-	-	-
Financial derivative instruments for hedging	12	21,451	45,167	19,544
<b>Financial liabilities at amortized cost</b>	<b>22</b>	<b>8,350,005</b>	<b>7,874,712</b>	<b>6,729,128</b>
Current accounts and other demand deposits	22	1,088,447	1,715,145	1,175,234
Savings accounts and other term deposits	22	2,450,519	1,865,280	1,890,734
Payables from repurchase agreements and securities lending	22	7,372	2,470	9,764
Borrowings from financial institutions	22	1,513,112	1,473,907	1,052,094
Debt financing instruments	22	3,258,175	2,787,964	2,582,787
Other financial liabilities	22	32,380	29,946	18,515
Lease liabilities	17	6,725	7,759	7,565
Regulatory capital financial instruments issued	23	392,467	359,320	347,802
Contingency provisions	24	25,671	18,315	13,409
Provisions for dividends, interest payments and repricing of perpetual bonds	25	42,710	23,138	18,044
Special allowances for loan losses	26	29,566	15,594	11,171
Current tax assets	18	193	7,493	9
Deferred tax assets	18	-	-	-
Other liabilities	27	105,545	66,548	36,345
Liabilities included in disposal group held for sale	20	-	-	-
<b>TOTAL LIABILITIES</b>		<b>9,238,606</b>	<b>8,663,957</b>	<b>7,412,855</b>
<b>EQUITY</b>				
Capital	28	325,041	325,041	302,048
Reserves	28	18,171	17,309	27,361
<b>Other comprehensive income (loss)</b>	<b>28</b>	<b>6,050</b>	<b>(8,613)</b>	<b>8,340</b>
Items that will not be reclassified to profit or loss	28	154	-	-
Items that may be reclassified to profit or loss	28	5,896	(8,613)	8,340
Retained earnings from prior periods	28	342,646	311,796	281,721
Profit for the year	28	142,366	77,127	60,150
Less: Minimum dividend provision	28	(42,710)	(23,138)	(18,044)
<b>Attributable to owners of the Bank</b>		<b>791,564</b>	<b>699,522</b>	<b>661,576</b>
<b>Attributable to non-controlling interests</b>	<b>28</b>	<b>51</b>	<b>57</b>	<b>53</b>
<b>TOTAL EQUITY</b>		<b>791,615</b>	<b>699,579</b>	<b>661,629</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,030,221</b>	<b>9,363,536</b>	<b>8,074,484</b>

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





## CONSOLIDATED STATEMENTS OF INCOME

(MILLIONS OF CHILEAN PESOS (MCH\$))

	NOTE	DECEMBER 31, 2022 MCH\$	DECEMBER 31, 2021 MCH\$
Interest income	30	536,925	303,529
Interest expense	30	(295,507)	(153,845)
<b>Net interest income</b>	<b>30</b>	<b>241,418</b>	<b>149,684</b>
Indexation income	31	513,277	231,286
Indexation expense	31	(410,362)	(171,812)
<b>Net indexation income</b>	<b>31</b>	<b>102,915</b>	<b>59,474</b>
Commission income	32	74,399	73,494
Commission expense	32	(9,024)	(12,507)
<b>Net commission income</b>	<b>32</b>	<b>65,375</b>	<b>60,987</b>
Net financial operating income from:			
Financial assets and liabilities held for trading		218	23,928
Financial assets not for trading that must be measured at fair value through profit and loss	33	-	-
Financial assets and liabilities at fair value through profit and loss	33	-	-
Gain (loss) from derecognition of financial assets and liabilities not at fair value through profit and loss	33	(2,102)	832
Foreign currency changes, indexation and hedge accounting	33	(147)	2,839
Reclassifications of financial assets due to change in business model	33	-	-
Other financial operating income	33	-	-
<b>Net financial operating income (loss)</b>	<b>33</b>	<b>(2,031)</b>	<b>27,599</b>
Income attributable to investments in other companies	34	409	461
Gain (loss) from non-current assets and disposal groups not admissible as discontinued operations	35	(2,892)	848
Other operating income	36	2,860	2,714
<b>TOTAL OPERATING INCOME</b>		<b>408,054</b>	<b>301,767</b>
Employee benefit obligation expenses	37	(69,419)	(55,725)
Administrative expenses	38	(84,288)	(67,351)
Depreciation and amortization	39	(7,018)	(7,509)
Impairment of non-financial assets	40	(88)	-
Other operating expenses	36	(14,717)	(7,659)
<b>TOTAL OPERATING EXPENSES</b>		<b>(175,530)</b>	<b>(138,244)</b>
<b>OPERATING INCOME BEFORE PROVISIONS FOR CREDIT LOSSES</b>		<b>232,524</b>	<b>163,523</b>

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

## CONSOLIDATED STATEMENTS OF INCOME

(MILLIONS OF CHILEAN PESOS (MCH\$))

	NOTE	DECEMBER 31, 2022 MCH\$	DECEMBER 31, 2021 MCH\$
Provisions for credit losses for:			
Allowances for loan losses on loans and advances to banks and customer loans and receivables	41	(70,612)	(80,019)
Special allowances for loan losses	41	(13,956)	(5,629)
Collection of written-off loans	41	14,608	6,416
<b>Impairment due to credit risk of other financial assets not valued at fair value through profit or loss</b>	<b>41</b>		
Impairment due to credit risk of financial assets at fair value through other comprehensive income	41	(3,310)	-
Impairment due to credit risk of financial assets at amortized cost	41	345	-
<b>Provisions for credit losses</b>	<b>41</b>	<b>(72,925)</b>	<b>(79,232)</b>
<b>NET OPERATING INCOME</b>		<b>159,599</b>	<b>84,291</b>
Profit from continuing operations before tax			
Income tax	18	(17,228)	(7,086)
Profit from continuing operations after tax		142,371	77,205
Profit from discontinued operations before tax	42	-	-
Tax on discontinued operations	18	-	-
Profit from discontinued operations after tax	42	-	-
<b>CONSOLIDATED PROFIT FOR THE YEAR (OR PERIOD)</b>	<b>28</b>	<b>142,371</b>	<b>77,131</b>
Attributable to:			
Owners of the Bank	28	142,366	77,127
Non-controlling interests	28	5	4
Earnings per share attributable to owners of the Bank:		CH\$	CH\$
Basic earnings per share	28	601	338
Diluted earnings per share	28	601	338



## CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

(MILLIONS OF CHILEAN PESOS - MCH\$)

	NOTE	DECEMBER 31, 2022 MCH\$	DECEMBER 31, 2021 MCH\$
<b>CONSOLIDATED PROFIT FOR THE YEAR (OR PERIOD)</b>	<b>28</b>	<b>142,371</b>	<b>77,131</b>
OTHER COMPREHENSIVE INCOME FOR THE YEAR (OR PERIOD) FROM:			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Remeasurement of the net defined benefit liability (asset) and actuarial results for other employee benefit plans		-	-
Net changes in the fair value of equity instruments at fair value through other comprehensive income		154	-
Changes in the fair value of financial liabilities at fair value through profit or loss attributable to changes in the credit risk of the financial liability		-	-
Other		-	-
<b>OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT BEFORE TAX</b>		<b>-</b>	<b>-</b>
Income tax related to items of other comprehensive income (loss) that will not be reclassified to profit (loss)		-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS) THAT WILL NOT BE RECLASSIFIED TO PROFIT (LOSS) AFTER TAX</b>		<b>-</b>	<b>-</b>
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS			
Changes in the fair value of financial assets at fair value through other comprehensive income	28	3,693	(9,034)
Translation differences for foreign operations		-	-
Accounting hedge for net investments in foreign operations		-	-
Cash flow hedge	28	4,384	(2,766)
Non-designated elements of accounting hedges		-	-
Other		-	-
<b>OTHER COMPREHENSIVE INCOME (LOSS) THAT MAY BE RECLASSIFIED TO PROFIT (LOSS) BEFORE TAX</b>	<b>28</b>	<b>8,077</b>	<b>(11,800)</b>
Income tax related to items of other comprehensive income (loss) that may be reclassified to profit (loss)	18	(2,181)	3,187
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS) THAT MAY BE RECLASSIFIED TO PROFIT (LOSS) AFTER TAX</b>	<b>28</b>	<b>5,896</b>	<b>(8,613)</b>
<b>Other total comprehensive income (loss) for the year</b>	<b>28</b>	<b>6,050</b>	<b>(8,613)</b>
<b>Comprehensive income for the year</b>		<b>148,421</b>	<b>68,518</b>
<b>Comprehensive income attributable to owners</b>		<b>148,416</b>	<b>68,516</b>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>		<b>5</b>	<b>2</b>

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(MILLIONS OF CHILEAN PESOS - MCH\$)

	NOTES	DECEMBER 31, 2022 MCH\$	DECEMBER 31, 2021 MCH\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Consolidated profit before tax		159,599	84,291
Charges (credits) to profit that do not represent cash flows:			
Provisions for credit losses	41	70,612	80,019
Depreciation and amortization	39	7,018	7,509
Impairment of non-financial assets	40	88	-
Other provisions		4,825	2,362
Operational write-offs		(124)	(108)
Changes in deferred tax assets and liabilities		(10,402)	(29,886)
Valuation of investments in trading book		(670)	1,587
Valuation of trading derivatives		4,862	3,440
Income attributable to investments in other companies		(409)	(461)
Gain (loss) on sales of repossessed or awarded assets		(203)	(292)
Net interest income	30	(241,418)	(149,684)
Net indexation income	31	(102,915)	(59,474)
Net commission income	32	(65,375)	(60,987)
Other charges that do not represent cash flows		7,038	(23,878)
Changes in operating assets and liabilities:			
(Increase) decrease in loans and advances to banks		2,834	(2,109)
(Increase) decrease in customer loans and receivables		(219,872)	(391,240)
(Increase) decrease in investments		(457,327)	(332,676)
(Increase) decrease in leased assets		(5,327)	(1,118)
Sale of repossessed assets		930	859
Increase (decrease) in current accounts and other demand deposits		(629,169)	541,988
Increase (decrease) in sales with repurchase agreements and securities lending		4,901	(7,293)
Increase (decrease) in savings accounts and other term deposits		531,145	(22,126)
Net change in mortgage bonds		(407)	(5,837)
Net change in senior bonds		210,652	122,312
(Increase) decrease in other assets and liabilities		(51,810)	(29,416)
Recovered taxes		89	1,138
Interest and indexation received		641,359	371,053
Interest and indexation paid		(296,552)	(180,858)
Fees and commissions received		73,879	69,557
Fees and commissions paid		(6,876)	(10,127)
<b>Net cash flows used in operating activities</b>		<b>(369,025)</b>	<b>(21,455)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	16	(522)	(803)
Acquisition of intangible assets	15	(1,939)	(553)
Sale of property, plant and equipment	16	-	-
<b>Net cash flows used in investing activities</b>		<b>(2,461)</b>	<b>(1,356)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase (decrease) in borrowings from domestic financial institutions		1,294	196
Increase (decrease) in borrowings from foreign financial institutions		47,081	59,215
Variation in Central Bank obligations		(11,800)	362,201
Increase (decrease) in other financial liabilities		2,436	8,376
Increase (decrease) in subordinated bonds		(6,139)	(5,901)
Capital increase		-	22,994
Dividends paid		(46,277)	(30,075)
<b>Net cash flows provided by (used in) financing activities</b>		<b>(13,405)</b>	<b>417,006</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(384,891)</b>	<b>394,195</b>
<b>EFFECT OF CHANGES IN EXCHANGE RATES</b>		<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>7</b>	<b>852,042</b>	<b>457,849</b>
<b>EFFECT OF NON-CONTROLLING INTERESTS</b>		<b>(5)</b>	<b>(2)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>7</b>	<b>467,146</b>	<b>852,042</b>

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MILLIONS OF CHILEAN PESOS - MCH\$

		ATTRIBUTABLE TO OWNERS OF THE BANK							NON- CONTROLLING INTERESTS MCH\$	TOTAL MCH\$
		PAID-IN CAPITAL MCH\$	RESERVES MCH\$	OTHER COMPREHENSIVE INCOME (LOSS) MCH\$	RETAINED EARNINGS			TOTAL MCH\$		
					PRIOR YEARS MCH\$	PROFIT (LOSS) FOR THE YEAR MCH\$	MINIMUM DIVIDEND PROVISION MCH\$			
Closing balances as of December 31, 2020 before restatement as of January 1, 2021		302,048	24,172	11,838	281,721	60,150	(18,044)	661,885	53	661,938
Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-
<b>Opening balances 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>
<b>As of January 01, 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	28	-	-	-	60,150	(60,150)	18,044	18,044	-	18,044
Dividends distributed and paid	28	-	-	-	(30,075)	-	-	(30,075)	-	(30,075)
Other equity movements		(1)	(2,008)	-	-	-	-	(2,009)	-	(2,009)
Subscribed and paid-in common shares	28	22,994	-	-	-	-	-	22,994	-	22,994
Other comprehensive income for the year	28	-	-	(24,269)	-	-	-	(24,269)	-	(24,269)
Profit for the year 2021		-	-	-	-	77,127	-	77,127	4	77,131
Provision for common stock dividends	28	-	-	-	-	-	(23,138)	(23,138)	-	(23,138)
<b>Closing balances as of December 31, 2021 before restatement</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>
Effect of changes in accounting policies	28	-	(4,855)	3,818	-	-	-	(1,037)	-	(1,037)
<b>Opening balances as of January 1, 2022</b>		<b>325,041</b>	<b>17,309</b>	<b>(8,613)</b>	<b>311,796</b>	<b>77,127</b>	<b>(23,138)</b>	<b>699,522</b>	<b>57</b>	<b>699,579</b>
Reclassification of profit for the year		-	-	-	77,127	(77,127)	23,138	23,138	-	23,138
Dividends distributed and paid	28	-	-	-	(46,277)	-	-	(46,277)	-	(46,277)
Other equity movements	28	-	862	-	-	-	-	862	(11)	851
Subscribed and paid-in common shares	28	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the year	28	-	-	14,663	-	-	-	14,663	-	14,663
Profit for the year 2022	28	-	-	-	-	142,366	-	142,366	5	142,371
Provision for common stock dividends	28	-	-	-	-	-	(42,710)	(42,710)	-	(42,710)
<b>Balances as of December 31, 2022</b>		<b>325,041</b>	<b>18,171</b>	<b>6,050</b>	<b>342,646</b>	<b>142,366</b>	<b>(42,710)</b>	<b>791,564</b>	<b>51</b>	<b>791,615</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2022		DECEMBER 2021	
	NO. OF SHARES	OWNERSHIP INTEREST (%)	NO. OF SHARES	OWNERSHIP INTEREST (%)
Grupo Security	236,858,976	99.98	236,858,976	99.98
Other	57,396	0.02	57,396	0.02
<b>TOTAL</b>	<b>236,916,372</b>	<b>100.00</b>	<b>236,916,372</b>	<b>100.00</b>

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### A. 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 (hereinafter CNCB) 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 policies and the accounting criteria issued by the CMF (CNCB), the latter shall take precedence.



## B. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on an historical cost basis except for the following items, which have been measured using an alternative basis at each reporting date.

ITEM	BASIS OF MEASUREMENT
Financial assets and liabilities held for trading at fair value through profit and loss	Fair value
Financial assets at fair value through other comprehensive income	Fair value
Assets and liabilities for financial derivative instruments for hedging	Fair value
Financial assets and liabilities at fair value through profit and loss	Fair value
Contingent consideration assumed in a business combination (Goodwill)	Fair value

## C. 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.

## D. ESTIMATES AND JUDGMENTS

In preparing the financial statements in accordance with the CMF CNCB, 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:

- Financial instruments held for trading at fair value through profit and loss.
- Financial assets at fair value through other comprehensive income.
- Allowances for loan losses for financial assets at amortized cost.
- Impairment of financial assets at fair value through comprehensive income.
- The useful life of tangible and intangible assets and leasehold assets.
- Contingencies and commitments.

## E. CONSOLIDATION CRITERIA

The financial statements of Banco Security and Subsidiaries as of December 31, 2022 and 2021, have been consolidated with those of its subsidiaries using the global integration method (i.e., line by line). These consist of the preparation of the individual financial statements of the Bank and of the consolidated subsidiaries, and include the adjustments and reclassifications necessary for standardizing accounting policies and valuation criteria used by the Bank in accordance with standards and instructions from the Financial Market Commission. The consolidated financial statements have been prepared using uniform accounting policies for similar transactions and other events in equivalent circumstances.

Operations, transactions and significant balances (asset and liabilities, equity, revenue, expenses and cash flows) between the Bank and its subsidiaries and between these have been eliminated upon consolidation, and the non-controlling interest has also been recognized corresponding to the percentage interest of third parties in the subsidiaries of which Banco Security is not directly or indirectly the owner, and is shown separately in the consolidated equity and results of Banco Security.

- **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 ACCOUNTED FOR USING THE EQUITY METHOD.**

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.**

In this category are presented those entities over which the Bank has neither control nor significant influence. It includes interests in domestic and foreign companies, which according to CMF regulations, are recorded at cost and subject to impairment tests when indicators have been identified.

Due to applying IFRS 9 as of January 1, 2022, the Bank has decided to account for these investments at market value.

This decision was made because the Bank's minority investments are unlisted special purpose companies for banking and only shares are transferred between investors at book value. They are accounted for at equity method value less impairment, if any.

Additionally, the Bank has an investment in a listed special purpose company (SWIFT). Its fair value will be calculated by multiplying the shares held by the Bank by the market value on the last business day.





## F. NON-CONTROLLING INTERESTS

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 2022 %	OWNERSHIP INTEREST 2021 %
Valores Security S.A. Corredores de Bolsa	99.88	99.88
Administradora General de Fondos Security S.A.	99.99	99.99

## G. FINANCIAL ASSETS AND LIABILITIES

### • INITIAL RECOGNITION AND MEASUREMENT

The Bank and its subsidiaries recognize a financial asset or liability in their statement of financial position when, and only when, it becomes part of the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value. In the case of an item not measured at fair value through profit or loss, transaction costs directly attributable to its acquisition or issuance are included. Customer loans and receivables are initially measured at amortized cost.

On initial recognition, a financial asset is measured and classified as:

- Financial assets at amortized cost.
- Financial assets held for trading at fair value through profit and loss.
- Financial assets not for trading that must be measured at fair value through profit and loss.
- Financial assets at fair value through other comprehensive income.

### • FINANCIAL ASSETS - BUSINESS MODEL ASSESSMENT

The Bank and its subsidiaries have a process for evaluating the objective of the business model in which they hold financial assets at portfolio level since this is the level that best reflects how the business is managed and the information provided to senior management. The information considered includes:

Within the framework of Banco Security's policies, these describe the objectives, responsibilities and alignments for managing financial instruments. These guidelines define the integral management of financial investments to maximize return on equity with limited risk levels.

The Bank's strategies are focused on optimizing the use of capital to maximize its return in the short, medium and long term, maintaining low risk levels and allowing for sustained growth and long-term relationships with both its customers and the various players in the financial market.

The Bank has strategies to manage flows of assets and liabilities on the balance sheet, seeking to generate returns on its funds and the accrual of interest, take advantage of market asymmetries and income from buying and selling financial instruments.

Portfolio performance and how it is reported to the management of the Bank and its subsidiaries.

The risks that affect the performance of the business model (and the financial assets held in the business model) and, in particular, how those risks are managed.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, based on the Group's ongoing recognition of the assets.

Financial assets that are maintained for trading or are managed and whose performance is evaluated on a fair value basis are measured at fair value through profit and loss.

- **FINANCIAL ASSETS - EVALUATION OF WHETHER CONTRACTUAL CASH FLOWS ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST**

For the purposes of this evaluation, 'principal' is defined as the fair value of the financial asset upon initial recognition. 'Interest' is defined as the consideration for the time value of money for the credit risk associated with the outstanding principal amount during a given period of time and for other risks and basic borrowing costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Upon evaluating whether the contractual cash flows are solely payments of principal and interest, The Bank and its subsidiaries consider the contractual terms of the instrument. This includes evaluating whether a financial asset contains a contractual condition that could change the timing or amount of the contractual cash flows so that it would not meet this condition. In conducting this evaluation, the Bank and its subsidiaries consider:

- Contingent facts that would change the amount or timing of the cash flows.
- Terms that could adjust the contractual coupon rate, including variable-rate features.
- Prepayment and extension features; and terms that limit the right of the Bank and its subsidiaries to the cash flows from specific assets (e.g. without recourse features).

A prepayment feature is consistent with the criterion of solely payment of principal and interest if the amount of the prepayment substantially represents the amounts of unpaid principal and interest over the principal amount, which can include reasonable



additional compensation for early termination of the contract. In addition, in the case of a financial asset acquired at a discount or a premium over its contractual nominal amount, a feature that allows or requires prepayment of an amount that substantially represents the contractual nominal amount plus the accrued (but unpaid) contractual interest (that can also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant upon initial recognition.

- **SUBSEQUENT MEASUREMENT**

All changes in the value of financial assets due to the accrual of interest and interest-like items are recorded under "Interest income" or "Interest expense" in the Consolidated Income Statement for the year in which the accrual occurred, except for trading derivatives that do not form part of accounting hedges.

Changes in valuations occurring after initial recognition for reasons other than those mentioned in the preceding paragraph are treated as described below, depending on the categories in which the financial assets are classified.

Financial assets held for trading at fair value through profit or loss, financial assets not held for trading that must be measured at fair value through profit or loss and financial assets at fair value through profit or loss:

- **FINANCIAL ASSETS HELD FOR TRADING AT FAIR VALUE THROUGH PROFIT AND LOSS**

Financial instruments held for trading are securities acquired to obtain a profit from short-term fluctuations in price, or for the dealer's margin, or to include in a portfolio where there is a pattern of short-term profit-making. They 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 33 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.

Financial assets recorded under "Financial assets not held for trading that must be measured at fair value through profit and loss" are assigned to a business model whose objective is achieved by obtaining contractual cash flows and/or selling financial assets but the contractual cash flows have not met the conditions of the SPPI test.

Financial assets are classified under "Financial assets at fair value through profit or loss" only when such designation eliminates or significantly reduces the measurement or recognition inconsistency that would arise from measuring or recognizing the assets on a different basis.

The assets recorded in these captions of the Consolidated Statement of Financial Position are valued after acquisition at fair value and the changes in their value are recorded net in "Financial assets and liabilities held for trading", "Financial assets not held for trading that must be measured at fair value through profit or loss" and "Financial assets and liabilities at fair value

through profit or loss" in the Consolidated Statement of Income. Changes arising from foreign exchange differences are recorded in the Consolidated Statement of Income under the caption "Foreign exchange, restatement and accounting hedges of foreign currencies".

- **FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

An investment in a debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding.

Investment instruments classified as financial assets at fair value through other comprehensive income are initially recognized at cost, which includes transaction costs.

These financial instruments are subsequently recorded at fair value based on market prices or valuations obtained using 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 accumulated adjustments to fair value are transferred to income and reported under "Impairment due to credit risk of financial assets at fair value through other comprehensive income."

Interest and indexation from financial investments are included in "Interest income", which is detailed in Note 30, and "Indexation income", which is detailed in Note 31 to the 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.

- **FINANCIAL ASSETS AT AMORTIZED COST**

A financial asset should be measured at amortized cost if it meets the following two conditions:

- The financial asset is maintained within a business model whose objective is to hold the financial assets to obtain contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding.



For presentation purposes, the financial assets included in this item are subdivided as follows in the Statement of Financial Position:

- Investments under resale agreements and securities borrowing.
- Debt financing instruments
- Loans and advances to banks
- Customer loans and receivables (commercial, mortgage and consumer)

Impairment losses on assets at amortized cost incurred in each year are recorded in "Allowances for loan losses on loans and advances to banks and customer loans and receivables" and "Impairment due to credit risk of other financial assets at amortized cost and financial assets at fair value through other comprehensive income" in the Consolidated Statement of Income.

- **INVESTMENTS UNDER RESALE/REPURCHASE AGREEMENTS AND SECURITIES BORROWING/LENDING**

The Bank engages in resale and repurchase 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 assets at amortized cost" or "Financial liabilities at amortized cost" and the obligation is recognized in assets or liabilities under "Investments under repurchase agreements and securities lending."

When financial instruments are purchased with a resale obligation, they are included within assets under "Investment under resale agreements and securities borrowing." Repurchase and resale agreements are valued at amortized cost based on the transaction's rate.

- **DEBT FINANCING INSTRUMENTS**

Debt financing instruments at amortized cost are recognized at their cost plus accrued interest and indexation adjustments, less provisions for impairment recorded when the amount recognized exceeds the estimated recovery value.

Interest and indexation of debt financing instruments at amortized cost are included in "Interest income" and "Indexation income."

- **LOANS AND ADVANCES TO BANKS**

This includes balances from transactions with domestic and foreign banks, including the Chilean Central Bank (BCCh) and foreign central banks. See Note 13.c) for more details.

- **CUSTOMER LOANS AND RECEIVABLES**

Customer loans and receivables, 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.

## ALLOWANCES FOR LOAN LOSSES FOR 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 allowance 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 (%)
Normal portfolio	A1	0.04	90.00	0.03600
	A2	0.10	82.50	0.08250
	A3	0.25	87.50	0.21875
	A4	2.00	87.50	1.75000
	A5	4.75	90.00	4.27500
	A6	10.00	90.00	9.00000
Substandard portfolio	B1	15.00	92.50	13.87500
	B2	22.00	92.50	20.35000
	B3	33.00	97.50	32.17500
	B4	45.00	97.50	43.87500

Nevertheless, the Bank must maintain a minimum allowance for loan losses of 0.50% on loans and contingent loans in the normal portfolio.

### DEFAULT PORTFOLIO

Portfolio	DEBTOR CATEGORY (%)	PROBABILITY OF DEFAULT (%)	LOSS GIVEN DEFAULT (%)	EXPECTED LOSS (%)
Normal portfolio	A1	0.04	90.00	0.03600
	A2	0.10	82.50	0.08250
	A3	0.25	87.50	0.21875
	A4	2.00	87.50	1.75000
	A5	4.75	90.00	4.27500
	A6	10.00	90.00	9.00000



## ALLOWANCES FOR LOAN LOSSES FOR 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, allowances for loan losses 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	ALLOWANCE RATE	SEGMENT	ALLOWANCE RATE	SEGMENT	ALLOWANCE 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 CNCB, Chapter B-1, section 3.1.

## ADDITIONAL ALLOWANCES FOR LOAN LOSSES

According to CMF instructions, the Bank may establish additional allowances for loan losses on its individually assessed loan portfolio based on the expected impairment of that portfolio. This allowance 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, 2022, the Bank recorded additional allowances for loan losses totaling MCH\$21,000, consisting of MCH\$10,500 for commercial loans, MCH\$9,500 for consumer loans and MCH\$1000 for mortgage loans (as of December 31, 2021 MCH\$5,500 for commercial loans, MCH\$2,500 for consumer loans and MCH\$500 for mortgage loans).

## LOAN 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

Collection of written-off loans: Subsequent payments on written-off loans are recorded directly in profit or loss under "collection of written-off loans" in "provisions for credit losses".

As of December 31, 2022 and 2021, collection of written-off loans totaled MCH\$14,608 and MCH\$4,459, respectively, and are presented in allowances recognized during the year under "provisions for credit losses" as detailed in Note 41 to the financial statements.

### **FINANCIAL LIABILITIES - CLASSIFICATION, SUBSEQUENT MEASUREMENT AND GAINS AND LOSSES**

Financial liabilities are measured at either amortized cost or fair value through profit and loss. Financial liabilities are classified at fair value through profit and loss if they are classified as held for trading, constitute a derivative or are designated as such upon initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are measured subsequently at amortized cost using the effective interest method. Interest expense and gains and losses from exchange differences are recognized in profit or loss. Any gain or loss upon derecognition is recognized in profit or loss.

See Note 12 for financial liabilities designated as hedging instruments.

### **DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES**

The Bank derecognizes financial assets from its Statement of Financial Position when the contractual rights expire over the cash flows of the financial asset, or when they transfer the rights to receive contractual cash flows from the financial asset in a transaction in which the risks and benefits of ownership of the financial asset are substantially transferred. Each interest in financial assets transferred that is created or retained by the Bank is recognized as a separate asset or liability.

The Bank derecognizes a financial liability (or part thereof) from its consolidated statement of financial position when it has been extinguished, whereby the obligation specified in the corresponding contract has been paid, canceled, or expired.

### **OFFSETTING**

Financial assets and liabilities will be offset and the net amount reported in the Statement of Financial Position if, and only if, the Bank currently has the legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize an asset and settle the liability simultaneously.

### **FINANCIAL DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING**

Financial 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 financial derivative instruments held for trading purposes are included under "trading derivatives" in "net financial operating income", 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 derivative transactions that do not qualify for hedge accounting are treated and reported as derivatives for trading purposes, even though they provide an effective hedge for managing risk positions.

When a derivative instrument hedges the risk of changes in the fair value of an existing asset or liability, the asset or liability is recorded at its fair value with respect to the specific hedged risk. 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 forecast 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 profit or loss for the year.

## H. IMPAIRMENT OF FINANCIAL ASSETS

In accordance with the provisions of Chapter A-2 of the CMF's CNCB, the IFRS 9 asset impairment model will not be applied with respect to loans ("loans and advances to banks" and "customer loans and receivables") in the category "Financial assets at amortized cost," nor on "Contingent loans," since the criteria for these instruments are defined in Chapters B-1 to B-3 of the CNCB. For the rest of the financial assets measured at amortized cost and for financial assets measured at fair value through other comprehensive income, the "expected losses" impairment model defined in IFRS 9 is applied, except for investments in equity instruments; and financial guarantee contracts and loan commitments unilaterally revocable by the Entity. Likewise, all financial instruments valued at fair value through profit or loss are excluded from the impairment model.

The impairment estimate reflects the portion of changes in fair value due to expected credit losses and gains in which the change occurs. In general, the expected loss is estimated as the difference between all contractual cash flows and all cash flows expected to be received.

The standard classifies financial instruments into three categories, which depend on the evolution of their credit risk from the time of initial recognition. The first category includes transactions when initially recognized (Normal Risk or Stage 1), the second category includes transactions for which a significant increase in credit risk has been identified since their initial recognition (Normal Risk under Special Surveillance or Stage 2) and the third category includes impaired transactions (Doubtful Risk or Stage 3).

Credit risk is calculated differently in each of these three stages. Thus, the 12-month expected loss should be recorded for operations classified in the first of the aforementioned stages, while estimated losses should be recorded for the entire remaining expected life of operations classified in the other two stages. Thus, a distinction is made between the following expected loss concepts:

- 12-month expected loss: the expected credit losses resulting from possible default events within 12 months after the reporting date; and
- Full lifetime expected losses: the expected credit losses that result from all possible default events over the expected life of the financial instrument.

All of this requires considerable judgment, both in modeling for estimating expected losses and in forecasting how economic factors affect those losses, which must be done on a probability-weighted basis.

### IMPAIRED FINANCIAL ASSET

A financial asset is impaired if objective evidence exists that one or more events have had a negative impact on that financial asset's estimated future cash flows. Observable data on the following events constitute evidence that a financial asset is impaired:

- Significant financial difficulties of the issuer or borrower.
- Breach of contractual clauses, such as non-payment or a default event,
- Increasing probability that the issuer of the financial asset will file bankruptcy or other financial restructuring,
- Disappearance of an active market for the financial asset in question, due to financial difficulties, or
- The purchase or creation of a financial asset at a significant discount reflecting the credit loss incurred. It may not be possible to identify a single specific event, but rather the combined effect of several events may have caused the financial asset to become credit-impaired. The Bank's definition of an impaired financial asset is aligned with the definition of default described in the preceding paragraphs.



## SIGNIFICANT INCREASE IN CREDIT RISK

The objective of the impairment requirements is to recognize lifetime expected credit losses for financial instruments for which there have been significant increases in credit risk since initial recognition considering all reasonable and documented information and forward-looking information.

The model developed by Banco Security to evaluate the significant increase in credit risk has a two-pronged approach that is applied across the board:

- **QUANTITATIVE CRITERIA**

The Bank uses a quantitative analysis based on the current expected probability of default over the life or maturity of the financial asset using market information available at the measurement date. The thresholds used to consider a significant increase in risk take into account an analysis of the behavior of issuers that have historically presented difficulties in meeting their obligations, considering the particularities of their credit quality and extrapolating it to the possibility of current default based on the market information available at that time.

- **QUALITATIVE CRITERIA**

Most of the indicators for detecting a significant increase in risk are collected by the Bank through variations in credit quality or macroeconomic scenarios that may impact the issuer of the instrument, so the quantitative analysis includes most of the circumstances. However, the Bank intends to use additional qualitative criteria when deemed necessary to capture circumstances that may not be reflected in the rating systems or macroeconomic scenarios, such as:

- Non-payment of one or more obligations.
- Refinancings or restructurings that may or may not show evidence of impairment.

However, for high-quality assets, mainly related to certain public institutions or agencies, it can directly consider that their credit risk has not increased significantly because they have a low credit risk at the reporting date.

Therefore, financial instruments subject to impairment are classified as follows:

### STAGE 1

No significant increase in risk. The allowance for losses on these financial instruments is calculated as the expected credit losses from defaults in the following twelve months.

### STAGE 2

Significant increase in risk. When the credit risk of a financial asset has increased significantly since initial recognition, the impairment loss on that financial instrument is calculated as the expected credit loss over the life of the asset.

### STAGE 3

Impaired. When there is objective evidence that the financial asset is impaired, it is transferred to this category in which the impairment loss on that financial instrument is calculated as the expected credit loss over the life of the asset.

## METHODOLOGY FOR CALCULATING FINANCIAL ASSET IMPAIRMENT

Estimates of expected losses should reflect: a weighted, unbiased amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue effort or cost and reflects both current conditions and predictions of future conditions.

The Bank's objective is to estimate the expected loss at maturity and subsequently, adjusting the time horizon of the measurement depending on the stage in which it is classified (i.e., the Bank calculates its estimate of expected loss over the entire life of the financial asset and if it does not show significant signs of impairment, it will adjust its measurement to the next 12 months).

Estimated losses are derived from the following parameters:

EL: estimate of the expected loss in each period. This estimate incorporates probability of default (PD) and loss given default (LGD).

EAD: estimated exposure in the event of default in each future period, taking into account changes in exposure after the reporting date.

The Bank monitors changes in credit risk by tracking published external credit ratings. For this, the Bank takes into account that its investment policy only allows it to acquire instruments with an external "investment grade" risk rating and that the standard allows such rating to be considered low risk. The loss of this credit quality is considered a significant increase in credit risk.

To determine if there is a significant increase in credit risk not reflected in published ratings, the Bank also reviews changes in bond yields, specifically risk spreads and, when available, credit default swap (CDS) prices along with available issuer news and regulatory information.

### I. REPORTING SEGMENTS

The Bank's reporting 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 6 to the consolidated financial statements details the Bank's main reporting segments: Commercial Banking, Retail Banking, Treasury, Subsidiaries and Other.

### J. INTEREST AND INDEXATION INCOME AND EXPENSE

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, in the case of impaired loans, accrual is suspended as defined by the CMF in Chapter B-2 of the CNCB, which indicates that income on an accrual basis should no longer be recognized in the Statement of Income for loans included in the impaired portfolio and when the loan or one of its installments is 90 days or more overdue for payment.



## K. COMMISSION INCOME

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.

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.

## L. 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, 2022 and 2021, monetary items in foreign currency are translated using the year-end exchange rates of CH\$848.50 and CH\$852.25 per US\$1, respectively. This does not differ significantly from the exchange rates applied by the subsidiaries of CH\$855.86 as of December 31, 2022, and CH\$844.69 as of December 31, 2021.

The net foreign exchange gains(losses) of (MCH\$2,031) and MCH\$27,599 for the years ended December 31, 2022 and 2021, respectively, shown in the consolidated statement of income, include both the result of foreign exchange transactions and the effects of exchange rate variations on the Bank's and its subsidiaries' foreign-currency-denominated assets and liabilities and the fair value of their trading portfolios.

## M. CONVERSION

Assets and liabilities expressed in Unidades de Fomento (UF) are presented using the rates in effect as of December 31, 2022 and 2021, of CH\$35,110.98 and CH\$30,991.74, respectively.

## N. IMPAIRMENT OF 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.

As of each reporting date, the Bank reviews the carrying amounts of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If such indication exists, then the recoverable amount of the asset is calculated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that is largely independent of cash inflows from other assets (Cash Generating Unit or CGU). Goodwill arising from a business combination is

allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater value between its value in use and its fair value less costs of sale. Value in use is based on future estimated cash flows discounted to their present value, using a before-tax discount rate that reflects the current market assessments of the time value of money and the specific risks of that asset or CGU. Impairment is recognized if the carrying amount of an asset or CGU exceeds its recoverable value.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and are tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognized in the income statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss related to goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset.

## **O. REPOSSESSED ASSETS**

Repossessed assets are classified within "non-current assets and disposal groups held for sale" at the lesser of their foreclosure cost and their fair value less required regulatory write-offs and are presented net of allowances.

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

## **P. LEASE AGREEMENTS**

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

## **Q. PROPERTY, PLANT AND EQUIPMENT**

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

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

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



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

TYPE OF ASSET	USEFUL LIFE (YEARS)
Buildings	80 years
Equipment	5 years
Supplies and accessories	3 years

## R. INTANGIBLE ASSETS

### R.1) SOFTWARE

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

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

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

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

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

### R.2) GOODWILL

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

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

Goodwill recognized as of December 31, 2022 and 2021, is detailed in Note 15.b) of the consolidated financial statements.

## S. ALLOWANCES FOR ASSETS AT RISK

Allowances required to cover risk of loan losses have been recorded in accordance with guidance and specific instructions from the CMF. Effective loans are presented net of such allowances, while contingent loan provisions are presented in liabilities.

The Bank uses models or methods based on individual and group analyses of debtors to establish allowances for loan losses. These models and methods are in accordance with CMF standards and instructions.

## T. 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's CNCB. 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**, transactions related to the Bank's normal operations and its main source of revenue and expenses.
- **Investing activities** are cash flows that represent disbursements that will produce income and cash flows over the long term.
- **Financing activities** are cash flows that represent the activities and cash needs to cover commitments to those contributing funding or capital to the entity.

## U. TERM DEPOSITS, DEBT INSTRUMENTS 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.





## V. CURRENT AND DEFERRED INCOME TAXES

As of December 31, 2022 and 2021, 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 first category tax rate of 27% for income earned as of that date.

## W. EMPLOYEE BENEFITS

- **VACATION ACCRUAL**

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

- **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.

- **EMPLOYEE TERMINATION BENEFITS**

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.

## X. MINIMUM DIVIDENDS

As of December 31, 2022 and 2021, 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.

## Y. 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.

## Z. 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.

### I. THE BANK AS LESSOR

Assets leased to customers under contracts that substantially transfer all the risks and property recognitions, with or without legal title, are classified as finance leases. When the assets retained are subject to a finance lease, the assets leased cease to be accounted for and a receivable is recognized, equal to the minimum amount of the lease payment, after discounting the lease's interest rate. The initial negotiation expenses in a finance lease are incorporated in the receivable through the discount rate applied to the lease. Lease revenue is recognized on lease terms based on a model that constantly reflects a periodic rate of return on the net lease investment. Assets leased to customers under contracts that do not substantially transfer all the rights and benefits of the asset are classified as operating leases.

Investment properties rented under operating leases are included in Other assets in the statement of financial position and depreciation is determined on the book value of these assets, systematically applying a proportion of the value over the economic use during the estimated useful life. Lease revenue is recognized on a straight-line basis over the term of the lease.

### II. THE BANK AS LESSEE

At inception or upon modification of an agreement containing a lease component, the Bank allocates the consideration in the lease to each lease component on the basis of their relative independent prices. However, in the case of property leases, the Bank has chosen not to separate the non-lease components and to account for the lease and non-lease components as a single lease component.

The Bank recognizes a right of use asset and a lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for lease payments made prior to or as of the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and dispose of the underlying asset or the site on which it is located, less any lease incentives received.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank at the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.



A lease liability is initially measured at the present value of the lease payments that are not paid as of the commencement date, discounted using the interest implicit rate in the lease, or if that rate cannot be easily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the lease terms and the type of leased asset.

Lease payments included in the measurement of lease liabilities include the following:

- Fixed payments, including in-substance fixed lease payments.
- Variable lease payments, which depend on an index or rate, initially measured using the index or rate at the commencement date.
- Amounts the lessee expects to pay as residual value guarantees; and

The exercise price of a purchase option if the Bank is reasonably certain of exercising that option, lease payments over an optional renewal period if the Bank is reasonably certain of exercising an extension option, and penalty payments arising from early termination of the lease unless the Bank is reasonably certain of not terminating the lease early.

Lease liabilities are measured at amortized cost using the effective interest method. They are remeasured when there is a change in future lease payments resulting from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be paid under a residual value guarantee, if the Bank changes its assessment of whether or not it will exercise a purchase, extension or termination option, or if there is a in-substance fixed lease payment that has been modified.

When the lease liability is remeasured in this manner, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or recorded in income if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "loans and obligations" in the statement of financial position.

### III. SHORT-TERM LEASES AND LEASES FOR LOW-VALUE ASSETS

The Bank has chosen not to recognize right-of-use assets and lease liabilities for low-value assets and short-term leases, including IT equipment. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### IV. AMORTIZATION OF RIGHTS OF USE

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The depreciation periods for right-of-use assets are as follows:

- Right of use for office equipment: 1 to 3 years
- Right of use for vehicles: 4 years
- Right of use for branch real estate: 9 to 12 years.

## AA. 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.

## BB. BUSINESS COMBINATIONS

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

The Bank accounts for business combinations using the acquisition method when the set of activities and assets meets the definition of a business and control is transferred to the Bank. To determine whether a particular set of activities and assets is a business, the Bank assesses whether the set of assets and activities acquired includes, at a minimum, a substantive input and process and whether the acquired set has the capacity to produce outputs.

The Bank has the option to conduct a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired and in accordance with the requirements of the CMF's CNCB, Banco Security has two reports regarding asset value and impairment analysis. Any goodwill arising is tested annually for impairment. Any gain on a bargain purchase is recognized immediately in the statement of income. Costs are expensed as incurred, except when related to issuing debt or equity securities.

The consideration transferred does not include any settlements of agreements. These amounts are generally recognized in income.

Any contingent components of the acquisition price are measured at fair value at the acquisition date. If an obligation pays a contingent consideration that meets the definition of a financial instrument, it is classified as equity, it is not remeasured and the settlement is accounted for within equity. Otherwise, other contingent components of the contingent consideration are remeasured at fair value as of each reporting date and any subsequent changes are recognized in the statement of income.

If share-based payment awards (replacement awards) are to be exchanged for awards held by the acquiree's employees (acquiree awards), then all or a portion of the amount of the acquirer's replacement awards are included in the measurement of the consideration transferred in the business combination. This determination is based on the market-based measurement of replacement awards compared to the market-based measure of the acquiree awards and the extent to which replacement awards relate to pre-combination service.



### 3. NEW ACCOUNTING PRONOUNCEMENTS ISSUED AND ADOPTED OR ISSUED BUT NOT YET ADOPTED

#### 3.1 REGULATIONS FROM THE FINANCIAL MARKET COMMISSION (CMF)

##### **BANK RULING NO. 2,329**

On December 19, 2022, it updated Chapters 2-4, 2-5, 2-9 and 2-10 of the RAN for Banks and Ruling No. 108 in accordance with the provisions on savings accounts issued by the Chilean Central Bank.

The Bank's management has considered the content of this ruling as of December 31, 2022.

##### **BANK RULING NO. 2,328**

On December 19, 2022, it repealed the transitional provision in Chapter 12-14 of the RAN, after determining that the additional regulatory capital requirements are covered by other statutory regulatory capital requirements associated with the Basel framework, and resolved to eliminate such requirement.

The Bank's management has considered the content of this ruling as of December 31, 2022.

##### **BANK RULING NO. 2,326**

On November 18, 2022, it amends Chapters 18-5 and 20-6 of the RAN. Eliminating the requirement of having an enforceable title for the reporting of debtor information, the current provisions of Chapter 18 establish as one of the requirements for reporting debts that are 90 days or more past due, the existence of a valid and effective enforceable title. In this regard, due to the inclusion of non-bank credit card issuers in the aforementioned list, in addition to the strong growth of credit card transactions in the last decade, the Commission has decided to modify the aforementioned requirement, as it does not match the way in which this type of product operates in practice, in addition to ensuring that the information contained in the amended list continues to fulfill its purpose of ensuring that institutions subject to the provisions of the General Banking Law adequately assess the credit risk of their portfolios.

The Bank's management has considered the content of this ruling as of December 31, 2022.

##### **BANK RULING NO. 2,324**

On October 27, 2022, it amends Chapter 2-13 of the RAN for banks and creates a new regulatory file on information on bank claims subject to forfeiture in the Information System Manual for banks.

The Bank's management has considered the content of this ruling as of December 31, 2022.

##### **BANK RULING NO. 2,323**

On October 21, 2022, Chapter B-6 and B-7 of the CNCB was amended, in accordance with the fact that the Chilean Central Bank broadly authorized the use of the Chilean peso in cross-border transactions and that this easing of the exchange rate policy resulted in amending the Compendium of International Exchange Rate Standards (CNCI), the distinction of credit transactions from Chile to foreign countries expressed and payable in foreign currency was no longer in effect for calculating allowances.

The Bank's management has considered the content of this ruling as of December 31, 2022.

**BANK RULING NO. 2,319**

On September 8, 2022, this ruling incorporates adjustments to files R08, MC1, MC2, MC3 and MC4 and Table 121 of the Banking Information System Manual related to the measurement and monitoring of the loss component used in calculating operational risk-weighted assets.

The Bank's management has considered the content of this ruling as of December 31, 2022.

**BANK RULING NO. 2,318**

On August 12, 2022, this ruling incorporates new files R13 and R14 to the Risk System of the Information System Manual related to the measurement and supervision of risks related to banking book market risk (BBMR) and credit concentration risk (CCR).

**BANK RULING NO. 2,317**

On July 29, 2022, this ruling updates instructions to RAN Chapter 18-5, regarding debtor reporting by financial institutions.

The Bank's management has considered the content of this ruling as of December 31, 2022.

**BANK RULING NO. 2,313**

On April 27, 2022, the CMF issued a Bank Ruling stating that in order to maintain consistency in the regulations on the definition and scope of the Business Group between what is indicated in the CNCB and what is established in Chapter 12-16 of the RAN, the CMF established that Chapter B-1 of the CNCB should be used, which establishes that, for a group portfolio, commercial exposures other than student loans associated with the same counterparty should not exceed a threshold of UF 20.20,000 and 0.2% of the group portfolio.

The Bank's management has considered the content of this ruling as of December 31, 2022.

**BANK RULING NO. 2,312**

On April 27, 2022, the CMF issued a Bank Ruling indicating that in order to update the regulations for measuring market risk, in accordance with the gradual repeal of the provisions in Chapter III.B.2.2.2 of the Chilean Central Bank's Compendium of Financial Standards and with the entry into force of the instructions given in Chapters 21-7 and 21-13 of the RAN, modifying Chapters 1-13 and 12-21.

The Bank's management has considered the content of this ruling as of December 31, 2022.

**BANK RULING NO. 2,311**

On April 4, 2022, the CMF issued a Bank Ruling that amends Chapter 21-6 of the RAN to address the gap detected in derivative exposures cleared and settled through a Central Counterparty (CCP), thereby allowing a local CCP to be recognized as equivalent by the European authority.

The Bank's management has considered the content of this ruling as of December 31, 2022.

**BANK RULING NO. 2,305**

On February 16, 2022, the CMF issued this Bank Ruling amending table No. 2 of Appendix No. 6 of Chapter C-1 of the CNCB for Banks, which is part of Note 48 to be disclosed in the financial statements and refers to the level of solvency indicators for regulatory compliance.

The Bank's management has considered the content of this ruling as of December 31, 2022.



### **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). 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.

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

### **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 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 CNCB 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 CNCB 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 domestic currency, in order to expand cross-border transactions in Chilean pesos, which include opening and holding of bank current 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.





## 3.2 INTERNATIONAL ACCOUNTING STANDARDS BOARD

### 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.

AMENDMENTS		MANDATORY EFFECTIVE DATE
IFRS 3	Reference to the Conceptual Framework	As of January 01, 2022
IFRS 16	Property, Plant and Equipment: Proceeds before Intended Use	As of January 01, 2022
IAS 37	Interest Rate Benchmark Reform – phase 2	As of January 01, 2022
IFRS 1, IFRS 9, IFRS 16, IAS 41	Annual Improvements to IFRS Standards 2018-2020	As of January 01, 2022

#### 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 add an exception to the recognition principle in IFRS 3 to avoid the problem of potential "day 2" gains or losses arising from liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments must be applied prospectively.

The Bank's management has considered the content of this ruling as of December 31, 2022.

#### 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 (PP&E) any 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, the proceeds from the sale of those items and the cost of production are recognized in the income statement for the period.

The amendment must be applied retrospectively only to items of PP&E available for use on or after the beginning of the first period presented when the entity applies the amendment for the first time.

The Bank's management has considered the content of this ruling as of December 31, 2022.

### 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 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. Judgment will be required to determine which costs are "directly related to contract activities", but we believe that the guidance in IFRS 15 will be applicable.

The amendments must be applied prospectively to contracts for which an entity still has not fulfilled all of its obligations as of the beginning of the annual reporting period in which the entity first applies the amendments (first-time adoption date). Earlier application is permitted and should be disclosed.

The Bank's management has considered the content of this ruling as of December 31, 2022.

### IFRS 1, IFRS 9, IFRS 16 AND IAS 41 ANNUAL IMPROVEMENTS CYCLE 2018 - 2020

The IASB issued Annual Improvements Cycle 2018–2020. This pronouncement contains amendments to four IFRS as a result of the IASB's annual improvements cycle.

**IFRS 1:** Subsidiary as a First-time Adopter The amendment permits a subsidiary that chooses to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment also applies to associates and joint ventures that elect to apply paragraph D16(a) of IFRS 1.

**IFRS 9:** Fees in the '10 Per Cent' Test for Derecognition of Financial Liabilities. The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only fees paid or received between the entity and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. There is no similar amendment proposed for IAS 39.

An entity applies the amendment to financial liabilities that are modified or exchanged as of the beginning of the annual period for which the entity first applies the amendment.

**Illustrative Examples Accompanying IFRS 16: Lease Incentives.** The amendment removes from Illustrative Example 13 that accompanies IFRS 16 the illustration of the reimbursement of leasehold improvements by the lessor. This removes the potential for confusion with respect to the treatment of lease incentives when applying IFRS 16.



**IAS 41:** Taxation in Fair Value Measurements. This amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude cash flows from taxation when measuring the fair value of assets within the scope of IAS 41.

The Bank's management has considered the content of this ruling as of December 31, 2022.

## **NEW ACCOUNTING PRONOUNCEMENTS (STANDARDS, INTERPRETATIONS AND AMENDMENTS) WITH MANDATORY APPLICATION FOR PERIODS BEGINNING ON OR AFTER JANUARY 1, 2023**

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

STANDARDS AND INTERPRETATIONS		MANDATORY EFFECTIVE DATE
IFRS 17	Insurance Contracts	As of 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
IAS 8	Definition of Accounting Estimates	As of January 01, 2023
IAS 1	Disclosure of Accounting Policies	As of January 01, 2023
IAS 12	Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction	As of January 01, 2023
IAS 1	Classification of Current and Non-Current Liabilities	As of January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback	As of January 01, 2024
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

### IAS 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.

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.

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

In 2020 and 2022, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

1. What is meant by a right to defer settlement.
2. That a right to defer must exist at the end of the reporting period.
3. That classification is unaffected by the likelihood that an entity will exercise its deferral right.
4. That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual periods beginning on or after January 1, 2024.

The amendments must be applied prospectively. Early application is permitted and must be disclosed. However, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa.

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

### IFRS 16 LEASE LIABILITY IN A SALE AND LEASEBACK

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

A seller-lessee applies the amendment to annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted and that fact must be disclosed. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

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 December 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 application is permitted, which must be disclosed.

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



## 4. ACCOUNTING CHANGES

### ADOPTION OF THE FINANCIAL MARKET COMMISSION'S COMPENDIUM OF ACCOUNTING STANDARDS

#### DATE OF FIRST-TIME ADOPTION

First-time adoption of this updated version of the CNCB is as of January 1, 2022, with a transition date of January 1, 2021, for purposes of comparative financial statements to be published as of March 2022.

With respect to the above, the impact of the transition to the new generally accepted principles and the criteria established by the CMF at the transition date will be recorded in the equity item "Reserves not derived from earnings" as of January 1, 2022.

#### MAIN CHANGES IN ACCOUNTING CRITERIA

##### A) IMPLEMENTATION OF IFRS 9

The Bank classified financial assets under IAS 39. Most of these instruments were classified as available-for-sale and held for trading. The investment policy contains guidelines on the classification of these instruments, which are managed by different desks.

Banco Security's subsidiaries have evaluated the classification and measurement of their financial positions according to IFRS 9; however, they will use the same standard as the parent company.

With the adoption of IFRS 9, changes have also been made to the presentation formats of the Statement of Financial Position and Statement of Income.

##### B) SUSPENSION OF REVENUE RECOGNITION ON ACCRUAL BASIS

Recognition of interest and indexation was suspended for the group-assessed impaired portfolio once payments were six months past due, which is also the maximum period for regulatory write-offs of consumer loans. Exceptions to the suspension of revenue accrual were made for loans in the group-assessed portfolio with collateral coverage equal to or greater than 80%.

Currently, revenue is recognized on an accrual basis for loans in the Statement of Income when the loan or one of its installments is 90 days or more past due.

The suspension of revenue recognition on an accrual basis implies that, from the date on which it should be suspended and until such loans are no longer impaired, the respective assets will not collect interest, indexation or fees in the Statement of Financial Position and no revenue for these items will be recognized in the Statement of Income, unless it is effectively received.

### C) IAS 21

The process of calculating allowances for loan losses was carried out to comply with Chapter B-1 of the CNCB, which includes all exposures, and therefore those originated in foreign currency (FX) are expressed in domestic functional currency (CH\$).

In Chapter C-3, in accordance with IAS 21, balances are shown separately by currency of origin, but expressed in the functional currency (CH\$). This means that balances of allowances for loan losses are presented in the currency of origin of the loan and, in turn, the resulting exchange difference is reported.

### D) INVESTMENTS IN OTHER COMPANIES

The Bank maintained investments in companies of a strategic and permanent nature, recorded at cost value at that date, since it did not have significant influence and, therefore, did not require valuation by the equity method.

The Bank modified the current accounting record (at cost) of these investments in order to comply with regulations and, therefore, to start valuing this type of investments using the equity method, which required creating new accounts for controlling these companies.

### E) DISCLOSURES

Modifications to some notes in the financial statements were considered, including: the note on financial assets at amortized cost, the note on risk management and reporting in order to better comply with the disclosure criteria in IFRS 7 and the note on regulatory capital and capital adequacy indicators. In addition, related party disclosures are aligned with IAS 24.

### F) CHART OF ACCOUNTS

Changes were made in the chart of accounts in 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.

### G) OTHER

It has incorporated "Management Commentary" in accordance with IASB Practice Statement No. 1, which will complement the information provided in the intermediate and annual financial statements.

This report will provide information that will allow a comprehensive understanding of the figures presented in the Financial Statements, as well as provide an overview of Banco Security's objectives and strategies to achieve these objectives.





## IMPLEMENTATION ADJUSTMENTS IN THE TRANSITIONAL FINANCIAL STATEMENTS DUE TO APPLICATION OF THE UPDATED CNCB

The reconciliations presented below quantify the effect of implementing the updated CNCB in Banco Security and Subsidiaries, detailed as follows:

### CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021

The pro-forma Consolidated Statement of Financial Position as of December 31, 2021 is as follows:

ASSETS	AS OF DECEMBER 31, 2021 UNADJUSTED MCH\$	RECLASSIFICATION MCH\$	ADJUSTMENTS MCH\$	AS OF DECEMBER 31, 2021 ADJUSTED MCH\$	EXPLANATORY REFERENCE MCH\$
<b>ASSETS</b>					
Cash and due from banks	840,208	-	-	840,208	
Transactions in the course of collection	54,727	-	-	54,727	
<b>Financial assets held for trading at fair value through profit and loss</b>	<b>288,955</b>	<b>(41,975)</b>	-	<b>246,980</b>	
Financial derivative instruments	240,391	(41,975)	-	198,416	
Debt financing instruments	48,564	(5,584)	-	42,980	
Other	-	5,584	-	5,584	
Financial assets not for trading that must be measured at fair value through profit and loss	-	-	-	-	
Financial assets at fair value through profit and loss	-	-	-	-	
<b>Financial assets at fair value through other comprehensive income</b>	<b>1,334,855</b>	-	-	<b>1,334,855</b>	
Debt financing instruments	1,334,855	(4,069)	-	1,330,786	
Other	-	4,069	-	4,069	
Financial derivative instruments for hedging	-	41,975	-	41,975	
<b>Financial assets at amortized cost</b>	<b>6,572,847</b>	-	<b>(2,532)</b>	<b>6,570,315</b>	
Investment under resale agreements and securities borrowing	-	-	-	-	
Debt financing instruments	-	-	-	-	
Loans and advances to banks	2,824	-	-	2,824	
Customer loans and receivables - commercial	6,570,023	(1,228,885)	(2,532)	5,338,606	i)
Customer loans and receivables - mortgage	-	823,471	-	823,471	
Customer loans and receivables - consumer	-	405,414	-	405,414	
Investments in other companies	2,111	-	290	2,401	ii)
Intangible assets	40,060	-	-	40,060	
Property, plant and equipment	19,967	-	-	19,967	
Right-of-use leased assets	7,398	-	-	7,398	
Current tax assets	3,146	-	-	3,146	
Deferred tax assets	58,785	-	-	58,785	
Other assets	142,719	(9,523)	-	133,196	
Non-current assets and disposal groups held for sale	-	9,523	-	9,523	
				-	
<b>TOTAL ASSETS</b>	<b>9,365,778</b>	-	<b>(2,242)</b>	<b>9,363,536</b>	

LIABILITIES	AS OF DECEMBER 31, 2021 UNADJUSTED MCH\$	RECLASSIFICATION MCH\$	ADJUSTMENTS MCH\$	AS OF DECEMBER 31, 2021 ADJUSTED MCH\$	EXPLANATORY REFERENCE
<b>LIABILITIES</b>					
Transactions in the course of payment	42,893	-	-	42,893	
<b>Financial liabilities held for trading at fair value through profit and loss</b>	<b>248,185</b>	<b>(45,167)</b>	-	<b>203,018</b>	
Financial derivative instruments	248,185	(45,167)	-	203,018	
Other	-	-	-	-	
Financial liabilities at fair value through profit and loss	-	-	-	-	
Financial derivative instruments for hedging	-	45,167	-	45,167	
<b>Financial liabilities at amortized cost</b>	<b>8,236,461</b>	<b>(361,749)</b>	-	<b>7,874,712</b>	
Current accounts and other demand deposits	1,717,574	(2,429)	-	1,715,145	
Savings accounts and other term deposits	1,865,280	-	-	1,865,280	
Payables from repurchase agreements and securities lending	2,470	-	-	2,470	
Borrowings from financial institutions	1,473,907	-	-	1,473,907	
Debt financing instruments	3,147,284	(359,320)	-	2,787,964	
Other financial liabilities	29,946	-	-	29,946	
Lease liabilities	7,759	-	-	7,759	
Regulatory capital financial instruments issued	-	359,320	-	359,320	
Contingency provisions	46,243	(27,928)	-	18,315	
Provisions for dividends, interest payments and repricing of perpetual bonds	-	23,138	-	23,138	
Special allowances for loan losses	-	16,799	(1,205)	15,594	iii)
Current tax assets	7,493	-	-	7,493	
Deferred tax assets	-	-	-	-	
Other liabilities	76,128	(9,580)	-	66,548	
Liabilities included in disposal group held for sale	-	-	-	-	
<b>TOTAL LIABILITIES</b>	<b>8,665,162</b>	-	<b>(1,205)</b>	<b>8,663,957</b>	
<b>EQUITY</b>					
Capital	325,041	-	-	325,041	
Reserves	22,164	-	(4,855)	17,309	iv)
<b>Other comprehensive income (loss)</b>	<b>(12,431)</b>	-	<b>3,818</b>	<b>(8,613)</b>	
Items that will not be reclassified to profit or loss	-	-	-	-	
Items that may be reclassified to profit or loss	(12,431)	-	3,818	(8,613)	v)
Retained earnings from prior periods	311,796	-	-	311,796	
Profit for the year	77,127	-	-	77,127	
Less: Minimum dividend provision	(23,138)	-	-	(23,138)	
<b>Attributable to owners of the Bank</b>	<b>700,559</b>	-	<b>(1,037)</b>	<b>699,522</b>	
<b>Attributable to non-controlling interests</b>	<b>57</b>	-	-	<b>57</b>	
<b>TOTAL EQUITY</b>	<b>700,616</b>	-	<b>(1,037)</b>	<b>699,579</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>9,365,778</b>	-	<b>(2,242)</b>	<b>9,363,536</b>	



## CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

The pro-forma consolidated statement of income for the year ended December 31, 2021, is as follows:

	AS OF DECEMBER 31, 2021 UNADJUSTED MCH\$	RECLASSIFICATION MCH\$	ADJUSTMENTS MCH\$	AS OF DECEMBER 31, 2021 ADJUSTED MCH\$	EXPLANATORY REFERENCE
Interest income	506,975	(203,446)	-	303,529	
Interest expense	(293,780)	139,936	-	(153,844)	
<b>Net interest income</b>	<b>213,195</b>	<b>(63,510)</b>	<b>-</b>	<b>149,685</b>	
Indexation income	-	231,286	-	231,286	
Indexation expense	-	(171,812)	-	(171,812)	
<b>Net indexation income</b>	<b>-</b>	<b>59,474</b>	<b>-</b>	<b>59,474</b>	
Commission income	69,557	3,935	-	73,492	
Commission expense	(10,127)	(2,380)	-	(12,507)	
<b>Net commission income</b>	<b>59,430</b>	<b>1,555</b>	<b>-</b>	<b>60,985</b>	
<b>Net financial operating income from:</b>					
Financial assets and liabilities held for trading	22,091	1,836	-	23,927	
Financial assets not for trading that must be measured at fair value through profit and loss	-	-	-	-	
Financial assets and liabilities at fair value through profit and loss	-	-	-	-	
Gain (loss) from derecognition of financial assets and liabilities not at fair value through profit and loss	-	832	-	832	
Foreign currency changes, indexation and hedge accounting	2,840	-	-	2,840	
Reclassifications of financial assets due to change in business model	-	-	-	-	
Other financial operating income	-	-	-	-	
<b>Net financial operating income (loss)</b>	<b>24,931</b>	<b>2,668</b>	<b>-</b>	<b>27,599</b>	
Income attributable to investments in other companies	17	293	-	310	
Gain (loss) from non-current assets and disposal groups not admissible as discontinued operations	-	848	-	848	
Other operating income	5,841	(3,143)	-	2,698	
<b>TOTAL OPERATING INCOME</b>	<b>303,414</b>	<b>(1,815)</b>	<b>-</b>	<b>301,599</b>	
Employee benefit obligation expenses	(55,749)	24	-	(55,725)	
Administrative expenses	(70,322)	2,971	-	(67,351)	
Depreciation and amortization	(7,491)	-	-	(7,491)	
Impairment of non-financial assets	-	-	-	-	
Other operating expenses	(6,676)	(983)	-	(7,659)	
<b>TOTAL OPERATING EXPENSES</b>	<b>(140,238)</b>	<b>2,012</b>	<b>-</b>	<b>(138,226)</b>	
<b>OPERATING INCOME BEFORE PROVISIONS FOR CREDIT LOSSES</b>	<b>163,176</b>	<b>197</b>	<b>-</b>	<b>163,373</b>	

	AS OF DECEMBER 31, 2021 UNADJUSTED MCH\$	RECLASSIFICATION MCH\$	ADJUSTMENTS MCH\$	AS OF DECEMBER 31, 2021 ADJUSTED MCH\$	EXPLANATORY REFERENCE
<b>Provisions for credit losses for:</b>					
Allowances for loan losses on loans and advances to banks and customer loans and receivables	(78,959)	(1,060)	-	(80,019)	
Special allowances for loan losses	-	(5,629)	-	(5,629)	
Collection of written-off loans	-	6,416	-	6,416	
<b>Impairment due to credit risk of other financial assets not valued at fair value through profit or loss</b>	-	-	-	-	
Impairment due to credit risk of financial assets at fair value through other comprehensive income	-	-	-	-	
Impairment due to credit risk of financial assets at amortized cost	-	-	-	-	
<b>Provisions for credit losses</b>	<b>(78,959)</b>	<b>(273)</b>	<b>-</b>	<b>(79,232)</b>	
<b>NET OPERATING INCOME</b>	<b>84,217</b>	<b>(76)</b>	<b>-</b>	<b>84,141</b>	
<b>Profit from continuing operations before tax</b>	-	-	-	-	
Income tax	(7,086)	-	-	(7,086)	
<b>Profit from continuing operations after tax</b>	<b>77,131</b>	<b>(76)</b>	<b>-</b>	<b>77,055</b>	
<b>Profit from discontinued operations before tax</b>	-	-	-	-	
Tax on discontinued operations	-	-	-	-	
<b>Profit from discontinued operations after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>CONSOLIDATED PROFIT FOR THE YEAR (OR PERIOD)</b>	<b>77,131</b>	<b>-</b>	<b>-</b>	<b>77,131</b>	
<b>Attributable to:</b>					
Owners of the Bank	77,127	-	-	77,127	
Non-controlling interests	4	-	-	4	
<b>Earnings per share attributable to owners of the Bank:</b>	<b>CH\$</b>			<b>CH\$</b>	
Basic earnings per share	338	-	-	338	
Diluted earnings per share	338	-	-	338	



## CONSOLIDATED BALANCE SHEET AS OF JANUARY 01, 2021

The pro-forma Consolidated Statement of Financial Position as of January 01, 2021 is as follows:

ASSETS	AS OF JANUARY 01, 2021 UNADJUSTED MCH\$	RECLASSIFICATION MCH\$	ADJUSTMENTS MCH\$	AS OF JANUARY 01, 2021 ADJUSTED MCH\$	EXPLANATORY REFERENCE
<b>ASSETS</b>					
Cash and due from banks	447,692	-	-	447,692	
Transactions in the course of collection	39,433	-	-	39,433	
<b>Financial assets held for trading at fair value through profit and loss</b>	<b>334,058</b>	<b>(28,907)</b>	-	<b>305,151</b>	
Financial derivative instruments	223,385	(28,907)	-	194,478	
Debt financing instruments	110,673	(39,434)	-	71,239	
Other	-	39,434	-	39,434	
Financial assets not for trading that must be measured at fair value through profit and loss	-	-	-	-	
Financial assets at fair value through profit and loss	-	-	-	-	
<b>Financial assets at fair value through other comprehensive income</b>	<b>932,317</b>	-	-	<b>932,317</b>	
Debt financing instruments	932,317	-	-	932,317	
Other	-	-	-	-	
Financial derivative instruments for hedging	-	28,907	-	28,907	
<b>Financial assets at amortized cost</b>	<b>6,105,339</b>	-	<b>(309)</b>	<b>6,105,030</b>	
Investment under resale agreements and securities borrowing	-	-	-	-	
Debt financing instruments	-	-	-	-	
Loans and advances to banks	724	-	-	724	
Customer loans and receivables - commercial	6,104,615	(1,143,921)	(309)	4,960,385	i)
Customer loans and receivables - mortgage	-	710,939	-	710,939	
Customer loans and receivables - consumer	-	432,982	-	432,982	
Investments in other companies	2,095	-	-	2,095	
Intangible assets	41,645	-	-	41,645	
Property, plant and equipment	20,980	-	-	20,980	
Right-of-use leased assets	7,297	-	-	7,297	
Current tax assets	1,992	-	-	1,992	
Deferred tax assets	28,899	-	-	28,899	
Other assets	113,046	(2,593)	-	110,453	
Non-current assets and disposal groups held for sale	-	2,593	-	2,593	
				-	
<b>TOTAL ASSETS</b>	<b>8,074,793</b>	-	<b>(309)</b>	<b>8,074,484</b>	

LIABILITIES	AS OF JANUARY 01, 2021 UNADJUSTED MCH\$	RECLASSIFICATION MCH\$	ADJUSTMENTS MCH\$	AS OF JANUARY 01, 2021 ADJUSTED MCH\$	EXPLANATORY REFERENCE
<b>LIABILITIES</b>					
Transactions in the course of payment	29,276	-	-	29,276	
<b>Financial liabilities held for trading at fair value through profit and loss</b>	<b>220,106</b>	<b>(19,544)</b>	-	<b>200,562</b>	
Financial derivative instruments	220,106	(19,544)	-	200,562	
Other	-	-	-	-	
Financial liabilities at fair value through profit and loss	-	-	-	-	
Financial derivative instruments for hedging	-	19,544	-	19,544	
<b>Financial liabilities at amortized cost</b>	<b>7,076,838</b>	<b>(347,710)</b>	-	<b>6,729,128</b>	
Current accounts and other demand deposits	1,175,142	92	-	1,175,234	
Savings accounts and other term deposits	1,890,734	-	-	1,890,734	
Payables from repurchase agreements and securities lending	9,764	-	-	9,764	
Borrowings from financial institutions	1,052,094	-	-	1,052,094	
Debt financing instruments	2,930,589	(347,802)	-	2,582,787	
Other financial liabilities	18,515	-	-	18,515	
Lease liabilities	7,565	-	-	7,565	
Regulatory capital financial instruments issued	-	347,802	-	347,802	
Contingency provisions	37,626	(24,217)	-	13,409	
Provisions for dividends, interest payments and repricing of perpetual bonds	-	18,044	-	18,044	
Special allowances for loan losses	-	11,171	-	11,171	
Current tax assets	9	-	-	9	
Deferred tax assets	-	-	-	-	
Other liabilities	41,435	(5,090)	-	36,345	
Liabilities included in disposal group held for sale	-	-	-	-	
<b>TOTAL LIABILITIES</b>	<b>7,412,855</b>	<b>-</b>	<b>-</b>	<b>7,412,855</b>	
<b>EQUITY</b>					
Capital	302,048	-	-	302,048	
Reserves	24,172	-	3,189	27,361	iv)
<b>Other comprehensive income (loss)</b>	<b>11,838</b>	<b>-</b>	<b>(3,498)</b>	<b>8,340</b>	
Items that will not be reclassified to profit or loss	-	-	-	-	
Items that may be reclassified to profit or loss	11,838	-	(3,498)	8,340	v)
Retained earnings from prior periods	281,721	-	-	281,721	
Profit for the year	60,150	-	-	60,150	
Less: Minimum dividend provision	(18,044)	-	-	(18,044)	
<b>Attributable to owners of the Bank</b>	<b>661,885</b>	<b>-</b>	<b>-309</b>	<b>661,576</b>	
<b>Attributable to non-controlling interests</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>53</b>	
<b>TOTAL EQUITY</b>	<b>661,938</b>	<b>-</b>	<b>(309)</b>	<b>661,629</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>8,074,793</b>	<b>-</b>	<b>(309)</b>	<b>8,074,484</b>	



## EXPLANATORY REFERENCES

i) This adjustment is the threshold for assessing debtors that the Bank has set at UF 20,000 for reclassifying them from the individual to the group model, in accordance with chapter B-1 of the CNCB.

ii) This adjustments corresponds to the fair value of minority investments since the Bank has decided to measure minority shareholdings irrevocably at fair value through other comprehensive income in accordance with IFRS 9 5.7.5.

iii) Allowances associated with undrawn lines of credit with unilateral cancellation. In accordance with Chapter B-3 of the new CNCB, undrawn lines of credit with unilateral cancellation must consider a CCF equivalent to 10% to determine the exposure affected by allowances. Under the previous compendium, this percentage was 35%. The adjustment consists of changing the percentage to determine the exposure.

iv) This adjustment corresponds to recognition of adjustments i) ii) iii) and v) for the transition, recorded in equity under "reserves not derived from earnings."

v) This adjustment corresponds to the impact on equity of the impairment of available-for-sale portfolios.

These adjustments, both in equity and in the income statement, stem from adopting the CMF's CNCB.

## 5. MATERIAL EVENTS

### BANCO SECURITY

On December 16, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placement were as follows: Series Z8 Bond, Code BSECZ80621, for a total of CH\$2,500,000,000, maturing on June 1, 2027, at an average placement rate of 6.52%, registered in the Securities Registry under number 6/2021 dated September 23, 2021.

On December 15, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placement were as follows: Series Z8 Bond, Code BSECZ80621, for a total of CH\$500,000,000, maturing on June 1, 2027, at an average placement rate of 6.45%, registered in the Securities Registry under number 6/2021 dated September 23, 2021.

On December 14, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placement were as follows: Series Z8 Bond, Code BSECZ80621, for a total of CH\$11,300,000,000, maturing on June 1, 2027, at an average placement rate of 6.45%, registered in the Securities Registry under number 6/2021 dated September 23, 2021.

On December 6, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placement were as follows: Series Z8 Bond, Code BSECZ80621, for a total of CH\$2,900,000,000, maturing on June 1, 2027, at an average placement rate of 6.45%, registered in the Securities Registry under number 6/2021 dated September 23, 2021.

On December 2, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placement were as follows: Series Z8 Bond, Code BSECZ80621, for a total of CH\$11,000,000,000, maturing on June 1, 2027, at an average placement rate of 6.46%, registered in the Securities Registry under number 6/2021 dated September 23, 2021.

On December 1, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placement were as follows: Series Z8 Bond, Code BSECZ80621, for a total of CH\$17,200,000,000, maturing on June 1, 2027, at an average placement rate of 6.59%, registered in the Securities Registry under number 6/2021 dated September 23, 2021.

On November 30, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placement were as follows: 1.- Series Z8 Bond, Code BSECZ80621, for an aggregate principal amount of CH\$6,500,000,000, due June 1, 2027, at an average placement rate of 6.62%, registered in the Securities Registry under number 6/2021 dated September 23, 2021, 2.- Series Z8 Bond, Code BSECZ80621, for a total of CH\$100,000,000, maturing on June 1, 2027, at an average placement rate of 6.61%, registered in the Securities Registry under number 6/2021 on September 23, 2021.

On November 15, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market, with a charge to the Bond Line registered in the CMF Securities Registry under No. 4/2020. The specific terms of the placement were as follows: Series Q2 bonds for a total of UF 3,000,000, maturing on November 1 2034, at an average placement rate of 2.71%.

On November 4, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placement were as follows: Series Z6 Bond, Code BSECZ61219, for a total of CH\$1,250,000,000,000, maturing on December 1, 2024, at an average placement rate of 8.40%, registered in the Securities Registry under number 4/2020 on March 12, 2020.

On October 28, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. Series Z6 Bond, Code BSECZ61219, for a total of CH\$5,000,000,000,000, maturing on December 1, 2024, at an average placement rate of 8.40%, registered in the Securities Registry under number 4/2020 on March 12, 2020.

On October 26, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. Series Q3 Bond, Code BSECQ30120, for a total of UF 130,000, maturing on July 1, 2035, at an average placement rate of 3.10%, registered in the Securities Registry under number 4/2020 on March 12, 2020





On October 25, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placements were as follows: Series Z6 Bond, Code BSECZ61219, for a total of CH\$16,000,000,000, maturing on December 1, 2024, at an average placement rate of 8.40%, registered in the Securities Registry under number 4/2020 on March 12, 2020, Series Z8 Bond, Code BSECZ80621, for a total of CH\$3,000,000,000, maturing on June 1, 2027, at an average placement rate of 7.52%, registered in the Securities Registry under number 6/2021 on September 23, 2021.

On October 20, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placement were as follows: Series Q2 Bond, Code BSECQ21119, for an aggregate principal amount of UF 40,000, maturing on November 1, 2034, at an average placement rate of 3.31%, registered in the Securities Registry under number 4/2020 on March 12, 2020.

On October 17, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placement were as follows: Series Z Bond, Code BSECZ80621, for a total of CH\$36,000,000,000,000 with maturity date June 1, 2027, at an average placement rate of 7.58%, registered in the Securities Registry under number 6/2021 dated September 23, 2021.

On September 22, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placements were as follows: 1. Series Z8 Bond, Code BSECZ80621, for a total of CH\$5,000,000,000,000, maturing on June 1, 2027, at an average placement rate of 7.63%, registered in the Securities Registry under number 6/2021 on September 23, 2021. 2. Series Q2 Bond, Code BSECQ21119, for a total of UF 100,000, maturing on November 1, 2034, at an average placement rate of 3.05%, registered in the Securities Registry under number 4/2020 on March 12, 2020. 3. Series Q3 Bond, Code BSECQ30120, for a total of UF 500,000, maturing on July 1, 2035, at an average placement rate of 3.05%, registered in the Securities Registry under number 4/2020 on March 12, 2020.

On September 21, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placement were as follows: Series Z7 Bond, Code BSECZ71119, for a total of CH\$11,000,000,000,000, maturing on November 1, 2025, at an average placement rate of 7.94%, registered in the Securities Registry under number 4/2020 on March 12, 2020.

On September 15, 2022, Banco Security informed the CMF of a partial placement of dematerialized bearer bonds made in the domestic market. The specific terms of the placements were as follows: Series D6 Bond, Code BSEC60521, for a total of UF 100,000, maturing on November 1, 2031, at an average placement rate of 2.80%, registered in the Securities Registry under number 6/2021 on September 23, 2021, Series Q2 Bond, Code BSECQ21119, for a total of UF 100,000, maturing on November 1, 2034, at an average placement rate of 2.84%, registered in the Securities Registry under number 4/2020 on March 12, 2020.

On August 11, 2022, Banco Security informed the CMF that, at a regular board meeting held on the same date, the Board of Directors unanimously agreed to accept the resignation of Francisco Silva Silva as director and chairman of the Company, and in his place Renato

Peñañiel Muñoz was elected, and Fernando Salinas Pinto was elected as director.

On April 19, 2022, Banco Security informed the CMF that at the Ordinary Shareholders' Meeting held on April 14, 2022, Francisco Silva Silva, Bonifacio Bilbao Hormaeche, Ramón Eluchans Olivares, Hernán Felipe Errázuriz Correa, Jorge Marín Correa, Juan Cristóbal Pávez Recart and Renato Peñañiel Muñoz were re-elected as Regular Directors, and Ignacio Ruiz-Tagle Vergara and Mario Weiffenbach Oyarzún were re-elected as Alternate Directors.

On April 1, 2022, Banco Security informed the CMF that at the board meeting held on March 31, 2022, it was agreed to call the annual general meeting for April 14, 2022, informing the matters to be discussed. At the board meeting, it was agreed to propose a dividend of CH\$195.33 per share at the annual general meeting. If approved, it will be paid on April 22 to shareholders registered at midnight on April 14, 2022.

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%.

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

On October 28, 2022, at an extraordinary shareholders' meeting, it was agreed to distribute a dividend totaling CH\$7,000,000,000,000, which was paid as of November 4 of this year, to the shareholders registered in the Shareholders' Registry at midnight on the 5th business day prior to said payment date.

On August 10, 2022, Administradora General de Fondos Security S.A. informed the CMF that, at a board meeting held on the same date, the board unanimously agreed to accept the resignation of Mr. Francisco Silva Silva as director and chairman of the company. The Board of Directors also elected Mr. Renato Peñañiel Muñoz as chairman of the board and the company, and appointed Mr. Fernando Salinas Pinto as a director to replace Mr. Francisco Silva. At the same meeting, the resignation of Mrs. Paulina las Heras Bugedo was accepted and the board appointed Mr. Alberto Oviedo Obrador in her replacement.

On April 22, 2022, the CMF was informed that Mr. Julio Barriga Tapia has been appointed Crime Prevention Officer, replacing Mr. Mauricio Parra Legrand.

At the annual general meeting held on April 11, 2022, it was agreed to distribute a dividend of MCH\$20,000, which began to be paid on April 18, 2022.

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.



## VALORES SECURITY S.A. CORREDORES DE BOLSA

On August 25, 2022, at an ordinary board meeting held on the same date, Valores Security Corredores de Bolsa informed the CMF that the board unanimously agreed to appoint Roberto Francesco Tresoldi Manríquez, Taxpayer ID No. 13.254.002-0, as a director.

On August 4, 2022, at an extraordinary board meeting held on the same date, Valores Security Corredores de Bolsa informed the CMF that the board unanimously agreed to accept the resignation of Mr. Fernando Salinas Pinto as a director of the company.

On April 22, 2022, the CMF was informed that Mr. Julio Barriga Tapia has been appointed Crime Prevention Officer, replacing Mr. Mauricio Parra Legrand.

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.

On April 11, 2022, the CMF was informed that it would reelect the current board of the brokerage subsidiary for a period of three years as of the aforementioned date. The members are Mr. Enrique Menchaca Olivares, Mr. Fernando Salinas Pinto and Mr. Máximo Hitoshi Kamada.

At the thirty-fourth annual general meeting held on April 11, 2022, it was unanimously agreed to pay a mandatory minimum final dividend of THCH\$15.27 per share, equivalent to a total of THCH\$7,726.

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.

## 6. REPORTING SEGMENTS

The Bank's senior management makes decisions based on the following segments or business areas, defined as follows:

**Commercial Banking:** 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 domestic currency, foreign currency, leases, foreign trade, current accounts and asset management services.

**Retail Banking:** Portfolio of customers within the target segment of high-income individuals (socioeconomic category ABC1). The main products and services offered to this segment are current accounts, lines of credit, consumer and mortgage loans and asset management services, among others.

**Treasury:** The business of distributing currency and financial products to customers, brokering financial instruments and managing the Bank's own positions, balance sheet, gaps 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.

**Other:** These are non-recurring and other income and expenses that cannot be allocated to any of the above segments.

The following table illustrates assets and liabilities as of December 31, 2022 and 2021 and profit/loss by segment for the years then ended.

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.



## ASSETS AND LIABILITIES BY SEGMENT

	COMMERCIAL BANKING DECEMBER 31, 2022 MCH\$	RETAIL BANKING DECEMBER 31, 2022 MCH\$	TREASURY DECEMBER 31, 2022 MCH\$	OTHER DECEMBER 31, 2022 MCH\$	TOTAL BANK DECEMBER 31, 2022 MCH\$	SUBSIDIARIES DECEMBER 31, 2022 MCH\$	CONSOLIDATED TOTAL DECEMBER 31, 2022 MCH\$
<b>ASSETS</b>							
Gross loans	5,303,778	1,969,103	-	-	7,272,881	-	7,272,881
Allowances for loan losses	(119,529)	(49,574)	-	-	(169,103)	-	(169,103)
<b>NET LOANS</b>	<b>5,184,249</b>	<b>1,919,529</b>	<b>-</b>	<b>-</b>	<b>7,103,778</b>	<b>-</b>	<b>7,103,778</b>
Financial transactions	-	-	2,044,854	-	2,044,854	92,322	2,137,175
Other assets	-	-	517,849	189,454	707,303	81,965	789,268
<b>TOTAL ASSETS</b>	<b>5,184,249</b>	<b>1,919,529</b>	<b>2,562,702</b>	<b>189,454</b>	<b>9,855,934</b>	<b>174,287</b>	<b>10,030,221</b>
<b>LIABILITIES</b>							
Liabilities	4,703,697	1,787,912	2,489,558	179,352	9,160,519	78,087	9,238,606
Equity	480,551	131,617	73,144	10,053	695,365	96,200	791,564
Non-controlling interests	-	-	-	51	51	-	51
<b>Total liabilities</b>	<b>5,184,249</b>	<b>1,919,529</b>	<b>2,562,702</b>	<b>189,456</b>	<b>9,855,932</b>	<b>174,287</b>	<b>10,030,221</b>

	COMMERCIAL BANKING DECEMBER 31, 2021 MCH\$	RETAIL BANKING DECEMBER 31, 2021 MCH\$	TREASURY DECEMBER 31, 2021 MCH\$	OTHER DECEMBER 31, 2021 MCH\$	TOTAL BANK DECEMBER 31, 2021 MCH\$	SUBSIDIARIES DECEMBER 31, 2021 MCH\$	CONSOLIDATED TOTAL DECEMBER 31, 2021 MCH\$
<b>ASSETS</b>							
Gross loans	5,012,769	1,716,045	191	-	6,729,005	-	6,729,005
Allowances for loan losses	(120,117)	(38,572)	(1)	-	(158,690)	-	(158,690)
<b>NET LOANS</b>	<b>4,892,652</b>	<b>1,677,473</b>	<b>190</b>	<b>-</b>	<b>6,570,315</b>	<b>-</b>	<b>6,570,315</b>
Financial transactions	-	-	1,295,045	-	1,295,045	88,374	1,383,419
Other assets	-	-	1,082,534	210,130	1,292,664	117,138	1,409,802
<b>TOTAL ASSETS</b>	<b>4,892,652</b>	<b>1,677,473</b>	<b>2,377,769</b>	<b>210,130</b>	<b>9,158,024</b>	<b>205,512</b>	<b>9,363,536</b>
<b>LIABILITIES</b>							
Liabilities	4,456,630	1,572,049	2,315,702	210,264	8,554,645	109,312	8,663,957
Equity	436,311	105,424	61,777	(190)	603,322	96,200	699,522
Non-controlling interests	-	-	-	57	57	-	57
<b>Total liabilities</b>	<b>4,892,941</b>	<b>1,677,473</b>	<b>2,377,479</b>	<b>210,131</b>	<b>9,158,024</b>	<b>205,512</b>	<b>9,363,536</b>

## RESULTS BY REPORTING SEGMENT

	COMMERCIAL BANKING DECEMBER 31, 2022 MCH\$	RETAIL BANKING DECEMBER 31, 2022 MCH\$	TREASURY DECEMBER 31, 2022 MCH\$	OTHER DECEMBER 31, 2022 MCH\$	TOTAL BANK DECEMBER 31, 2022 MCH\$	SUBSIDIARIES DECEMBER 31, 2022 MCH\$	CONSOLIDATED TOTAL DECEMBER 31, 2022 MCH\$
<b>OPERATING INCOME</b>							
Net interest margin <sup>(2)</sup>	162,020	75,571	103,986	-	341,577	4,665	346,242
Net fees and commissions	22,174	15,629	(260)	-	37,543	32,783	70,326
Net FX transactions and other income <sup>(2)</sup>	5,596	1,506	(6,499)	(13,130)	(12,527)	9,482	(3,045)
Loan losses and foreclosed assets <sup>(3)</sup>	(45,832)	(27,609)	(4,686)	-	(78,127)	-	(78,127)
<b>Total operating income, net of provisions for credit losses</b>	<b>143,958</b>	<b>65,097</b>	<b>92,541</b>	<b>(13,130)</b>	<b>288,466</b>	<b>46,930</b>	<b>335,396</b>
Operating expenses <sup>(4)</sup>	(54,260)	(62,479)	(17,257)	(9,932)	(143,927)	(31,869)	(175,796)
<b>Net operating income (loss)</b>	<b>89,698</b>	<b>2,618</b>	<b>75,284</b>	<b>(23,062)</b>	<b>144,538</b>	<b>15,061</b>	<b>159,599</b>
Income attributable to investments in other companies	-	-	-	-	-	-	-
<b>Profit (loss) before tax</b>	<b>89,698</b>	<b>2,618</b>	<b>75,284</b>	<b>(23,062)</b>	<b>144,538</b>	<b>15,061</b>	<b>159,599</b>
Income tax expense	(9,478)	(286)	(10,266)	2,849	(17,181)	(47)	(17,228)
<b>Consolidated profit (loss) for the year</b>	<b>80,220</b>	<b>2,332</b>	<b>65,018</b>	<b>(20,213)</b>	<b>127,357</b>	<b>15,014</b>	<b>142,371</b>
Non-controlling interests	-	-	-	-	-	(5)	(5)
<b>Profit (loss) attributable to owners of the Bank</b>	<b>80,220</b>	<b>2,332</b>	<b>65,018</b>	<b>(20,213)</b>	<b>127,357</b>	<b>15,009</b>	<b>142,366</b>

	COMMERCIAL BANKING DECEMBER 31, 2021 MCH\$	RETAIL BANKING DECEMBER 31, 2021 MCH\$	TREASURY DECEMBER 31, 2021 MCH\$	OTHER DECEMBER 31, 2021 MCH\$	TOTAL BANK DECEMBER 31, 2021 MCH\$	SUBSIDIARIES DECEMBER 31, 2021 MCH\$	CONSOLIDATED TOTAL DECEMBER 31, 2021 MCH\$
<b>OPERATING INCOME</b>							
Net interest margin <sup>(1)</sup>	96,504	49,524	61,319	-	207,347	1,811	209,158
Net fees and commissions	20,982	13,050	(158)	-	33,874	27,113	60,987
Net FX transactions and other income <sup>(2)</sup>	8,426	1,236	3,124	(2,575)	12,786	7,196	19,982
Loan losses and foreclosed assets <sup>(3)</sup>	(60,754)	(15,032)	-	-	(75,786)	-	(75,786)
<b>Total operating income, net of provisions for credit losses</b>	<b>65,158</b>	<b>48,778</b>	<b>64,285</b>	<b>(2,575)</b>	<b>178,221</b>	<b>36,120</b>	<b>214,341</b>
Operating expenses <sup>(4)</sup>	(40,642)	(42,728)	(13,135)	(6,022)	(102,527)	(28,058)	(130,585)
<b>Net operating income (loss)</b>	<b>24,516</b>	<b>6,050</b>	<b>51,150</b>	<b>(8,597)</b>	<b>75,694</b>	<b>8,062</b>	<b>83,756</b>
Income attributable to investments in other companies	-	-	-	460	460	1	461
<b>Profit (loss) before tax</b>	<b>24,516</b>	<b>6,050</b>	<b>51,150</b>	<b>(8,137)</b>	<b>76,154</b>	<b>8,063</b>	<b>84,217</b>
Income tax expense	(3,315)	438	(6,518)	949	(8,446)	1,360	(7,086)
<b>Consolidated profit (loss) for the year</b>	<b>21,201</b>	<b>6,488</b>	<b>44,632</b>	<b>(7,188)</b>	<b>67,708</b>	<b>9,423</b>	<b>77,131</b>
Non-controlling interests	-	-	-	-	-	(4)	(4)
<b>Profit (loss) attributable to owners of the Bank</b>	<b>21,201</b>	<b>6,488</b>	<b>44,632</b>	<b>(7,188)</b>	<b>67,708</b>	<b>9,419</b>	<b>77,127</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 ALLOWANCES FOR LOAN LOSSES, NET INCOME FROM REPOSSESSED ASSETS, IMPAIRMENT OF INVESTMENT SECURITIES AND INTANGIBLE ASSETS AND NET COUNTRY RISK, SPECIAL AND ADDITIONAL ALLOWANCES FOR LOAN LOSSES.<sup>(4)</sup> PAYROLL AND PERSONNEL EXPENSES, ADMINISTRATIVE EXPENSES, DEPRECIATION AND AMORTIZATION.



## 7. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	AS OF DECEMBER 31, 2022 MCH\$	AS OF DECEMBER 31, 2021 MCH\$
<b>CASH AND DUE FROM BANKS</b>		
Cash	17,874	13,904
Deposits in the Chilean Central Bank	278,068	518,200
Deposits in foreign central banks	-	-
Deposits in domestic banks	35,344	53,896
Deposits in foreign banks	110,769	254,208
<b>Subtotal - cash and due from banks</b>	<b>442,055</b>	<b>840,208</b>
<b>Transactions in the course of collection, net</b>	<b>25,091</b>	<b>11,834</b>
<b>Other cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Total cash and cash equivalents</b>	<b>467,146</b>	<b>852,042</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, 2022 MCH\$	AS OF DECEMBER 31, 2021 MCH\$
<b>ASSETS</b>		
Outstanding notes from other banks	25,177	13,608
Transfer of current funds receivable	23,625	41,119
<b>Subtotal - assets</b>	<b>48,802</b>	<b>54,727</b>
<b>LIABILITIES</b>		
Transfer of funds in process to be delivered	23,711	42,893
<b>Subtotal - liabilities</b>	<b>23,711</b>	<b>42,893</b>
Transactions in the course of payment, net	25,091	11,834

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.

## 8. FINANCIAL ASSETS HELD FOR TRADING AT FAIR VALUE THROUGH PROFIT AND LOSS

As of December 31, 2022 and 2021, the Bank and its subsidiaries have the following balances in the accounts detailed below:

### 8.A FINANCIAL DERIVATIVE INSTRUMENTS

#### DECEMBER 2022

	NOTIONAL AMOUNT OF CONTRACT MATURING IN						FAIR VALUE OF ASSETS MCH\$
	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	
Currency forwards	5,101	34,272	155,513	74,668	9,334	-	103,095
Interest rate swaps	25,455	36,328	640,021	585,290	350,053	515,575	66,881
Currency swaps	8,485	8,532	129,748	191,130	175,056	299,165	61,123
Interest rate call options	-	-	-	-	-	-	-
Interest rate put options	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total assets for financial derivatives</b>	<b>39,041</b>	<b>79,132</b>	<b>925,282</b>	<b>851,088</b>	<b>534,443</b>	<b>814,740</b>	<b>231,099</b>

#### DECEMBER 2021

	NOTIONAL AMOUNT OF CONTRACT MATURING IN						FAIR VALUE OF ASSETS MCH\$
	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	
Currency forwards	12,276	209,101	141,213	58,568	-	22,159	83,083
Interest rate swaps	7,670	47,034	235,513	493,340	560,346	752,706	39,873
Currency swaps	14,256	2,754	133,190	177,780	196,542	284,491	75,460
Interest rate call options	-	-	-	-	-	-	-
Interest rate put options	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total assets for financial derivatives</b>	<b>34,202</b>	<b>258,889</b>	<b>509,916</b>	<b>729,688</b>	<b>756,888</b>	<b>1,059,356</b>	<b>198,416</b>





## 8.B DEBT FINANCING INSTRUMENTS

### DECEMBER 2022

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Chilean Government and Central Bank instruments</b>							
Financial debt instruments of the Chilean Central Bank	5,999	-	-	-	-	-	5,999
Chilean Treasury bonds and promissory notes	-	-	-	-	-	-	-
Other government debt financing instruments	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>5,999</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,999</b>
<b>Other debt financing instruments issued in Chile</b>							
Debt financing instruments issued by other domestic banks	36	145	1,656	24,232	1,139	1,122	28,330
Corporate bonds and commercial paper issued in Chile	-	-	397	9,431	-	6	9,834
Other instruments issued in Chile	-	-	4,469	-	-	-	4,469
<b>Subtotal</b>	<b>36</b>	<b>145</b>	<b>6,522</b>	<b>33,663</b>	<b>1,139</b>	<b>1,128</b>	<b>42,633</b>
<b>Other debt financing instruments issued abroad</b>							
Foreign central banks	-	-	-	-	-	-	-
Foreign governments and foreign tax entities	-	-	-	-	-	-	-
Other foreign banks	-	-	-	-	-	-	-
Corporate bonds and commercial paper issued abroad	-	-	-	-	-	-	-
Other foreign instruments	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total debt financing instruments</b>	<b>6,035</b>	<b>145</b>	<b>6,522</b>	<b>33,663</b>	<b>1,139</b>	<b>1,128</b>	<b>48,632</b>

### DECEMBER 2021

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Chilean Government and Central Bank instruments</b>							
Financial debt instruments of the Chilean Central Bank	4,997	19	-	-	-	-	5,016
Chilean Treasury bonds and promissory notes	-	-	-	-	-	-	-
Other government debt financing instruments	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>4,997</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,016</b>
<b>Other debt financing instruments issued in Chile</b>							
Debt financing instruments issued by other domestic banks	81	458	6,377	13,498	1,226	2,031	23,671
Corporate bonds and commercial paper issued in Chile	-	-	-	10,141	1,250	5	11,396
Other instruments issued in Chile	-	-	3,170	-	-	(273)	2,897
<b>Subtotal</b>	<b>81</b>	<b>458</b>	<b>9,547</b>	<b>23,639</b>	<b>2,476</b>	<b>1,763</b>	<b>37,964</b>
<b>Other debt financing instruments issued abroad</b>							
Foreign central banks	-	-	-	-	-	-	-
Foreign governments and foreign tax entities	-	-	-	-	-	-	-
Other foreign banks	-	-	-	-	-	-	-
Corporate bonds and commercial paper issued abroad	-	-	-	-	-	-	-
Other foreign instruments	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total debt financing instruments</b>	<b>5,078</b>	<b>477</b>	<b>9,547</b>	<b>23,639</b>	<b>2,476</b>	<b>1,763</b>	<b>42,980</b>

## 8.C OTHER DEBT FINANCING INSTRUMENTS

### DECEMBER 2022

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Investments in mutual funds</b>							
Managed by related parties	-	3,934	-	-	-	-	3,934
Managed by third parties	-	-	-	-	-	-	-
<b>Subtotal</b>	-	<b>3,934</b>	-	-	-	-	<b>3,934</b>
<b>Equity instruments</b>							
Equity instruments issued in Chile	-	-	-	-	-	-	-
Equity instruments issued abroad	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Loans originated and acquired by the entity</b>							
Loans and advances to banks	-	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Total other financial instruments</b>	-	<b>3,934</b>	-	-	-	-	<b>3,934</b>

### DECEMBER 2021

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Investments in mutual funds</b>							
Managed by related parties	422	5,162	-	-	-	-	5,584
Managed by third parties	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>422</b>	<b>5,162</b>	-	-	-	-	<b>5,584</b>
<b>Equity instruments</b>							
Equity instruments issued in Chile	-	-	-	-	-	-	-
Equity instruments issued abroad	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Loans originated and acquired by the entity</b>							
Loans and advances to banks	-	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Total other financial instruments</b>	<b>422</b>	<b>5,162</b>	-	-	-	-	<b>5,584</b>



## 9. FINANCIAL ASSETS NOT FOR TRADING THAT MUST BE MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

As of December 31, 2022 and 2021, the Bank and its subsidiaries have no such balances.

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

As of December 31, 2022 and 2021, the Bank and its subsidiaries have no such balances.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As of December 31, 2022 and 2021, the Bank and its subsidiaries have the following balances in the following accounts:

### 11.A DEBT FINANCING INSTRUMENTS

#### DECEMBER 2022

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Chilean Government and Central Bank instruments</b>							
Chilean Central Bank instruments	457,344	196,452	411,203	-	-	-	1,064,999
Chilean Treasury instruments	-	67,269	52,536	103,439	-	-	223,244
Other government debt financing instruments	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>457,344</b>	<b>263,721</b>	<b>463,739</b>	<b>103,439</b>	<b>-</b>	<b>-</b>	<b>1,288,243</b>
<b>Other debt financing instruments issued in Chile</b>							
Debt financing instruments issued by other domestic banks	22,918	16,312	41,329	99,610	7,044	18,118	205,331
Corporate bonds and commercial paper issued in Chile	-	-	28,934	121,287	37,215	13,170	200,606
Other instruments issued in Chile	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>22,918</b>	<b>16,312</b>	<b>70,263</b>	<b>220,897</b>	<b>44,259</b>	<b>31,288</b>	<b>405,937</b>
<b>Other debt financing instruments issued abroad</b>							
Foreign central banks	-	-	-	-	-	-	-
Foreign governments and foreign tax entities	-	-	-	-	-	-	-
Other foreign banks	-	-	-	11,868	24,592	57,350	93,810
Corporate bonds and commercial paper issued abroad	-	-	-	-	-	-	-
Other debt financing instruments issued abroad	-	-	-	2,062	-	16,475	18,537
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,930</b>	<b>24,592</b>	<b>73,825</b>	<b>112,347</b>
<b>Total debt financing instruments</b>	<b>480,262</b>	<b>280,033</b>	<b>534,002</b>	<b>338,266</b>	<b>68,851</b>	<b>105,113</b>	<b>1,806,527</b>

## DECEMBER 2021

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Chilean Government and Central Bank instruments</b>							
Chilean Central Bank instruments	639,300	59,560	12,570	-	-	-	711,430
Chilean Treasury instruments	412	-	14,698	42,250	99,113	-	156,473
Other government debt financing instruments	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>639,712</b>	<b>59,560</b>	<b>27,268</b>	<b>42,250</b>	<b>99,113</b>	<b>-</b>	<b>867,903</b>
<b>Other debt financing instruments issued in Chile</b>							
Debt financing instruments issued by other domestic banks	32,845	61	7,339	104,043	21,404	18,574	184,266
Corporate bonds and commercial paper issued in Chile	-	-	5,854	114,521	41,720	9,271	171,366
Other instruments issued in Chile	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>32,845</b>	<b>61</b>	<b>13,193</b>	<b>218,564</b>	<b>63,124</b>	<b>27,845</b>	<b>355,632</b>
<b>Other debt financing instruments issued abroad</b>							
Foreign central banks	-	-	-	-	-	-	-
Foreign governments and foreign tax entities	-	-	-	-	-	-	-
Other foreign banks	-	612	2,488	8,605	32,448	63,098	107,251
Corporate bonds and commercial paper issued abroad	-	-	-	-	-	-	-
Other debt financing instruments issued abroad	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>612</b>	<b>2,488</b>	<b>8,605</b>	<b>32,448</b>	<b>63,098</b>	<b>107,251</b>
<b>Total debt financing instruments</b>	<b>672,557</b>	<b>60,233</b>	<b>42,949</b>	<b>269,419</b>	<b>194,685</b>	<b>90,943</b>	<b>1,330,786</b>

## 11.B OTHER FINANCIAL INSTRUMENTS

As of December 31, 2022 and 2021, the Bank and its subsidiaries have the following balances in the following accounts:

## DECEMBER 2022

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Loans originated and acquired by the entity</b>							
Loans and advances to banks	-	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,562</b>	<b>3,562</b>
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,562</b>	<b>3,562</b>
<b>Total other financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,562</b>	<b>3,562</b>



**DECEMBER 2021**

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Loans originated and acquired by the entity</b>							
Loans and advances to banks	-	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	4,069	4,069
<b>Subtotal</b>	-	-	-	-	-	4,069	4,069
<b>Total other financial instruments</b>	-	-	-	-	-	4,069	4,069

**12. FINANCIAL DERIVATIVE INSTRUMENTS FOR ACCOUNTING HEDGES**

**A)** As of December 31, 2022 and 2021, the Bank has the following portfolio of fair value and cash flow hedging derivatives:

**DECEMBER 2022**

	CASH FLOW (CF) OR FAIR VALUE (FV) HEDGE	NOTIONAL AMOUNT OF CONTRACT MATURING IN						FAIR VALUE OF ASSETS MCH\$	FAIR VALUE OF LIABILITIES MCH\$
		UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$		
Currency forwards		-	-	-	-	-	-	-	-
Interest rate swaps	(FV)	-	-	62,219	24,061	-	17,394	3,705	-
Currency swaps	CF	105,299	335,218	322,917	143,909	42,120	-	42,961	(14,142)
Currency swaps	(FV)	-	-	-	43,875	42,120	74,411	177	(7,309)
Interest rate call options		-	-	-	-	-	-	-	-
Interest rate put options		-	-	-	-	-	-	-	-
Futures		-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-
<b>Total financial derivatives</b>		<b>105,299</b>	<b>335,218</b>	<b>385,136</b>	<b>211,845</b>	<b>84,240</b>	<b>91,805</b>	<b>46,843</b>	<b>(21,451)</b>

## DECEMBER 2021

	CASH FLOW (CF) OR FAIR VALUE (FV) HEDGE	NOTIONAL AMOUNT OF CONTRACT MATURING IN						FAIR VALUE OF ASSETS MCH\$	FAIR VALUE OF LIABILITIES MCH\$
		UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$		
Currency forwards		-	-	-	-	-	-	-	-
Interest rate swaps	(FV)	-	-	-	28,977	8,096	17,471	791	-
Currency swaps	CF	-	118,528	773,131	52,677	86,763	-	36,114	(41,308)
Currency swaps	(FV)	-	-	-	21,691	54,227	87,383	5,070	(3,859)
Interest rate call options		-	-	-	-	-	-	-	-
Interest rate put options		-	-	-	-	-	-	-	-
Futures		-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-
<b>Total financial derivatives</b>		-	<b>118,528</b>	<b>773,131</b>	<b>103,345</b>	<b>149,086</b>	<b>104,854</b>	<b>41,975</b>	<b>(45,167)</b>

## B) FAIR VALUE HEDGES

The Bank uses cross-currency and interest-rate swaps to cover its exposure to changes in the fair value attributable to interest rates in mortgage loans (under macro coverage), term deposits in Chilean pesos and commercial loans in UF and USD in hedges. The hedge instruments mentioned modify the effective cost of long-term assets, from a fixed interest rate to a variable interest rate, reducing the term and modifying the sensitivity to the shortest sections of the curve.

The outstanding items and instruments hedged at fair value as of December 31, 2022 and 2021, are detailed as follows:

	AS OF DECEMBER 31, 2022 MCH\$	AS OF DECEMBER 31, 2021 MCH\$
<b>Hedged item</b>		
Commercial loans	214,710	217,870
TP	33,370	-
Bonds	16,000	-
<b>Hedge instrument</b>		
Cross-currency swaps	160,406	163,300
Interest rate swaps	103,674	54,544



### C) CASH FLOW HEDGES

The Bank uses cross currency swaps to hedge the risk of changes in foreign currency for U.S. dollar denominated loans. The cash flows of the cross-currency swaps contracted are similar to the flows of the items hedged, and modify uncertain flows by known flows at a fixed interest rate in Chilean pesos.

These cross-currency swap contracts are also used to hedge the risk of changes in the Unidad de Fomento (UF) on flows from UF-denominated mortgage bonds and bonds issued by the Bank up to a nominal amount equivalent to the notional portion in UF of the hedge instrument, whose indexation impacts interest and indexation income in the income statement on a daily basis.

The cash flows of UF-denominated commercial loans and mortgage bonds covered by this hedge and the cash flows of the liability part of the derivative instrument are detailed as follows.

#### DECEMBER 2022

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Hedged Item</b>							
Mortgage bonds UF	997	4,370	4,770	5,550	-	-	15,687
Commercial loans USD	-	1,009	-	-	-	-	1,009
<b>Hedging instruments</b>							
Cash outflows:							
Cross-currency swap UF	(997)	(4,370)	(4,770)	(5,550)	-	-	(15,687)
Cross-currency swap USD	-	(1,009)	-	-	-	-	(1,009)
<b>Net cash flows</b>	-	-	-	-	-	-	-

#### DECEMBER 2021

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Hedged Item</b>							
Mortgage bonds UF	-	(2,324)	(8,349)	-	-	-	(10,673)
Commercial loans USD	-	179	650	-	-	-	829
<b>Hedging instruments</b>							
Cash outflows:							
Cross-currency swap UF	-	2,324	8,349	-	-	-	10,673
Cross-currency swap USD	-	(179)	(650)	-	-	-	(829)
<b>Net cash flows</b>	-	-	-	-	-	-	-

The cash flows of UF-denominated bonds issued by the Bank covered by this hedge and the cash flows of the asset part of the derivative instrument are detailed as follows.

### DECEMBER 2022

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Hedged item</b>							
Bonds issued by Bank UF	-	(307)	(61,126)	(58,515)	(42,677)	-	(162,625)
<b>Hedging instruments</b>							
Cash outflows:							
Cross-currency swap UF	-	307	61,126	58,515	42,677	-	162,625
<b>Net cash flows</b>	-	-	-	-	-	-	-

### DECEMBER 2021

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Hedged item</b>							
Bonds issued by Bank UF	-	(271)	(95,094)	(55,284)	(88,308)	-	(238,957)
<b>Hedging instruments</b>							
Cash outflows:							
Cross-currency swap UF	-	271	95,094	55,284	88,308	-	238,957
<b>Net cash flows</b>	-	-	-	-	-	-	-

UF assets hedged are revalued monthly as the UF changes, which is the equivalent of reinvesting the assets monthly until the hedge matures.

The balance for this concept for the year ended December 31, 2022, corresponds to a credit to equity of MCH\$4,383, while in 2021 the equity charge for cash flow hedges amounted to (MCH\$2,765).

As of December 31, 2022 and 2021, there is no ineffectiveness in the cash-flow hedges as both the element hedged and the object of the hedge mirror each other, which implies that all changes in value attributable to rate and indexation components are completely offset.

As of December 31, 2022, three advances of cash flow hedges on bonds issued by the Bank are being accrued, maturing in March 2025, and an equity gain of MCH\$248 million has yet to be accrued in income.

As of December 31, 2022 and 2021, the Bank does not have any hedges of net investments in foreign operations.





### 13. FINANCIAL ASSETS AT AMORTIZED COST

#### A) RIGHTS WITH PROMISE OF SALE

The Bank purchases financial instruments under agreements to sell them at a future date. As of December 31, 2022 and 2021, rights with resell commitments, classified by type of debtor and maturity, are as follows:

#### DECEMBER 2022

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Transactions with domestic banks</b>							
Repurchase agreements with other banks	-	-	-	-	-	-	-
Repurchase agreements with the Chilean Central Bank	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Transactions with foreign banks</b>							
Repurchase agreements with other banks	-	-	-	-	-	-	-
Repurchase agreements with foreign central banks	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Transactions with other domestic entities</b>							
Repurchase agreements	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Transactions with other foreign entities</b>							
Repurchase agreements	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-

#### DECEMBER 2021

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Transactions with domestic banks</b>							
Repurchase agreements with other banks	-	-	-	-	-	-	-
Repurchase agreements with the Chilean Central Bank	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Transactions with foreign banks</b>							
Repurchase agreements with other banks	-	-	-	-	-	-	-
Repurchase agreements with foreign central banks	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Transactions with other domestic entities</b>							
Repurchase agreements	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Transactions with other foreign entities</b>							
Repurchase agreements	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-

**B) DEBT FINANCING INSTRUMENTS**

As of December 31, 2022, there Bank has the following balances for this concept.

**DECEMBER 2022**

	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Chilean Government and Central Bank instruments</b>							
Financial debt instruments of the Chilean Central Bank	-	-	-	-	-	-	-
Chilean Treasury bonds and promissory notes	-	-	-	-	-	-	-
Other government debt financing instruments	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-	-
<b>Other debt financing instruments issued in Chile</b>							
Debt financing instruments issued by other domestic banks	-	-	-	34,688	-	-	34,688
Corporate bonds and commercial paper issued in Chile	-	-	-	-	-	-	-
Other debt financing instruments issued in Chile	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	<b>34,688</b>	-	-	<b>34,688</b>
<b>Other debt financing instruments issued abroad</b>							
Other debt financing instruments from foreign central banks	-	-	-	-	-	-	-
Debt financing instruments of foreign governments and foreign tax entities	-	-	-	-	-	-	-
Debt financing instruments from other foreign banks	-	-	-	-	-	-	-
Corporate bonds and commercial paper issued abroad	-	-	-	-	-	-	-
Other debt financing instruments issued abroad	-	-	-	8,769	-	-	8,769
<b>Subtotal</b>	-	-	-	<b>8,769</b>	-	-	<b>8,769</b>
<b>Accumulated impairment of financial assets at amortized cost</b>							
Financial assets without a significant increase in credit risk since initial recognition (phase 1)	-	-	-	(34)	-	-	(34)
Financial assets with a significant increase in credit risk since initial recognition, but without credit impairment (phase 2)	-	-	-	-	-	-	-
Credit-impaired financial assets (phase 3)	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	<b>(34)</b>	-	-	<b>(34)</b>
<b>Total debt financing instruments</b>	-	-	-	<b>43,423</b>	-	-	<b>43,423</b>



## C) LOANS AND ADVANCES TO BANKS

Credit risk for loans and advances to banks as of December 31, 2022 and 2021, is assessed individually. This account is detailed as follows:

LOANS AND ADVANCES TO BANKS AS OF DECEMBER 31, 2022 (MCH\$)	FINANCIAL ASSETS BEFORE ALLOWANCES				ALLOWANCES RECOGNIZED				NET FINANCIAL ASSETS
	NORMAL PORTFOLIO	SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO	TOTAL	NORMAL PORTFOLIO	SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO	TOTAL	
	INDIVIDUAL ASSESSMENT	INDIVIDUAL ASSESSMENT	INDIVIDUAL ASSESSMENT		INDIVIDUAL ASSESSMENT	INDIVIDUAL ASSESSMENT	INDIVIDUAL ASSESSMENT		
<b>Domestic banks</b>									
Interbank liquidity loans	-	-	-	-	-	-	-	-	-
Interbank commercial loans	-	-	-	-	-	-	-	-	-
Overdrafts in current accounts	-	-	-	-	-	-	-	-	-
Foreign trade loans - Chilean exports	-	-	-	-	-	-	-	-	-
Foreign trade loans - Chilean imports	-	-	-	-	-	-	-	-	-
Foreign trade loans between third party countries	-	-	-	-	-	-	-	-	-
Non-transferable deposits in Chilean banks	-	-	-	-	-	-	-	-	-
Other credit balances with domestic banks	-	-	-	-	-	-	-	-	-
<b>Foreign banks</b>									
Interbank liquidity loans	-	-	-	-	-	-	-	-	-
Interbank commercial loans	-	-	-	-	-	-	-	-	-
Overdrafts in current accounts	-	-	-	-	-	-	-	-	-
Foreign trade loans - Chilean exports	-	-	-	-	-	-	-	-	-
Foreign trade loans - Chilean imports	-	-	-	-	-	-	-	-	-
Foreign trade loans between third party countries	-	-	-	-	-	-	-	-	-
Deposits in current accounts in foreign banks for derivative transactions	-	-	-	-	-	-	-	-	-
Other non-transferable deposits in foreign banks	-	-	-	-	-	-	-	-	-
Other credit balances with foreign banks	-	-	-	-	-	-	-	-	-
<b>Subtotal domestic and foreign banks</b>	-	-	-	-	-	-	-	-	-
<b>Chilean Central Bank</b>									
Deposits in BCCH checking account for derivative transactions with COMDER	-	-	-	-	-	-	-	-	-
Other restricted deposits in the Chilean Central Bank	-	-	-	-	-	-	-	-	-
Other credit balances with the Chilean Central Bank	-	-	-	-	-	-	-	-	-
<b>Foreign Central Banks</b>									
Deposits in current accounts in foreign central banks for derivative transactions	-	-	-	-	-	-	-	-	-
Other restricted deposits in and other receivables from foreign central banks	-	-	-	-	-	-	-	-	-
<b>Subtotal Chilean Central Bank and foreign central banks</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-	-	-	-

LOANS AND ADVANCES TO BANKS AS OF DECEMBER 31, 2021 (MCH\$)	FINANCIAL ASSETS BEFORE ALLOWANCES				ALLOWANCES RECOGNIZED				NET FINANCIAL ASSETS
	NORMAL PORTFOLIO	SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO	TOTAL	NORMAL PORTFOLIO	SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO	TOTAL	
	INDIVIDUAL ASSESSMENT	INDIVIDUAL ASSESSMENT	INDIVIDUAL ASSESSMENT		INDIVIDUAL ASSESSMENT	INDIVIDUAL ASSESSMENT	INDIVIDUAL ASSESSMENT		
<b>Domestic banks</b>									
Interbank liquidity loans	-	-	-	-	-	-	-	-	-
Interbank commercial loans	-	-	-	-	-	-	-	-	-
Overdrafts in current accounts	-	-	-	-	-	-	-	-	-
Foreign trade loans - Chilean exports	1,121	-	-	1,121	1	-	-	1	1,120
Foreign trade loans - Chilean imports	-	-	-	-	-	-	-	-	-
Foreign trade loans between third party countries	-	-	-	-	-	-	-	-	-
Non-transferable deposits in Chilean banks	-	-	-	-	-	-	-	-	-
Other credit balances with domestic banks	-	-	-	-	-	-	-	-	-
<b>Foreign banks</b>									
Interbank liquidity loans	-	-	-	-	-	-	-	-	-
Interbank commercial loans	1,714	-	-	1,714	10	-	-	10	1,704
Overdrafts in current accounts	-	-	-	-	-	-	-	-	-
Foreign trade loans - Chilean exports	-	-	-	-	-	-	-	-	-
Foreign trade loans - Chilean imports	-	-	-	-	-	-	-	-	-
Foreign trade loans between third party countries	-	-	-	-	-	-	-	-	-
Deposits in current accounts in foreign banks for derivative transactions	-	-	-	-	-	-	-	-	-
Other non-transferable deposits in foreign banks	-	-	-	-	-	-	-	-	-
Other credit balances with foreign banks	-	-	-	-	-	-	-	-	-
<b>Subtotal domestic and foreign banks</b>	<b>2,835</b>	<b>-</b>	<b>-</b>	<b>2,835</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>2,824</b>
<b>Chilean Central Bank</b>									
Deposits in BCCH checking account for derivative transactions with COMDER	-	-	-	-	-	-	-	-	-
Other restricted deposits in the Chilean Central Bank	-	-	-	-	-	-	-	-	-
Other credit balances with the Chilean Central Bank	-	-	-	-	-	-	-	-	-
<b>Foreign Central Banks</b>									
Deposits in current accounts in foreign central banks for derivative transactions	-	-	-	-	-	-	-	-	-
Other restricted deposits in and other receivables from foreign central banks	-	-	-	-	-	-	-	-	-
<b>Subtotal Chilean Central Bank and foreign central banks</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>2,835</b>	<b>-</b>	<b>-</b>	<b>2,835</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>2,824</b>



## D) CUSTOMER LOANS AND RECEIVABLES – COMMERCIAL

Balances of customer loans and receivables as of December 31, 2022 and 2021, are detailed as follows:

CUSTOMER LOANS AND RECEIVABLES AS OF DECEMBER 31, 2022 (MCH\$)	FINANCIAL ASSETS BEFORE ALLOWANCES						ALLOWANCES RECORDED						Subtotal	FOGAPE COVID-19 GUARANTEE DEDUCTIBLE	TOTAL	NET FINANCIAL ASSETS
	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		TOTAL	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO						
	ASSESSMENT		ASSESSMENT	ASSESSMENT			ASSESSMENT		ASSESSMENT	ASSESSMENT						
	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP						
<b>Commercial loans</b>																
Commercial loans	3,476,569	401,068	839,018	283,578	32,085	5,032,318	23,318	3,449	14,388	78,773	8,251	128,179	761	128,940	4,903,378	
Foreign trade loans - Chilean exports	147,383	120	8,500	1,395	58	157,456	2,438	1	246	676	19	3,380	-	3,380	154,076	
Foreign trade loans - Chilean imports	103,864	1,532	8,835	183	-	114,414	2,209	22	1,035	85	-	3,351	-	3,351	111,063	
Foreign trade loans between third party countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Current account overdrafts	27,573	7,927	4,078	1,818	597	41,993	401	206	506	534	318	1,965	-	1,965	40,028	
Credit card debtors	2,744	2,173	412	67	73	5,469	89	63	49	37	40	278	-	278	5,191	
Factored receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Commercial financial lease transactions	302,962	17,657	106,742	33,729	949	462,039	638	33	162	5,207	98	6,138	15	6,153	455,886	
Student loans	-	1,914	-	-	110	2,024	-	65	-	-	78	143	-	143	1,881	
Other loans and receivables	408	13	65	1,313	98	1,897	11	-	5	1,048	35	1,099	-	1,099	798	
<b>Subtotal</b>	<b>4,061,503</b>	<b>432,404</b>	<b>967,650</b>	<b>322,083</b>	<b>33,970</b>	<b>5,817,610</b>	<b>29,104</b>	<b>3,839</b>	<b>16,391</b>	<b>86,360</b>	<b>8,839</b>	<b>144,533</b>	<b>776</b>	<b>145,309</b>	<b>5,672,301</b>	
<b>Mortgage loans</b>																
Loans with mortgage bonds	-	470	-	-	-	470	-	-	-	-	-	-	-	-	470	
Mutual loans with endorsable mortgages	-	243,834	-	-	5,880	249,714	-	183	-	-	160	343	-	343	249,371	
Mutual loans financed with mortgage bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other mutual mortgage loans	-	746,261	-	-	6,265	752,526	-	938	-	-	128	1,066	-	1,066	751,460	
Financial leasing transactions for mortgages	-	1,426	-	-	-	1,426	-	11	-	-	-	11	-	11	1,415	
Other loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Subtotal</b>	<b>-</b>	<b>991,991</b>	<b>-</b>	<b>-</b>	<b>12,145</b>	<b>1,004,136</b>	<b>-</b>	<b>1,132</b>	<b>-</b>	<b>-</b>	<b>288</b>	<b>1,420</b>	<b>-</b>	<b>1,420</b>	<b>1,002,716</b>	
<b>Consumer loans</b>																
Consumer loans in installments	-	266,936	-	-	13,241	280,177	-	7,445	-	-	6,815	14,260	-	14,260	265,917	
Current account overdrafts	-	61,408	-	-	2,180	63,588	-	1,927	-	-	1,034	2,961	-	2,961	60,627	
Credit card debtors	-	108,417	-	-	1,666	110,083	-	3,933	-	-	1,219	5,152	-	5,152	104,931	
Consumer financial leasing transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Subtotal</b>	<b>-</b>	<b>436,761</b>	<b>-</b>	<b>-</b>	<b>17,087</b>	<b>453,848</b>	<b>-</b>	<b>13,305</b>	<b>-</b>	<b>-</b>	<b>9,068</b>	<b>22,373</b>	<b>-</b>	<b>22,373</b>	<b>431,475</b>	
<b>Total</b>	<b>4,061,503</b>	<b>1,861,156</b>	<b>967,650</b>	<b>322,083</b>	<b>63,202</b>	<b>7,275,594</b>	<b>29,104</b>	<b>18,276</b>	<b>16,391</b>	<b>86,360</b>	<b>18,195</b>	<b>168,326</b>	<b>776</b>	<b>169,102</b>	<b>7,106,492</b>	
<b>Accounting hedges</b>																
Commercial loans															(2,715)	
<b>Subtotal</b>															<b>(2,715)</b>	
<b>Total customer loans and receivables</b>															<b>7,103,777</b>	

CUSTOMER LOANS AND RECEIVABLES AS OF DECEMBER 31, 2021 (MCH\$)	FINANCIAL ASSETS BEFORE ALLOWANCES						ALLOWANCES RECORDED						Subtotal	FOGAPE COVID-19 GUARANTEE DEDUCTIBLE	TOTAL	NET FINANCIAL ASSETS
	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		TOTAL	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO						
	ASSESSMENT		ASSESSMENT	ASSESSMENT			ASSESSMENT		ASSESSMENT	ASSESSMENT						
	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP						
<b>Commercial loans</b>																
Commercial loans	3,396,368	299,573	799,010	286,232	30,508	4,811,691	17,654	2,206	17,323	82,901	7,588	127,672	1,253	128,925	4,682,766	
Foreign trade loans - Chilean exports	135,668	264	5,998	734	-	142,664	3,243	5	32	41	-	3,321	-	3,321	139,343	
Foreign trade loans - Chilean imports	83,394	1,503	2,041	-	-	86,938	1,715	30	57	-	-	1,802	-	1,802	85,136	
Foreign trade loans between third party countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Current account overdrafts	6,415	7,529	3,021	631	867	18,463	231	216	281	200	453	1,381	-	1,381	17,082	
Credit card debtors	2,468	1,848	426	22	72	4,836	67	59	44	15	40	225	-	225	4,611	
Factored receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Commercial financial lease transactions	268,305	12,470	112,072	15,916	1,394	410,157	780	31	346	1,000	534	2,691	112	2,803	407,354	
Student loans	-	2,491	-	-	179	2,670	-	88	-	-	103	191	-	191	2,479	
Other loans and receivables	498	13	100	271	43	925	12	-	2	123	24	161	-	161	764	
<b>Subtotal</b>	<b>3,893,116</b>	<b>325,691</b>	<b>922,668</b>	<b>303,806</b>	<b>33,063</b>	<b>5,478,344</b>	<b>23,702</b>	<b>2,635</b>	<b>18,085</b>	<b>84,280</b>	<b>8,742</b>	<b>137,444</b>	<b>1,365</b>	<b>138,809</b>	<b>5,339,535</b>	
<b>Mortgage loans</b>																
Loans with mortgage bonds	-	776	-	-	-	776	-	-	-	-	-	-	-	-	776	
Mutual loans with endorsable mortgages	-	233,938	-	-	4,606	238,544	-	163	-	-	188	351	-	351	238,193	
Mutual loans financed with mortgage bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other mutual mortgage loans	-	578,101	-	-	6,236	584,337	-	540	-	-	209	749	-	749	583,588	
Financial leasing transactions for mortgages	-	-	-	-	1,310	1,310	-	-	-	-	396	396	-	396	914	
Other loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Subtotal</b>	<b>-</b>	<b>812,815</b>	<b>-</b>	<b>-</b>	<b>12,152</b>	<b>824,967</b>	<b>-</b>	<b>703</b>	<b>-</b>	<b>-</b>	<b>793</b>	<b>1,496</b>	<b>-</b>	<b>1,496</b>	<b>823,471</b>	
<b>Consumer loans</b>																
Consumer loans in installments	-	254,812	-	-	12,830	267,642	-	6,204	-	-	6,041	12,245	-	12,245	255,397	
Current account overdrafts	-	53,896	-	-	1,543	55,439	-	2,610	-	-	931	3,541	-	3,541	51,898	
Credit card debtors	-	99,937	-	-	771	100,708	-	2,124	-	-	465	2,589	-	2,589	98,119	
Consumer financial leasing transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Subtotal</b>	<b>-</b>	<b>408,645</b>	<b>-</b>	<b>-</b>	<b>15,144</b>	<b>423,789</b>	<b>-</b>	<b>10,938</b>	<b>-</b>	<b>-</b>	<b>7,437</b>	<b>18,375</b>	<b>-</b>	<b>18,375</b>	<b>405,414</b>	
<b>Total</b>	<b>3,893,116</b>	<b>1,547,151</b>	<b>922,668</b>	<b>303,806</b>	<b>60,359</b>	<b>6,272,100</b>	<b>23,702</b>	<b>14,276</b>	<b>18,085</b>	<b>84,280</b>	<b>16,972</b>	<b>157,315</b>	<b>1,365</b>	<b>158,680</b>	<b>6,568,420</b>	
<b>Accounting hedges</b>																
Commercial loans															(929)	
<b>Subtotal</b>															<b>(929)</b>	
<b>Total customer loans and receivables</b>															<b>6,567,491</b>	



## E) CONTINGENT LOANS

Balances of contingent loans as of December 31, 2022 and 2021, are detailed as follows:

CREDIT RISK EXPOSURE FOR CONTINGENT LOANS DECEMBER 31, 2022 (MCHS)	CONTINGENT CREDIT EXPOSURE BEFORE ALLOWANCES						ALLOWANCES RECORDED						NET CREDIT RISK EXPOSURE ON CONTINGENT LOANS
	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		TOTAL	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		TOTAL	
	ASSESSMENT		ASSESSMENT	ASSESSMENT			ASSESSMENT		ASSESSMENT	ASSESSMENT			
	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP	INDIVIDUAL	GROUP	
<b>Commercial loans</b>													
Commercial loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign trade loans - Chilean exports	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign trade loans - Chilean imports	1,636	19	33	-	-	1,688	9	-	-	-	-	9	1,679
Foreign trade loans between third party countries	-	-	-	-	-	-	-	-	-	-	-	-	-
Current account overdrafts	95,788	10,068	1,854	259	39	108,008	868	258	140	41	22	1,329	106,679
Credit card debtors	8,505	6,031	641	26	19	15,222	267	160	83	13	11	534	14,688
Factored receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial financial lease transactions Student loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other loans and receivables	200,240	1,560	6,350	12,795	104	221,049	3,369	28	387	700	5	4,489	216,560
<b>Subtotal</b>	<b>306,169</b>	<b>17,678</b>	<b>8,878</b>	<b>13,080</b>	<b>162</b>	<b>345,967</b>	<b>4,513</b>	<b>446</b>	<b>610</b>	<b>754</b>	<b>38</b>	<b>6,361</b>	<b>339,606</b>
Current account overdrafts	-	22,162	-	-	290	22,452	-	117	-	-	138	255	22,197
Credit card debtors	-	55,229	-	-	896	56,125	-	586	-	-	595	1,181	54,944
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>77,391</b>	<b>-</b>	<b>-</b>	<b>1,186</b>	<b>78,577</b>	<b>-</b>	<b>703</b>	<b>-</b>	<b>-</b>	<b>733</b>	<b>1,436</b>	<b>77,141</b>
<b>TOTAL</b>	<b>306,169</b>	<b>95,069</b>	<b>8,878</b>	<b>13,080</b>	<b>1,348</b>	<b>424,544</b>	<b>4,513</b>	<b>1,149</b>	<b>610</b>	<b>754</b>	<b>771</b>	<b>7,797</b>	<b>416,747</b>

CREDIT RISK EXPOSURE FOR CONTINGENT LOANS DECEMBER 31, 2021 (MCHS)	CONTINGENT CREDIT EXPOSURE BEFORE ALLOWANCES						ALLOWANCES RECORDED						NET CREDIT RISK EXPOSURE ON CONTINGENT LOANS
	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		TOTAL	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		TOTAL	
	ASSESSMENT		ASSESSMENT	ASSESSMENT			ASSESSMENT		ASSESSMENT	ASSESSMENT			
	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP	INDIVIDUAL	GROUP	
<b>Commercial loans</b>													
Commercial loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign trade loans - Chilean exports	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign trade loans - Chilean imports	5,224	10	-	-	-	5,234	61	-	-	-	-	61	5,173
Foreign trade loans between third party countries	-	-	-	-	-	-	-	-	-	-	-	-	-
Current account overdrafts	88,847	9,587	1,629	56	63	100,182	766	248	136	32	35	1,217	98,965
Credit card debtors	6,544	5,272	488	10	15	12,329	202	140	53	4	8	407	11,922
Factored receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial financial lease transactions Student loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other loans and receivables	169,007	1,344	8,662	3,886	161	183,060	2,498	26	242	430	39	3,235	179,825
<b>Subtotal</b>	<b>269,622</b>	<b>16,213</b>	<b>10,779</b>	<b>3,952</b>	<b>239</b>	<b>300,805</b>	<b>3,527</b>	<b>414</b>	<b>431</b>	<b>466</b>	<b>82</b>	<b>4,920</b>	<b>295,885</b>
Consumer loans													
Current account overdrafts	-	82,415	-	-	308	82,723	-	478	-	-	185	663	82,060
Credit card debtors	-	184,357	-	-	801	185,158	-	1,505	-	-	474	1,979	183,179
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Subtotal</b>	<b>-</b>	<b>266,772</b>	<b>-</b>	<b>-</b>	<b>1,109</b>	<b>267,881</b>	<b>-</b>	<b>1,983</b>	<b>-</b>	<b>-</b>	<b>659</b>	<b>2,642</b>	<b>265,239</b>
<b>TOTAL</b>	<b>269,622</b>	<b>282,985</b>	<b>10,779</b>	<b>3,952</b>	<b>1,348</b>	<b>568,686</b>	<b>3,527</b>	<b>2,397</b>	<b>431</b>	<b>466</b>	<b>741</b>	<b>7,562</b>	<b>561,124</b>

## F) SUMMARY OF MOVEMENT IN ALLOWANCES RECOGNIZED LOANS AND ADVANCES TO BANKS

Movements in allowances for loans and advances to banks for the years ended December 31, 2022 and 2021, are summarized as follows:

SUMMARY OF MOVEMENT IN ALLOWANCES RECOGNIZED FOR CREDIT RISK PORTFOLIO FOR THE YEAR ENDED DECEMBER 31, 2022	CONTINGENT CREDIT EXPOSURE BEFORE ALLOWANCES			
	INDIVIDUAL ASSESSMENT			TOTAL
	NORMAL PORTFOLIO	SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO	
<b>Loans and advances to banks</b>				
<b>Balances as of January 1, 2022</b>	<b>11</b>	-	-	<b>11</b>
<b>Recognition / (use) of allowances for:</b>				
Change in measurement without portfolio reclassification during the period:	(1)	-	-	(1)
<b>Change in measurement due to portfolio reclassification from the beginning to the end of the period [portfolio from (-) to (+)]:</b>				
Individual normal to individual substandard	-	-	-	-
Individual normal to individual default	-	-	-	-
Individual substandard to individual default	-	-	-	-
Individual substandard to individual normal	-	-	-	-
Individual default to individual substandard	-	-	-	-
Individual default to individual normal	-	-	-	-
New loans originated	-	-	-	-
New conversion loans	-	-	-	-
New loans acquired	-	-	-	-
Sale or transfer of loans	-	-	-	-
Loan repayment	(10)	-	-	(10)
Application of allowances for write-offs	-	-	-	-
Collection of written-off loans	-	-	-	-
Exchange differences	1	-	-	1
Other changes in allowances	-	-	-	-
<b>Closing balances as of December 31, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

SUMMARY OF MOVEMENT IN ALLOWANCES RECOGNIZED FOR CREDIT RISK PORTFOLIO FOR THE YEAR ENDED DECEMBER 31, 2021	CONTINGENT CREDIT EXPOSURE BEFORE ALLOWANCES			
	INDIVIDUAL ASSESSMENT			TOTAL
	NORMAL PORTFOLIO	SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO	
<b>Loans and advances to banks</b>				
<b>Balances as of January 1, 2022</b>	<b>1</b>	-	-	<b>1</b>
<b>Recognition / (use) of allowances for:</b>				
Change in measurement without portfolio reclassification during the period:	-	-	-	-
<b>Change in measurement due to portfolio reclassification from the beginning to the end of the period [portfolio from (-) to (+)]:</b>				
Individual normal to individual substandard	-	-	-	-
Individual normal to individual default	-	-	-	-
Individual substandard to individual default	-	-	-	-
Individual substandard to individual normal	-	-	-	-
Individual default to individual substandard	-	-	-	-
Individual default to individual normal	-	-	-	-
New loans originated	11	-	-	11
New conversion loans	-	-	-	-
New loans acquired	-	-	-	-
Sale or transfer of loans	-	-	-	-
Loan repayment	(1)	-	-	(1)
Application of allowances for write-offs	-	-	-	-
Collection of written-off loans	-	-	-	-
Exchange differences	-	-	-	-
Other changes in allowances	-	-	-	-
<b>Closing balances as of December 31, 2021</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>11</b>





## G) SUMMARY OF MOVEMENT IN ALLOWANCES RECOGNIZED COMMERCIAL LOANS

Movements in allowances for commercial loans for the years ended December 31, 2022 and 2021, are summarized as follows:

SUMMARY OF MOVEMENT IN ALLOWANCES RECOGNIZED FOR CREDIT RISK PORTFOLIO FOR THE YEAR ENDED DECEMBER 31, 2022 (MCH\$)	MOVEMENT IN PORTFOLIO ALLOWANCES IN THE PERIOD							
	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		TOTAL	FOGAPE COVID-19 GUARANTEE DEDUCTIBLE	TOTAL
	ASSESSMENT		ASSESSMENT	ASSESSMENT				
	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP			
<b>Commercial loans</b>								
<b>Balance as of January 1, 2022</b>	<b>23,702</b>	<b>2,633</b>	<b>18,084</b>	<b>84,281</b>	<b>8,744</b>	<b>137,444</b>	<b>1,365</b>	<b>138,809</b>
<b>Recognition / (use) of allowances for:</b>								
Change in measurement without portfolio reclassification during the period:	(1,849)	1,566	7,210	27,778	590	35,295	-	35,295
<b>Change in measurement due to portfolio reclassification from the beginning to the end of the period [portfolio from (-) to (+)]:</b>								
Individual normal to individual substandard	(1,752)	-	4,342	-	-	2,590	-	2,590
Individual normal to individual default	(5)	-	-	129	-	124	-	124
Individual substandard to individual default	-	-	(6,925)	12,444	-	5,519	-	5,519
Individual substandard to individual normal	121	-	(95)	-	-	26	-	26
Individual default to individual substandard	-	-	8	(101)	-	(93)	-	(93)
Individual default to individual normal	-	-	-	-	-	-	-	-
Group normal to group default	-	(614)	-	-	1,855	1,241	-	1,241
Group default to group normal	-	1	-	-	(1)	-	-	-
New loans originated	25,891	1,479	1,422	28,263	65	57,120	-	57,120
New loans for conversion from contingent to loans	2,079	673	1,548	1,413	107	5,820	-	5,820
New loans acquired	-	77	-	-	92	169	-	169
Sale or transfer of loans	-	-	-	(29,997)	-	(29,997)	-	(29,997)
Loan repayment	(18,846)	(2,461)	(9,171)	(26,885)	(3,898)	(61,261)	-	(61,261)
Application of allowances for write-offs	-	(1)	-	(7,086)	(2,899)	(9,986)	-	(9,986)
Collection of written-off loans	-	1	-	-	-	1	-	1
Changes in models and methods	(222)	485	(140)	(2,438)	4,177	1,862	-	1,862
Exchange differences	(15)	-	108	(1,441)	7	(1,341)	-	(1,341)
Other changes in allowances (if applicable)	-	-	-	-	-	-	(589)	(589)
<b>Balances as of December 31, 2022</b>	<b>29,104</b>	<b>3,839</b>	<b>16,391</b>	<b>86,360</b>	<b>8,839</b>	<b>144,533</b>	<b>776</b>	<b>145,309</b>

SUMMARY OF MOVEMENT IN ALLOWANCES RECOGNIZED FOR CREDIT RISK PORTFOLIO FOR THE YEAR ENDED DECEMBER 31, 2021 (MCH\$)	MOVEMENT IN PORTFOLIO ALLOWANCES IN THE PERIOD							
	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		TOTAL	FOGAPE COVID-19 GUARANTEE DEDUCTIBLE	TOTAL
	ASSESSMENT		ASSESSMENT	ASSESSMENT				
	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP			
<b>Commercial loans</b>								
Balance as of January 1, 2021	16,574	2,397	17,834	50,872	8,367	96,044	842	96,886
Recognition / (use) of allowances for:								-
Change in measurement without portfolio reclassification during the period:	1,313	(356)	6,348	25,194	549	33,048	-	33,048
Change in measurement due to portfolio reclassification from the beginning to the end of the period [portfolio from (-) to (+)]:		-	-	-	-	-	-	-
Individual normal to individual substandard	(458)	-	1,345	-	-	887	-	887
Individual normal to individual default	(37)	-	-	2,025	-	1,988	-	1,988
Individual substandard to individual default	-	-	(8,166)	22,749	-	14,583	-	14,583
Individual substandard to individual normal	13	-	(54)	-	-	(41)	-	(41)
Individual default to individual substandard	-	-	83	(432)	-	(349)	-	(349)
Individual default to individual normal	-	-	-	-	-	-	-	-
Group normal to group default	-	(88)	-	-	850	762	-	762
Group default to group normal	-	26	-	-	(623)	(597)	-	(597)
New loans originated	13,245	701	3,463	153	179	17,741	-	17,741
New loans for conversion from contingent to loans	20	17	102	49	88	276	-	276
New loans acquired	25	3	-	1	46	75	-	75
Sale or transfer of loans	-	(9)	-	(2,249)	-	(2,258)	-	(2,258)
Loan repayment	(5,761)	(364)	(2,358)	(2,159)	(486)	(11,128)	-	(11,128)
Application of allowances for write-offs	-	(33)	(17)	(5,089)	(3,338)	(8,477)	-	(8,477)
Collection of written-off loans	-	0	-	-	-	0	-	0
Changes in models and methods	(158)	343	(214)	(2,016)	3,118	1,073	-	1,073
Exchange differences	(1,074)	(4)	(282)	(4,817)	(6)	(6,183)	-	(6,183)
Exchange differences	-	-	-	-	-	-	-	-
Other changes in allowances (if applicable)	-	-	-	-	-	-	523	523
Balance as of December 31, 2021	23,702	2,633	18,084	84,281	8,744	137,444	1,365	138,809

## H) SUMMARY OF MOVEMENT OF ALLOWANCES RECOGNIZED MORTGAGE LOANS

Movements in allowances for mortgage loans for the years ended December 31, 2022 and 2021, are summarized as follows:

SUMMARY OF MOVEMENT IN ALLOWANCES RECOGNIZED FOR CREDIT RISK PORTFOLIO FOR THE YEAR ENDED DECEMBER 31, 2022 (MCH\$)	MOVEMENT IN PORTFOLIO ALLOWANCES IN THE PERIOD		
	ASSESSMENT GROUP		TOTAL
	NORMAL PORTFOLIO	DEFAULT PORTFOLIO	
<b>Mortgage loans</b>			
Balance as of January 1, 2022	703	793	1,496
Recognition / (use) of allowances for:			
Change in measurement without portfolio reclassification during the period:	217	(90)	127
Change in measurement due to portfolio reclassification from the beginning to the end of the period [portfolio from (-) to (+)]:			
Group normal to group default	(97)	130	33
Group default to group normal	-	-	-
New loans originated	1,021	-	1,021
New loans acquired	17	85	102
Sale or transfer of loans	-	-	-
Loan repayment	(729)	(525)	(1,254)
Application of allowances for write-offs	-	(105)	(105)
Collection of written-off loans	-	-	-
Changes in models and methods	-	-	-
Exchange differences	-	-	-
Other changes in allowances (if applicable)	-	-	-
Balances as of December 31, 2022	1,132	288	1,420



SUMMARY OF MOVEMENT IN ALLOWANCES RECOGNIZED FOR CREDIT RISK PORTFOLIO FOR THE YEAR ENDED DECEMBER 31, 2021 (MCH\$)	MOVEMENT IN PORTFOLIO ALLOWANCES IN THE PERIOD		
	ASSESSMENT GROUP		TOTAL
	NORMAL PORTFOLIO	DEFAULT PORTFOLIO	
<b>Mortgage loans</b>			
Balance as of January 1, 2021	654	482	1,136
<b>Recognition / (use) of allowances for:</b>			
Change in measurement without portfolio reclassification during the period:	(13)	21	8
<b>Change in measurement due to portfolio reclassification from the beginning to the end of the period [portfolio from (-) to (+)]:</b>			
Group normal to group default	(132)	479	347
Group default to group normal	2	(50)	(48)
New loans originated	278	5	283
New loans acquired	5	11	16
Sale or transfer of loans	(3)	-	(3)
Loan repayment	(78)	(52)	(130)
Application of allowances for write-offs	(10)	(103)	(113)
Collection of written-off loans	-	-	-
Changes in models and methods	-	-	-
Exchange differences	-	-	-
Other changes in allowances (if applicable)	-	-	-
<b>Balance as of December 31, 2021</b>	<b>703</b>	<b>793</b>	<b>1,496</b>

## I) SUMMARY OF MOVEMENT IN ALLOWANCES RECOGNIZED CONSUMER LOANS

Movements in allowances for consumer loans for the years ended December 31, 2022 and 2021, are summarized as follows:

SUMMARY OF MOVEMENT IN ALLOWANCES RECOGNIZED FOR CREDIT RISK PORTFOLIO FOR THE YEAR ENDED DECEMBER 31, 2022 (MCH\$)	MOVEMENT IN PORTFOLIO ALLOWANCES IN THE PERIOD		
	ASSESSMENT GROUP		TOTAL
	NORMAL PORTFOLIO	DEFAULT PORTFOLIO	
<b>Consumer loans</b>			
Balance as of January 1, 2022	10,938	7,437	18,375
<b>Recognition / (use) of allowances for:</b>			
Change in measurement without portfolio reclassification during the period:	(1,267)	1,694	427
<b>Change in measurement due to portfolio reclassification from the beginning to the end of the period [portfolio from (-) to (+)]:</b>			
Group normal to group default	(2,718)	7,322	4,604
Group default to group normal	2	(12)	(10)
New loans originated	2,233	15	2,248
New loans for conversion from contingent to loans	6,812	2,514	9,326
New loans acquired	-	-	-
Sale or transfer of loans	-	-	-
Loan repayment	(3,490)	(5,027)	(8,517)
Application of allowances for write-offs	-	(5,264)	(5,264)
Collection of written-off loans	104	-	104
Changes in models and methods	691	389	1,080
Exchange differences	-	-	-
<b>Other changes in allowances</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balances as of December 31, 2022</b>	<b>13,305</b>	<b>9,068</b>	<b>22,373</b>

SUMMARY OF MOVEMENT IN ALLOWANCES RECOGNIZED FOR CREDIT RISK PORTFOLIO FOR THE YEAR ENDED DECEMBER 31, 2021 (MCH\$)	MOVEMENT IN PORTFOLIO ALLOWANCES IN THE PERIOD		
	ASSESSMENT GROUP		TOTAL
	NORMAL PORTFOLIO	DEFAULT PORTFOLIO	
<b>Consumer loans</b>			
<b>Balance as of January 1, 2021</b>	<b>12,839</b>	<b>11,882</b>	<b>24,721</b>
<b>Recognition / (use) of allowances for:</b>			
Change in measurement without portfolio reclassification during the period:	(973)	649	(324)
<b>Change in measurement due to portfolio reclassification from the beginning to the end of the period [portfolio from (-) to (+)]:</b>			
Group normal to group default	(326)	1,354	1,028
Group default to group normal	400	(2,657)	(2,257)
New loans originated	1,306	171	1,477
New loans for conversion from contingent to loans	189	536	725
New loans acquired	-	-	-
Sale or transfer of loans	-	-	-
Loan repayment	(1,800)	(927)	(2,727)
Application of allowances for write-offs	(771)	(3,593)	(4,364)
Collection of written-off loans	81	22	103
Changes in models and methods	-	-	-
Exchange differences	(7)	-	(7)
<b>Other changes in allowances</b>	-	-	-
<b>Balance as of December 31, 2021</b>	<b>10,938</b>	<b>7,437</b>	<b>18,375</b>

## J) SUMMARY OF MOVEMENT IN ALLOWANCES RECOGNIZED CONTINGENT LOANS

Movements in allowances for contingent loans for the years ended December 31, 2022 and 2021, are summarized as follows:

SUMMARY OF MOVEMENT IN ALLOWANCES RECOGNIZED FOR CREDIT RISK PORTFOLIO FOR THE YEAR ENDED DECEMBER 31, 2022 (MCH\$)	MOVEMENT IN PORTFOLIO ALLOWANCES IN THE PERIOD					TOTAL
	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		
	ASSESSMENT		ASSESSMENT	ASSESSMENT		
	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP	
<b>Contingent loan exposure</b>						
Closing balances December 2021	3,527	2,397	431	466	741	7,562
<b>Recognition / (use) of allowances for:</b>						
Change in measurement without portfolio reclassification during the period:	(2,302)	(377)	(1,160)	(595)	(493)	(4,927)
<b>Change in measurement due to portfolio reclassification from the beginning to the end of the period [portfolio from (-) to (+)]:</b>						
Individual normal to individual substandard	(571)	-	1,171	-	-	600
Individual normal to individual default	-	-	-	13	-	13
Individual substandard to individual default	-	-	(253)	1,292	-	1,039
Individual substandard to individual normal	39	-	(60)	-	-	(21)
Individual default to individual substandard	-	-	253	(353)	-	(100)
Individual default to individual normal	-	-	-	(2)	-	(2)
Group normal to group default	-	(11)	-	-	549	538
Group default to group normal	-	-	-	-	(22)	(22)
New contingent loans granted	3,854	118	267	22	53	4,314
Contingent loans for conversion to loans	(59)	(1,078)	(18)	(72)	(126)	(1,353)
Changes in models and methods	7	53	(32)	(19)	57	66
Exchange differences	19	47	12	1	11	90
Other changes in allowances	-	-	-	-	-	-
<b>Balances as of December 31, 2022</b>	<b>4,514</b>	<b>1,149</b>	<b>611</b>	<b>753</b>	<b>770</b>	<b>7,797</b>



SUMMARY OF CHANGES IN ALLOWANCES FOR CREDIT RISK PORTFOLIO FOR THE YEAR ENDED DECEMBER 31, 2021 (MCH\$)	MOVEMENT IN PORTFOLIO ALLOWANCES IN THE PERIOD					TOTAL
	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		
	ASSESSMENT		ASSESSMENT	ASSESSMENT		
	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP	
<b>Contingent loan exposure</b>						
Balance as of December 1, 2020	2,334	2,371	741	469	793	6,708
<b>Recognition / (use) of allowances for:</b>						
Change in measurement without portfolio reclassification during the period:	(754)	(76)	(552)	(6)	(49)	(1,437)
<b>Change in measurement due to portfolio reclassification from the beginning to the end of the period [portfolio from (-) to (+)]:</b>						
Individual normal to individual substandard	(30)	-	95	-	-	65
Individual normal to individual default	-	-	-	11	-	11
Individual substandard to individual default	-	-	(1)	16	-	15
Individual substandard to individual normal	5	-	(7)	-	-	(2)
Individual default to individual substandard	-	-	-	-	-	-
Individual default to individual normal	-	-	-	-	-	-
Group normal to group default	-	(1)	-	-	24	23
Group default to group normal	-	-	-	-	(21)	(21)
New contingent loans granted	2,000	120	149	4	10	2,283
Contingent loans for conversion to loans	49	119	17	4	9	198
Changes in models and methods	(17)	20	(6)	(31)	27	(7)
Exchange differences	(60)	(156)	(5)	(1)	(52)	(274)
Other changes in allowances	-	-	-	-	-	-
<b>Balance as of December 31, 2021</b>	<b>3,527</b>	<b>2,397</b>	<b>431</b>	<b>466</b>	<b>741</b>	<b>7,562</b>

## K) CONCENTRATION OF LOANS BY ECONOMIC ACTIVITY

As of December 31, 2022 and 2021, concentration of loans by economic activity is detailed as follows:

LOANS, CONTINGENT LOAN EXPOSURE AND ALLOWANCES RECOGNIZED BY ECONOMIC ACTIVITY AS OF DECEMBER 31, 2022 (MCH\$)	LOANS AND CONTINGENT LOAN EXPOSURE			ALLOWANCES RECORDED		
	LOANS		TOTAL	LOANS		TOTAL
	COUNTRY	ABROAD		COUNTRY	ABROAD	
<b>Loans and advances to banks</b>	-	-	-	-	-	-
<b>Commercial loans</b>						
Agriculture and livestock	40,335	-	40,335	5,409	-	5,409
Fruit	185,193	-	185,193	3,558	-	3,558
Forestry	7,546	-	7,546	288	-	288
Fishing	76,112	-	76,112	1,326	-	1,326
Mining	101,437	-	101,437	83	-	83
Oil and natural gas	-	-	-	-	-	-
Product manufacturing industry	1,289	-	1,289	31	-	31
Food, beverages and tobacco	106,668	-	106,668	7,427	-	7,427
Textile, leather and footwear	12,538	-	12,538	160	-	160
Wood and furniture	13,359	-	13,359	511	-	511
Pulp, paper and printing	7,331	-	7,331	128	-	128
Chemicals and petroleum derivatives	55,805	-	55,805	1,392	-	1,392
Metallic, nonmetallic, machinery, or others	90,709	-	90,709	4,567	-	4,567
Utilities	175,268	-	175,268	14,325	-	14,325
Home construction	713,180	-	713,180	9,080	-	9,080
Non-housing construction (office, civil works)	222,127	-	222,127	3,748	-	3,748
Wholesale trade	338,956	-	338,956	8,332	-	8,332
Retail, restaurants and hotels	253,439	-	253,439	10,328	-	10,328
Transportation and storage	417,697	-	417,697	8,035	-	8,035
Telecom	17,113	-	17,113	154	-	154
Financial services	981,330	-	981,330	41,027	-	41,027
Corporate services	1,185,334	-	1,185,334	13,263	-	13,263
Real estate services	-	-	-	-	-	-
Student loans	2,022	-	2,022	142	-	142
Public administration, defense and police	-	-	-	-	-	-
Social and other community services	6,436	-	6,436	232	-	232
Personal services	806,386	-	806,386	10,989	-	10,989
<b>Subtotal</b>	<b>5,817,610</b>	<b>-</b>	<b>5,817,610</b>	<b>144,535</b>	<b>-</b>	<b>144,535</b>
<b>Mortgage loans</b>	<b>1,004,136</b>	<b>-</b>	<b>1,004,136</b>	<b>1,420</b>	<b>-</b>	<b>1,420</b>
<b>Consumer loans</b>	<b>453,848</b>	<b>-</b>	<b>453,848</b>	<b>22,373</b>	<b>-</b>	<b>22,373</b>
<b>Contingent loan exposure</b>	<b>424,544</b>	<b>-</b>	<b>424,544</b>	<b>7,797</b>	<b>-</b>	<b>7,797</b>

LOANS, CONTINGENT LOAN EXPOSURE AND ALLOWANCES RECOGNIZED BY ECONOMIC ACTIVITY AS OF DECEMBER 31, 2021	LOANS AND CONTINGENT LOAN EXPOSURE			ALLOWANCES RECORDED		
	LOANS		TOTAL	LOANS		TOTAL
	COUNTRY	ABROAD		COUNTRY	ABROAD	
<b>Loans and advances to banks</b>	<b>1,121</b>	<b>1,714</b>	<b>2,835</b>	<b>1</b>	<b>10</b>	<b>11</b>
<b>Commercial loans</b>						
Agriculture and livestock	47,129	-	47,129	2,156	-	2,156
Fruit	182,308	-	182,308	2,111	-	2,111
Forestry	6,871	-	6,871	101	-	101
Fishing	90,838	-	90,838	2,191	-	2,191
Mining	75,144	-	75,144	52	-	52
Oil and natural gas	174	-	174	1	-	1
Product manufacturing industry	1,137	-	1,137	15	-	15
Food, beverages and tobacco	108,768	-	108,768	7,112	-	7,112
Textile, leather and footwear	7,055	-	7,055	59	-	59
Wood and furniture	15,219	-	15,219	460	-	460
Pulp, paper and printing	9,320	-	9,320	491	-	491
Chemicals and petroleum derivatives	61,167	-	61,167	1,264	-	1,264
Metallic, nonmetallic, machinery, or others	102,964	-	102,964	4,315	-	4,315
Utilities	246,205	-	246,205	37,109	-	37,109
Home construction	732,615	-	732,615	2,202	-	2,202
Non-housing construction (office, civil works)	224,406	-	224,406	2,833	-	2,833
Wholesale trade	291,073	-	291,073	5,629	-	5,629
Retail, restaurants and hotels	254,571	-	254,571	10,310	-	10,310
Transportation and storage	362,476	-	362,476	11,445	-	11,445
Telecom	19,239	-	19,239	209	-	209
Financial services	913,924	-	913,924	29,409	-	29,409
Corporate services	1,037,322	-	1,037,322	8,979	-	8,979
Real estate services	-	-	-	-	-	-
Student loans	2,667	-	2,667	191	-	191
Public administration, defense and police	-	-	-	-	-	-
Social and other community services	6,765	-	6,765	333	-	333
Personal services	678,987	-	678,987	8,467	-	8,467
<b>Subtotal</b>	<b>5,478,344</b>	<b>-</b>	<b>5,478,344</b>	<b>137,444</b>	<b>-</b>	<b>137,444</b>
<b>Mortgage loans</b>	<b>824,967</b>	<b>-</b>	<b>824,967</b>	<b>1,496</b>	<b>-</b>	<b>1,496</b>
<b>Consumer loans</b>	<b>423,789</b>	<b>-</b>	<b>423,789</b>	<b>18,375</b>	<b>-</b>	<b>18,375</b>
<b>Contingent loan exposure</b>	<b>568,686</b>	<b>-</b>	<b>568,686</b>	<b>7,562</b>	<b>-</b>	<b>7,562</b>

## L) MORTGAGE LOANS AND ALLOWANCES BY TRANCHE OF UNPAID PRINCIPAL OVER THE VALUE OF THE MORTGAGE COLLATERAL (LTV) AND DAYS PAST DUE, RESPECTIVELY

AS OF DECEMBER 31, 2022 LOAN TRANCHE/COLLATERAL VALUE (%)	MORTGAGE LOANS (MCH\$)						ALLOWANCES FOR MORTGAGE LOANS (MCH\$)					
	DAYS PAST DUE AT PERIOD END						DAYS PAST DUE AT PERIOD END					
	0	1 TO 29	30 TO 59	60 TO 89	>=90	TOTAL	0	1 TO 29	30 TO 59	60 TO 89	>=90	TOTAL
LTV <= 40%	175,132	2,985	1,064	208	2,724	182,113	-	-	-	-	1	1
40% < LTV <= 80%	707,469	14,047	5,721	807	9,421	737,465	298	109	87	19	287	800
80% < LTV <= 90%	19,048	-	-	-	-	19,048	103	-	-	-	-	103
LTV > 90%	65,140	370	-	-	-	65,510	485	31	-	-	-	516
<b>TOTAL</b>	<b>966,789</b>	<b>17,402</b>	<b>6,785</b>	<b>1,015</b>	<b>12,145</b>	<b>1,004,136</b>	<b>886</b>	<b>140</b>	<b>87</b>	<b>19</b>	<b>288</b>	<b>1,420</b>

AS OF DECEMBER 31, 2021 LOAN TRANCHE/COLLATERAL VALUE (%)	MORTGAGE LOANS (MCH\$)						ALLOWANCES FOR MORTGAGE LOANS (MCH\$)					
	DAYS PAST DUE AT PERIOD END						DAYS PAST DUE AT PERIOD END					
	0	1 TO 29	30 TO 59	60 TO 89	>=90	TOTAL	0	1 TO 29	30 TO 59	60 TO 89	>=90	TOTAL
LTV <= 40%	143,965	2,440	661	95	2,149	149,310	-	-	-	-	1	1
40% < LTV <= 80%	607,543	9,838	2,293	853	8,051	628,578	256	76	35	20	245	632
80% < LTV <= 90%	21,004	408	-	-	538	21,950	114	25	-	-	120	259
LTV > 90%	23,715	-	-	-	1,414	25,129	177	-	-	-	427	604
<b>TOTAL</b>	<b>796,227</b>	<b>12,686</b>	<b>2,954</b>	<b>948</b>	<b>12,152</b>	<b>824,967</b>	<b>547</b>	<b>101</b>	<b>35</b>	<b>20</b>	<b>793</b>	<b>1,496</b>



## M) LOANS AND ADVANCES TO BANKS AND COMMERCIAL LOANS AND ALLOWANCES FOR LOAN LOSSES BY RATING

Concentration of loans and advances to banks, commercial loans and allowances for loan losses by rating  
As of December 31, 2022 and 2021, this item is detailed as follows:

CONCENTRATION OF LOANS AND ADVANCES TO BANKS, COMMERCIAL LOANS AND ALLOWANCES FOR LOAN LOSSES BY RATING AS OF DECEMBER 31, 2022 (MCH\$)	LOANS AND ADVANCES TO BANKS AND COMMERCIAL LOANS																										
	ASSESSMENT																										
	INDIVIDUAL												GROUP														
	NORMAL PORTFOLIO						SUBSTANDARD PORTFOLIO						DEFAULT PORTFOLIO						NORMAL PORTFOLIO			SUBSTANDARD PORTFOLIO			TOTAL		
	A1	A2	A3	A4	A5	A6	SUBTOTAL	B1	B2	B3	B4	SUBTOTAL	C1	C2	C3	C4	C5	C6	SUBTOTAL	TOTAL	NORMAL PORTFOLIO	SUBSTANDARD PORTFOLIO	TOTAL	SUBTOTAL	ALLOWANCES FOR FOCAPE COVID-19 GUARANTEE DEDUCTIBLE	TOTAL	
<b>Loans and advances to banks</b>																											
Foreign trade loans between third party countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interbank liquidity loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other receivables from banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign trade loans - Chilean imports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interbank commercial loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Overdrafts in current accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign trade loans - Chilean exports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Allowances Recorded</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Allowances Recognized (%)</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
<b>Commercial loans</b>																											
Foreign trade loans - Chilean exports	-	-	27,549	19,509	85,313	15,012	147,383	7,965	442	-	93	8,500	525	-	-	-	470	400	1,395	157,278	120	58	178	157,456	-	157,456	
Credit card debtors	-	8	456	694	1,214	372	2,744	354	32	22	4	412	22	4	-	-	6	35	67	3,223	2,173	73	2,246	5,469	-	5,469	
Student loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,914	110	2,024	2,024	-	2,024	
Foreign trade loans between third party countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign trade loans - Chilean imports	-	10,611	4,564	45,034	31,138	12,517	103,864	5,090	1,264	573	1,908	8,835	-	-	-	135	48	-	183	112,882	1,532	-	1,532	114,414	-	114,414	
Commercial financial lease transactions	-	-	9,811	98,933	67,797	126,421	302,962	63,530	21,862	11,117	10,233	106,742	12,077	3,913	17,032	576	131	-	33,729	443,433	17,657	949	18,606	462,039	15	462,039	
Current account overdrafts	-	9	15,339	7,136	1,825	3,264	27,573	2,862	491	517	208	4,078	503	577	159	153	73	353	1,818	33,469	7,927	597	8,524	41,993	-	41,993	
Factored receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other loans and receivables	-	2	74	110	169	53	408	35	16	12	2	65	21	76	-	-	218	998	1,313	1,786	13	98	111	1,897	-	1,897	
Commercial loans	-	107,086	493,338	829,386	1,034,388	1,012,371	3,476,569	440,452	255,012	74,067	69,487	839,018	75,280	45,387	37,209	89,350	20,119	16,233	283,578	4,599,165	401,068	32,085	433,153	5,032,318	761	5,032,318	
<b>Subtotal</b>	-	117,716	551,131	1,000,802	1,221,844	1,170,010	4,061,503	520,288	279,119	86,308	81,935	967,650	88,428	49,957	54,400	90,214	21,065	18,019	322,083	5,351,236	432,404	33,970	466,374	5,817,610	-	5,817,610	
<b>Allowances Recorded</b>	-	95	1,143	7,004	12,405	8,457	29,104	3,125	3,769	4,380	5,117	16,391	1,769	4,995	13,399	36,086	13,692	16,219	86,360	131,855	3,839	8,839	12,678	144,533	776	145,309	
<b>Allowances Recognized (%)</b>	-	0.08%	0.21%	0.70%	1.02%	0.72%	0.72%	0.60%	1.35%	5.07%	6.25%	1.69%	2.00%	10.00%	25.00%	40.00%	65.00%	90.01%	26.81%	2.46%	0.89%	26.02%	2.72%	2.48%	0.0000	2.50%	

CONCENTRATION OF LOANS AND ADVANCES TO BANKS, COMMERCIAL LOANS AND ALLOWANCES FOR LOAN LOSSES BY RATING AS OF DECEMBER 31, 2021 (MCH\$)	LOANS AND ADVANCES TO BANKS AND COMMERCIAL LOANS																										
	ASSESSMENT																										
	INDIVIDUAL												GROUP														
	NORMAL PORTFOLIO						SUBSTANDARD PORTFOLIO						DEFAULT PORTFOLIO						NORMAL PORTFOLIO			SUBSTANDARD PORTFOLIO			TOTAL		
	A1	A2	A3	A4	A5	A6	SUBTOTAL	B1	B2	B3	B4	SUBTOTAL	C1	C2	C3	C4	C5	C6	SUBTOTAL	TOTAL	NORMAL PORTFOLIO	SUBSTANDARD PORTFOLIO	TOTAL	SUBTOTAL	ALLOWANCES FOR FOCAPE COVID-19 GUARANTEE DEDUCTIBLE	TOTAL	
<b>Loans and advances to banks</b>																											
Foreign trade loans between third party countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interbank liquidity loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other receivables from banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign trade loans - Chilean imports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interbank commercial loans	-	1,094	429	-	191	-	1,714	-	-	-	-	-	-	-	-	-	-	-	-	-	1,714	-	-	-	-	1,714	
Overdrafts in current accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign trade loans - Chilean exports	-	1,121	-	-	-	-	1,121	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,121	
<b>Subtotal</b>	-	2,215	429	-	191	-	2,835	-	-	-	-	-	-	-	-	-	-	-	-	-	2,835	-	-	-	-	2,835	
<b>Allowances Recorded</b>	-	2	1	-	8	-	11	-	-	-	-	-	-	-	-	-	-	-	-	-	11	-	-	-	-	11	
<b>Allowances Recognized (%)</b>	0.00%	0.08%	0.21%	0.00%	4.27%	0.00%	4.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.56%	0.00%	0.00%	0.00%	0.00%	0.00%	4.56%	0.00%
<b>Commercial loans</b>																											
Foreign trade loans - Chilean exports	-	-	28,259	39,165	57,612	10,632	135,668	5,998	-	-	-	5,998	691	-	-	-	43	-	734	142,400	264	-	264	-	142,664	157,456	
Credit card debtors	-	55	360	800	917	336	2,468	254	88	68	16	426	-	5	-	2	15	22	2,916	1,848	72	1,920	-	4,836	5,469		
Student loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,491	179	2,670	-	2,670	2,024	
Foreign trade loans between third party countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign trade loans - Chilean imports	-	65	5,493	30,313	39,388	8,135	83,394	1,165	876	-	-	2,041	-	-	-	-	-	-	-	85,435	1,503	-	1,503	-	86,938	114,414	
Commercial financial lease transactions	-	-	6,212	80,536	73,182	108,375	268,305	71,251	21,522	13,690	5,609	112,072	9,299	5,639	953	21	-	4	15,916	396,293	12,470	1,394	13,864	112	410,157	462,039	
Current account overdrafts	-	-	22	2,354	1,931	2,108	6,415	1,717	718	306	280	3,021	329	14	88	-	39	161	631	10,067	7,529	867	8,396	-	18,463	41,993	
Factored receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other loans and receivables	-	32	75	182	133	76	498	18	39	1	42	100	-	25	156	-	-	90	271	869	13	43	56	-	925	1,897	
Commercial loans	-	136,870	504,693	945,665	1,035,638	773,502	3,396,368	501,662	208,874	47,608	40,866	799,010	103,795	19,404	41,946	72,843	16,629	31,615	286,232	4,481,610	299,573	30,508	330,081	1,253	4,811,691	5,032,318	
<b>Subtotal</b>	-	137,022	545,114	1,099,015	1,208,801	903,164	3,893,116	582,065	232,117	61,673	46,813	922,668	114,114	25,087	43,143	72,864	16,713	31,885	303,806	5,119,590	325,691	33,063	358,754	-	5,478,344	5,817,610	
<b>Allowances Recorded</b>	-	118	942	8,935	7,589	6,118	23,702	2,444	5,799	3,822	6,020	18,085	2,283	2,509	10,785	29,146	10,862	28,695	84,280	126,067	2,635	8,742	11,377	1,365	138,809	145,309	
<b>Allowances Recognized (%)</b>	0.00%	0.09%	0.17%	0.81%	0.63%	0.68%	2.38%	0.42%	2.50%	6.20%	12.86%	2.19%	2.00%	10.00%	25.00%	40.00%	64.99%	90.00%	231.99%	256%	0.81%	26.44%	27.25%	0.00%	2.53	2.50%	

## N) LOANS AND ALLOWANCES FOR LOAN LOSSES BY TRANCHE OF DAYS PAST DUE

As of December 31, 2022 and 2021, concentration of credit risk by days past due is detailed as follows:

CONCENTRATION OF CREDIT RISK BY DAYS PAST DUE AS OF DECEMBER 31, 2022 (MCH\$)	FINANCIAL ASSETS BEFORE ALLOWANCES						ALLOWANCES RECORDED									NET FINANCIAL ASSETS
	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		SUBTOTAL	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		SUBTOTAL	FOGAFE COVID-19 GUARANTEE DEDUCTIBLE	TOTAL		
	ASSESSMENT		ASSESSMENT	ASSESSMENT			ASSESSMENT		ASSESSMENT	ASSESSMENT						
	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP			
<b>Loans and advances to banks</b>																
0 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1 to 29 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30 to 59 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
60 to 89 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
>= 90 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Subtotal</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Commercial loans</b>																
0 days	4,025,483	413,280	884,986	189,354	11,484	5,524,587	28,966	2,963	15,860	52,155	2,115	102,059	-	102,059	5,422,528	
1 to 29 days	17,392	13,645	52,090	10,203	2,471	95,801	65	442	429	446	482	1,864	-	1,864	93,937	
30 to 59 days	18,628	3,594	30,087	7,410	1,882	61,601	73	269	46	1,176	415	1,979	-	1,979	59,622	
60 to 89 days	-	1,885	487	13,815	1,358	17,545	-	165	56	1,547	538	2,306	-	2,306	15,239	
>= 90 days	-	-	-	101,301	16,775	118,076	-	-	-	31,036	5,289	36,325	776	37,101	80,975	
<b>Subtotal</b>	<b>4,061,503</b>	<b>432,404</b>	<b>967,650</b>	<b>322,083</b>	<b>33,970</b>	<b>5,817,610</b>	<b>29,104</b>	<b>3,839</b>	<b>16,391</b>	<b>86,360</b>	<b>8,839</b>	<b>144,533</b>	<b>776</b>	<b>145,309</b>	<b>5,672,301</b>	
<b>Mortgage loans</b>																
0 days	-	966,789	-	-	1,630	968,419	-	887	-	-	40	927	-	927	967,492	
1 to 29 days	-	17,402	-	-	1,178	18,580	-	140	-	-	27	167	-	167	18,413	
30 to 59 days	-	6,785	-	-	724	7,509	-	87	-	-	18	105	-	105	7,404	
60 to 89 days	-	1,015	-	-	611	1,626	-	18	-	-	12	30	-	30	1,596	
>= 90 days	-	-	-	-	8,002	8,002	-	-	-	-	191	191	-	191	7,811	
<b>Subtotal</b>	-	<b>991,991</b>	-	-	<b>12,145</b>	<b>1,004,136</b>	-	<b>1,132</b>	-	-	<b>288</b>	<b>1,420</b>	-	<b>1,420</b>	<b>1,002,716</b>	
<b>Consumer loans</b>																
0 days	-	424,647	-	-	5,903	430,550	-	11,409	-	-	3,014	14,423	-	14,423	416,127	
1 to 29 days	-	8,581	-	-	2,457	11,038	-	1,132	-	-	1,241	2,373	-	2,373	8,665	
30 to 59 days	-	2,785	-	-	1,291	4,076	-	591	-	-	641	1,232	-	1,232	2,844	
60 to 89 days	-	748	-	-	2,114	2,862	-	173	-	-	1,170	1,343	-	1,343	1,519	
>= 90 days	-	-	-	-	5,322	5,322	-	-	-	-	3,002	3,002	-	3,002	2,320	
<b>Subtotal</b>	-	<b>436,761</b>	-	-	<b>17,087</b>	<b>453,848</b>	-	<b>13,305</b>	-	-	<b>9,068</b>	<b>22,373</b>	-	<b>22,373</b>	<b>431,475</b>	
<b>Total Loans</b>	<b>4,061,503</b>	<b>1,861,156</b>	<b>967,650</b>	<b>322,083</b>	<b>63,202</b>	<b>7,275,594</b>	<b>29,104</b>	<b>18,276</b>	<b>16,391</b>	<b>86,360</b>	<b>18,195</b>	<b>168,326</b>	<b>776</b>	<b>169,102</b>	<b>7,106,492</b>	





CONCENTRATION OF CREDIT RISK BY DAYS PAST DUE AS OF DECEMBER 31, 2021 (MCH\$)	FINANCIAL ASSETS BEFORE ALLOWANCES						ALLOWANCES RECORDED									NET FINANCIAL ASSETS
	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		SUBTOTAL	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		SUBTOTAL	FOGAFE COVID-19 GUARANTEE DEDUCTIBLE	TOTAL		
	ASSESSMENT		ASSESSMENT	ASSESSMENT			ASSESSMENT		ASSESSMENT	ASSESSMENT						
	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP		INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP					
<b>Loans and advances to banks</b>																
0 days	2,835	-	-	-	-	2,835	11	-	-	-	-	11	-	11	2,824	
1 to 29 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30 to 59 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
60 to 89 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
>= 90 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Subtotal</b>	<b>2,835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,835</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>11</b>	<b>2,824</b>	
<b>Commercial loans</b>																
0 days	3,886,922	316,504	845,371	192,848	10,445	5,252,090	23,694	2,162	14,357	56,948	2,288	99,449	-	99,449	5,152,641	
1 to 29 days	6,193	6,546	59,750	26,360	2,026	100,875	8	212	1,168	10,529	272	12,189	-	12,189	88,686	
30 to 59 days	1	1,481	16,430	6,629	2,522	27,063	-	88	2,540	807	631	4,066	-	4,066	22,997	
60 to 89 days	-	1,160	1,117	14,875	993	18,145	-	173	20	2,746	317	3,256	-	3,256	14,889	
>= 90 days	-	-	-	63,094	17,077	80,171	-	-	-	13,250	5,234	18,484	1,365	19,849	60,322	
<b>Subtotal</b>	<b>3,893,116</b>	<b>325,691</b>	<b>922,668</b>	<b>303,806</b>	<b>33,063</b>	<b>5,478,344</b>	<b>23,702</b>	<b>2,635</b>	<b>18,085</b>	<b>84,280</b>	<b>8,742</b>	<b>137,444</b>	<b>1,365</b>	<b>138,809</b>	<b>5,339,535</b>	
<b>Mortgage loans</b>																
0 days	-	796,227	-	-	3,989	800,216	-	547	-	-	489	1,036	-	1,036	799,180	
1 to 29 days	-	12,686	-	-	1,295	13,981	-	101	-	-	33	134	-	134	13,847	
30 to 59 days	-	2,954	-	-	537	3,491	-	35	-	-	15	50	-	50	3,441	
60 to 89 days	-	948	-	-	48	996	-	20	-	-	1	21	-	21	975	
>= 90 days	-	-	-	-	6,283	6,283	-	-	-	-	255	255	-	255	6,028	
<b>Subtotal</b>	<b>-</b>	<b>812,815</b>	<b>-</b>	<b>-</b>	<b>12,152</b>	<b>824,967</b>	<b>-</b>	<b>703</b>	<b>-</b>	<b>-</b>	<b>793</b>	<b>1,496</b>	<b>-</b>	<b>1,496</b>	<b>823,471</b>	
<b>Consumer loans</b>																
0 days	-	399,046	-	-	6,425	405,471	-	9,193	-	-	3,088	12,281	-	12,281	393,190	
1 to 29 days	-	6,662	-	-	1,929	8,591	-	1,139	-	-	906	2,045	-	2,045	6,546	
30 to 59 days	-	2,367	-	-	1,690	4,057	-	478	-	-	825	1,303	-	1,303	2,754	
60 to 89 days	-	570	-	-	1,291	1,861	-	128	-	-	653	781	-	781	1,080	
>= 90 days	-	-	-	-	3,809	3,809	-	-	-	-	1,965	1,965	-	1,965	1,844	
<b>Subtotal</b>	<b>-</b>	<b>408,645</b>	<b>-</b>	<b>-</b>	<b>15,144</b>	<b>423,789</b>	<b>-</b>	<b>10,938</b>	<b>-</b>	<b>-</b>	<b>7,437</b>	<b>18,375</b>	<b>-</b>	<b>18,375</b>	<b>405,414</b>	
<b>Total Loans</b>	<b>3,895,951</b>	<b>1,547,151</b>	<b>922,668</b>	<b>303,806</b>	<b>60,359</b>	<b>6,729,935</b>	<b>23,713</b>	<b>14,276</b>	<b>18,085</b>	<b>84,280</b>	<b>16,972</b>	<b>157,326</b>	<b>1,365</b>	<b>158,680</b>	<b>6,571,244</b>	

## 14. INVESTMENTS IN OTHER COMPANIES

In implementing the new CNCB as of January 1, 2022, Banco Security and its subsidiaries have decided to take the irrevocable option of paragraph 5.7.5 of IFRS 9 for investments in equity instruments over which it does not have significant influence. Thus, it presents changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income. The instruments that fall under this category are detailed below:

	OWNERSHIP INTEREST		AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	2022 %	2021 %	MCH\$	MCH\$
Imer Otc Sa	6.89	6.89	952	873
Bolsa de Comercio de Santiago	-	-	-	-
Bolsa Electrónica	-	-	-	-
Combanc S.A.	4.41	4.41	324	280
Depósitos Central de Valores S.A.	3.60	3.60	261	227
Other investments in other companies	-	-	933	1,021
<b>Total investments in other companies</b>			<b>2,470</b>	<b>2,401</b>

As of December 31, 2021, investments in other companies correspond to shares and rights in business support companies valued at cost.

This decision was made because the Bank's minority investments are unlisted special purpose companies for banking and only shares are transferred between investors at book value. They are accounted for at equity method value less impairment, if any.

## 15. INTANGIBLE ASSETS

As of December 31, 2022 and 2021, intangible assets are as follows:

	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$
Software or computer programs	26,227	27,021
Goodwill	13,039	13,039
<b>Total intangible assets</b>	<b>39,266</b>	<b>40,060</b>

These concepts are as follows:



## A) SOFTWARE OR COMPUTER PROGRAMS

a.1) The intangible assets of the Bank and its subsidiaries as of December 31, 2022 and 2021, are programs developed in house that are either in production or under development:

TYPE OF INTANGIBLE ASSET:	AVERAGE USEFUL LIFE (YEARS)		AVERAGE REMAINING LIFE (YEARS)		GROSS BALANCE		ACCUMULATED AMORTIZATION		NET ASSETS	
	AS OF DECEMBER 31,		AS OF DECEMBER 31,		AS OF DECEMBER 31,		AS OF DECEMBER 31,		AS OF DECEMBER 31,	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
					MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
Acquired	-	-	-	-	-	-	-	-	-	-
Developed in-house	9.67	9.61	8.17	9.27	72,096	69,764	(45,869)	(42,743)	26,227	27,021
<b>Total</b>					<b>72,096</b>	<b>69,764</b>	<b>(45,869)</b>	<b>(42,743)</b>	<b>26,227</b>	<b>27,021</b>

a.2) The intangible assets of the Bank and its subsidiaries as of December 31, 2022 and 2021, are programs developed in house that are either in production or under development:

	MOVEMENTS IN INTANGIBLE ASSETS			
	INTANGIBLE ASSETS		ACCUMULATED AMORTIZATION	TOTAL
	ACQUIRED	DEVELOPED IN-HOUSE		
	MCH\$	MCH\$	MCH\$	MCH\$
<b>Balance as of January 1, 2021</b>	-	<b>67,267</b>	<b>(38,661)</b>	<b>28,606</b>
Additions	-	553	-	553
Transfer to intangible assets in operation	-	1,944	-	1,944
Derecognition	-	-	-	-
Amortization for the year	-	-	(4,082)	(4,082)
Impairment for the year	-	-	-	-
<b>Balance as of December 31, 2021</b>	-	<b>69,764</b>	<b>(42,743)</b>	<b>27,021</b>
<b>Balance as of January 1, 2022</b>	-	<b>69,764</b>	<b>(42,743)</b>	<b>27,021</b>
Additions	-	1,939	-	1,939
Transfer to intangible assets in operation	-	1,018	-	1,018
Derecognition	-	(625)	465	(160)
Amortization for the year	-	-	(3,591)	(3,591)
Impairment for the year	-	-	-	-
<b>Balance as of December 31, 2022</b>	-	<b>72,096</b>	<b>(45,869)</b>	<b>26,227</b>

## B) GOODWILL

b.1) Goodwill as of December 31, 2022 and 2021, is detailed as follows:

	AS OF DECEMBER 31, 2022 MCH\$	AS OF DECEMBER 31, 2021 MCH\$
Goodwill	13,039	13,039
<b>Total</b>	<b>13,039</b>	<b>13,039</b>

b.2) Movements in goodwill for the year ended December 31, 2022, are as follows:

	MOVEMENTS IN GOODWILL AS OF DECEMBER 31, 2022 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>

## 16. PROPERTY, PLANT AND EQUIPMENT

As of December 31, 2022 and 2021, property, plant and equipment is detailed as follows.

	BUILDINGS AND LAND			EQUIPMENT			OTHER PP&E			NET ASSETS MCH\$
	GROSS ASSETS MCH\$	ACCUMULATED		GROSS ASSETS MCH\$	ACCUMULATED		GROSS ASSETS MCH\$	ACCUMULATED		
		DEPRECIATION MCH\$	IMPAIRMENT MCH\$		DEPRECIATION MCH\$	IMPAIRMENT MCH\$		DEPRECIATION MCH\$	IMPAIRMENT MCH\$	
<b>Balance as of January 1, 2021</b>	<b>20,599</b>	<b>(5,588)</b>	-	<b>9,773</b>	<b>(8,577)</b>	-	<b>17,180</b>	<b>(12,407)</b>	-	<b>20,980</b>
Additions	-	-	-	452	-	-	351	-	-	803
Disposals / derecognitions	-	-	-	-	-	-	-	-	-	-
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>10,225</b>	<b>(9,216)</b>	-	<b>17,531</b>	<b>(13,273)</b>	-	<b>19,967</b>
<b>Balance as of January 1, 2022</b>	<b>20,599</b>	<b>(5,899)</b>	-	<b>10,225</b>	<b>(9,216)</b>	-	<b>17,531</b>	<b>(13,273)</b>	-	<b>19,967</b>
Additions	-	-	-	367	-	-	155	-	-	522
Disposals / derecognitions	-	-	-	(79)	-	-	-	-	-	(79)
Depreciation for the year	-	(311)	-	-	(652)	-	-	(651)	-	(1,614)
Reclassifications for the year	-	-	-	-	-	-	625	(526)	-	99
Impairment for the year	-	-	-	-	-	-	-	-	-	-
<b>Balances as of December 31, 2022</b>	<b>20,599</b>	<b>(6,210)</b>	-	<b>10,513</b>	<b>(9,868)</b>	-	<b>18,311</b>	<b>(14,450)</b>	-	<b>18,895</b>



## 17. RIGHT-OF-USE LEASED ASSET AND LEASE LIABILITIES

### RIGHT-OF-USE LEASED ASSETS

The detail of lease right-of-use assets as of December 31, 2022 and 2021, is as follows:

AS OF DECEMBER 31, 2022	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
Lease right-of-use asset	152	304	1,392	2,510	1,474	529	6,361
<b>Total</b>	<b>152</b>	<b>304</b>	<b>1,392</b>	<b>2,510</b>	<b>1,474</b>	<b>529</b>	<b>6,361</b>

AS OF DECEMBER 31, 2021	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
Lease right-of-use asset	141	282	1,266	3,022	1,686	1,001	7,398
<b>Total</b>	<b>141</b>	<b>282</b>	<b>1,266</b>	<b>3,022</b>	<b>1,686</b>	<b>1,001</b>	<b>7,398</b>

Movements in lease right-of-use assets during the year ended December 31, 2022, are as follows:

AS OF DECEMBER 31, 2021	PROPERTY AND PLANT	DEPRECIATION	LEASEHOLD IMPROVEMENTS	EQUIPMENT	OTHER	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Balance as of January 1, 2021</b>	<b>10,444</b>	<b>(3,147)</b>	-	-	-	<b>7,297</b>
Additions	1,204	-	-	-	-	1,204
Disposals / derecognition	-	-	-	-	-	-
Depreciation for the year	-	(1,593)	-	-	-	(1,593)
Other	490	-	-	-	-	490
<b>Balances as of December 31, 2021</b>	<b>12,138</b>	<b>(4,740)</b>	-	-	-	<b>7,398</b>
<b>Balance as of January 1, 2022</b>	<b>12,138</b>	<b>(4,740)</b>	-	-	-	<b>7,398</b>
Additions	-	-	-	-	-	-
Disposals / derecognition	(1,181)	991	-	-	-	(190)
Depreciation for the year	-	(1,754)	-	-	-	(1,754)
Other	907	-	-	-	-	907
<b>Balances as of December 31, 2022</b>	<b>11,864</b>	<b>(5,503)</b>	-	-	-	<b>6,361</b>

### LEASE LIABILITIES

Lease liabilities as of December 31, 2022 and 2021, are as follows:

	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$
Lease liabilities	7,759	7,565
Lease installments paid	(1,985)	(1,505)
Other	951	1,699
<b>Balances as of December 31, 2022</b>	<b>6,725</b>	<b>7,759</b>

The composition and maturities of lease liabilities as of December 31, 2022 and 2021 are as follows:

AS OF DECEMBER 31, 2022	MATURITY OF LEASE PAYMENTS						
	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
Lease payments	151	305	1,363	2,652	1,641	613	6,725
<b>Total</b>	<b>151</b>	<b>305</b>	<b>1,363</b>	<b>2,652</b>	<b>1,641</b>	<b>613</b>	<b>6,725</b>

AS OF DECEMBER 31, 2021	MATURITY OF LEASE PAYMENTS						
	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
Lease payments	137	274	1,244	3,133	1,825	1,146	7,759
<b>Total</b>	<b>137</b>	<b>274</b>	<b>1,244</b>	<b>3,133</b>	<b>1,825</b>	<b>1,146</b>	<b>7,759</b>

## 18. CURRENT AND DEFERRED TAXES

### A) CURRENT TAXES

Current tax assets and liabilities as of December 31, 2022 and 2021, are as follows:

	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$
Current income taxes	(30,572)	(27,193)
Tax on disallowed expenses (40%)	-	(11)
Less:		
Monthly provisional tax payments	44,475	19,630
Credits for training expenses	269	266
Other	26	(185)
<b>Total</b>	<b>14,198</b>	<b>(7,493)</b>
Income taxes payable	193	-
<b>Current tax liability</b>	<b>193</b>	<b>(7,493)</b>
Recoverable taxes for the year	327	244
Recoverable taxes from prior years	2,014	2,666
Reclassification of debit balance	14,391	236
<b>Current tax asset</b>	<b>16,732</b>	<b>3,146</b>



## B) INCOME TAX EXPENSE

The Bank's tax expense recognized for the years ended December 31, 2022 and 2021, is as follows:

	AS OF DECEMBER 31, 2022		AS OF DECEMBER 31, 2021	
	TAX RATE	AMOUNT MCH\$	TAX RATE	AMOUNT MCH\$
Profit before tax	27.0%	43,092	27.0%	22,739
Permanent differences	-17.8%	(28,469)	-16.1%	(16,052)
Additions or deductions				
Single tax (disallowed expenses)	0.1%	97	0.1%	70
Amortization of deferred tax complementary accounts	0.0%	-	0.0%	-
Non-deductible expenses (financial, non-tax expenses)	0.0%	-	0.0%	-
Prior period adjustments	1.5%	2,508	0.6%	329
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>10.8%</b>	<b>17,228</b>	<b>11.6%</b>	<b>7,086</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, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$
Investments available for sale	(997)	2,440
Tax goodwill	314	555
Cash flow hedge	(1,184)	747
FV adjustment DPV third-party bonds	110	320
FV adjustment DPV Security bonds	80	54
Other	(44)	1,123
<b>Total</b>	<b>(1,721)</b>	<b>5,239</b>

The adjustments to this item resulting from migrating to the CNCB are as follows:

	DECEMBER 31, 2021	RECLASSIFICATION	ADJUSTMENTS	DECEMBER 31, 2021
	UNADJUSTED			ADJUSTED
	MCH\$	MCH\$	MCH\$	MCH\$
Investments available for sale	3,852	-	(1,412)	2,440
Tax goodwill	555	-	-	555
Cash flow hedge	747	-	-	747
FV adjustment DPV third-party bonds	320	-	-	320
FV adjustment DPV Security bonds	54	-	-	54
Other	1,123	-	-	1,123
<b>Total</b>	<b>6,651</b>	<b>-</b>	<b>(1,412)</b>	<b>5,239</b>

## C.2 EFFECT OF DEFERRED TAXES

	AS OF DECEMBER 31,	AS OF DECEMBER 31,
	2022	2021
	MCH\$	MCH\$
<b>Deferred tax assets:</b>		
Global portfolio allowances	48,169	43,105
Goodwill portfolio provisions	50	152
Vacation and other provisions	1,471	1,282
Fair value investments	715	-
Contingency provisions	1	1
Global provisions on repossessed assets	116	127
Projects and development	1,022	1,928
Suspended interest	2,775	2,285
Other	15,393	12,500
<b>Total deferred tax assets through profit and loss</b>	<b>69,712</b>	<b>61,380</b>
Effect on equity (Security bonds available for sale)	80	54
Effect on equity (third-party bonds available for sale)	110	320
Effect on equity (debtor balance)	270	267
<b>Total deferred tax assets</b>	<b>70,172</b>	<b>62,021</b>
<b>Deferred tax liabilities:</b>		
Assets for leasing		
Lease agreements	12,277	7,927
Depreciation of property, plant and equipment	(4,935)	(5,218)
Effective rate	(179)	(141)
Deferred revenue and expenses	(5,605)	(6,303)
Projects and development	(1,022)	(438)
Other	660	(2,223)
<b>Total deferred tax liabilities through profit and loss</b>	<b>1,196</b>	<b>(6,396)</b>
Effect on equity (creditor balance)	(2,181)	3,160
<b>Total deferred tax liabilities</b>	<b>(985)</b>	<b>(3,236)</b>
<b>Total asset through profit and loss</b>	<b>70,908</b>	<b>54,984</b>
<b>Total net deferred tax assets</b>	<b>69,187</b>	<b>58,785</b>





The adjustments to this item resulting from migrating to the CNCB are as follows:

	DECEMBER 31, 2021	RECLASSIFICATION	ADJUSTMENTS	DECEMBER 31, 2021
	UNADJUSTED			ADJUSTED
	MCH\$	MCH\$	MCH\$	MCH\$
<b>Deferred tax assets:</b>				
Global portfolio allowances	42,753	-	352	43,105
Goodwill portfolio provisions	152	-	-	152
Vacation and other provisions	1,282	-	-	1,282
Contingency provisions	1	-	-	1
Global provisions on repossessed assets	127	-	-	127
Projects and development	1,928	-	-	1,928
Suspended interest	2,285	-	-	2,285
Other	9,803	200	2,497	12,500
<b>Total deferred tax assets through profit and loss</b>	<b>58,331</b>	<b>200</b>	<b>2,849</b>	<b>61,380</b>
Effect on equity (Security bonds available for sale)	878	(824)	-	54
Effect on equity (third-party bonds available for sale)	-	320	-	320
Effect on equity (debtor balance)	-	504	-	504
<b>Total deferred tax assets</b>	<b>59,209</b>	<b>200</b>	<b>2,849</b>	<b>62,258</b>
<b>Deferred tax liabilities:</b>				
Assets for leasing				
Lease agreements	7,927	-	-	7,927
Depreciation of property, plant and equipment	(5,218)	-	-	(5,218)
Effective rate	(141)	-	-	(141)
Deferred revenue and expenses	(20)	(6,283)	-	(6,303)
Projects and development	(6,521)	6,083	-	(438)
Other	(2,223)	-	-	(2,223)
<b>Total deferred tax liabilities through profit and loss</b>	<b>(6,196)</b>	<b>(200)</b>	<b>-</b>	<b>(6,396)</b>
Effect on equity (creditor balance)	5,772	(1,174)	-	4,598
<b>Total deferred tax liabilities</b>	<b>(424)</b>	<b>(1,374)</b>	<b>-</b>	<b>(1,798)</b>
<b>Total asset through profit and loss</b>	<b>52,135</b>	<b>(974)</b>	<b>2,849</b>	<b>54,984</b>
<b>Total net deferred tax assets</b>	<b>58,785</b>	<b>(1,174)</b>	<b>2,849</b>	<b>60,460</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, 2022 and 2021.

	AS OF DECEMBER 31, 2022		AS OF DECEMBER 31, 2021	
	TAX RATE	AMOUNT MCH\$	TAX RATE	AMOUNT MCH\$
Profit before tax	27.0%	43,092	27.0%	22,739
Permanent differences	-17.8%	(28,469)	-16.1%	(16,052)
Additions or deductions				
Single tax (disallowed expenses)	0.1%	97	0.1%	70
Amortization of deferred tax complementary accounts	0.0%	-	0.0%	-
Non-deductible expenses (financial, non-tax expenses)	0.0%	-	0.0%	-
Prior period adjustments	1.5%	2,508	0.6%	329
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>10.8%</b>	<b>17,228</b>	<b>11.6%</b>	<b>7,086</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 recognized 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 allowances, write-offs, renegotiations and remissions of loans granted by the Bank (excluding subsidiaries) as of December 31, 2022 and 2021, is as follows:

#### D.1 CUSTOMER LOANS AND RECEIVABLES 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,	
	2022 MCH\$	2021 MCH\$	2022 MCH\$	2021 MCH\$	2022 MCH\$	2021 MCH\$	2022 MCH\$	2021 MCH\$
Commercial loans	5,352,856	5,069,789	5,362,890	5,078,631	49,664	27,839	6,432	1,253
Consumer loans	453,848	423,790	453,848	423,790	132	30	2,258	5,780
Mortgage loans	1,002,711	823,657	1,002,711	823,657	524	729	-	-
Loans and advances to banks	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,809,415</b>	<b>6,317,236</b>	<b>6,819,449</b>	<b>6,326,078</b>	<b>50,320</b>	<b>28,598</b>	<b>8,690</b>	<b>7,033</b>

**D.2 ALLOWANCES FOR NPL PORTFOLIO**

	BALANCE AS OF JANUARY 1		COLLECTION AGAINST ALLOWANCES		ALLOWANCES		REVERSAL OF ALLOWANCES		BALANCE AS OF DECEMBER 31,	
	2022 MCH\$	2021 MCH\$	2022 MCH\$	2021 MCH\$	2022 MCH\$	2021 MCH\$	2022 MCH\$	2021 MCH\$	2022 MCH\$	2021 MCH\$
Commercial loans	5,780	9,373	5,162	11,014	5,814	7,421	-	-	16,756	5,780
Consumer loans	1,253	2,004	4,997	7,360	6,002	6,609	-	-	12,252	1,253
Mortgage loans	-	-	-	-	-	(1)	-	-	-	(1)
<b>Loans and advances to banks</b>	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7,033</b>	<b>11,377</b>	<b>10,159</b>	<b>18,374</b>	<b>11,816</b>	<b>14,029</b>	-	-	<b>29,008</b>	<b>7,032</b>

**D.3 WRITE-OFFS, CANCELLATIONS AND RECOVERIES**

	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021	APPLICATION OF ARTICLE 31 NO. 4 SECTIONS ONE AND THREE	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$		MCH\$	MCH\$
Direct write-offs Art. 31, No. 4, section two	25,852	22,897		-	-
Cancellations that resulted in reversals of allowances	-	-		-	-
Collection or renegotiation of written-off loans	1,629	1,146		-	-

## 19. OTHER ASSETS

As of December 31, 2022 and 2021, other assets are as follows:

	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Assets to be leased in financial leases as lessor</b>		
Commercial portfolio	18,324	12,996
Mortgage portfolio	-	-
Consumer portfolio	-	-
<b>Subtotal</b>	<b>18,324</b>	<b>12,996</b>
<b>Cash guarantees for derivative financial transactions</b>		
Cash guarantees for derivative financial transactions with a domestic central counterparty	5,713	24,572
Cash guarantees for derivative financial transactions with a foreign central counterparty	-	-
Cash guarantees for derivative financial transactions with other domestic counterparties	10,512	41,483
Cash guarantees for derivative financial transactions with other foreign counterparties	217	215
<b>Subtotal</b>	<b>16,442</b>	<b>66,270</b>
<b>Receivables from brokerage of financial instruments</b>		
Receivables from brokerage of forward transactions	5,820	6,001
Receivables from brokerage of forward transactions (simultaneous)	8,402	15,751
Other receivables from brokerage of financial instruments	-	-
<b>Subtotal</b>	<b>14,222</b>	<b>21,752</b>
<b>Receivables for the use of prepaid cards</b>		
Fees receivable from holders or bearers of prepaid cards - specified debtor	-	-
Fees receivable from holders or bearers of prepaid cards - unspecified debtor	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
<b>Receivables from third parties</b>		
Receivables for services rendered from companies with significant influence or joint ventures	-	-
Receivables for services rendered from other companies with minority interest	-	-
Receivables from the Chilean Treasury and other government agencies	-	-
Receivables related to student loans	-	-
Receivables related to financial leasing operations	-	-
Other accounts and notes receivable from third parties	12,552	17,228
<b>Subtotal</b>	<b>12,552</b>	<b>17,228</b>



	AS OF DECEMBER 31, 2022 MCH\$	AS OF DECEMBER 31, 2021 MCH\$
<b>Receivables from subsidiaries for services rendered (applies only to standalone bank)</b>	<b>1,975</b>	-
<b>Investment property</b>		
Investment property	-	-
Accumulated depreciation from previous periods	-	-
<b>Subtotal</b>	-	-
<b>VAT receivable</b>	<b>1,549</b>	<b>3,995</b>
<b>Prepaid expenses</b>	<b>2,676</b>	<b>623</b>
<b>Valuation adjustments for macro hedges</b>	-	-
<b>Assets to support obligations for post-employment defined benefit plans</b>	-	-
<b>Assets for operating revenue from contracts with customers</b>	<b>224</b>	-
<b>Investments in gold</b>	-	-
<b>Other cash collateral provided</b>	<b>102</b>	-
<b>Pending transactions</b>	<b>44</b>	<b>776</b>
<b>Other assets</b>	<b>5,977</b>	<b>9,556</b>
<b>Accumulated impairment of other assets receivable</b>		
Other assets without a significant increase in credit risk since initial recognition (phase 1)	-	-
Other assets with a significant increase in credit risk since initial recognition, but no credit impairment (phase 2)	-	-
Other assets with credit impairment (phase 3)	-	-
<b>Subtotal</b>	-	-
<b>Total other assets</b>	<b>74,087</b>	<b>133,196</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.

## 20. NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

As of December 31, 2022 and 2021, non-current assets and disposal groups held for sale are detailed as follows:

	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Assets received in payment or foreclosed at judicial auction</b>		
Repossessed assets	1,279	1,958
Assets foreclosed at judicial auction	5,896	5,286
Provisions for assets received in payment or foreclosed at judicial auction	(528)	(165)
<b>Subtotal</b>	<b>6,647</b>	<b>7,079</b>
<b>Non-current assets held for sale</b>		
Investments in other companies	-	-
Intangible assets	-	-
Property, plant and equipment	-	-
Recovery of assets under finance leases	17,922	2,444
Other assets	-	-
<b>Subtotal</b>	<b>17,922</b>	<b>2,444</b>
Disposal groups held for sale	-	-
<b>Total non-current assets and disposal groups held for sale</b>	<b>24,569</b>	<b>9,523</b>
<b>Total liabilities included in disposal groups held for sale</b>	<b>-</b>	<b>-</b>



## 21. FINANCIAL LIABILITIES HELD FOR TRADING AT FAIR VALUE THROUGH PROFIT AND LOSS

### A) FINANCIAL DERIVATIVE INSTRUMENTS

As of December 31, 2022 and 2021, financial derivative instruments are detailed as follows.

DECEMBER 2022	NOTIONAL AMOUNT OF CONTRACT MATURING IN							FAIR VALUE OF LIABILITIES MCH\$
	ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	
Currency forwards	-	2,579	51,842	114,864	74,668	9,334	-	113,646
Interest rate swaps	-	25,455	36,328	640,021	585,290	350,053	515,575	57,096
Currency swaps	-	5,990	6,080	124,030	179,905	171,333	300,954	69,804
Interest rate call options	-	-	-	-	-	-	-	16
Interest rate put options	-	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total liabilities for financial derivatives</b>	-	<b>34,024</b>	<b>94,250</b>	<b>878,915</b>	<b>839,863</b>	<b>530,720</b>	<b>816,529</b>	<b>240,562</b>

DECEMBER 2021	NOTIONAL AMOUNT OF CONTRACT MATURING IN							FAIR VALUE OF LIABILITIES MCH\$
	ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	
Currency forwards	-	(653,661)	(445,362)	(302,972)	(47,933)	(33,160)	-	74,060
Interest rate swaps	-	7,670	-	131,461	359,005	440,364	538,749	38,864
Currency swaps	-	10,448	3,099	123,293	169,805	191,129	282,865	90,056
Interest rate call options	-	-	-	-	-	-	-	38
Interest rate put options	-	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total liabilities for financial derivatives</b>	-	<b>(635,543)</b>	<b>(442,263)</b>	<b>(48,218)</b>	<b>480,877</b>	<b>598,333</b>	<b>821,614</b>	<b>203,018</b>

### B) OTHER

As of December 31, 2022 and 2021, the Bank and its subsidiaries have no other financial liabilities held for trading at fair value through profit or loss.

## 22. FINANCIAL LIABILITY AT AMORTIZED COST

Obligations for deposits held by the Bank are classified as demand or term deposits, detailed as follows:

### A) CURRENT ACCOUNTS AND OTHER DEMAND DEPOSITS

As of December 31, 2022 and 2021, current accounts and other demand deposits are as follows:

	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Current accounts:</b>		
Current accounts of domestic banks	-	-
Current accounts of foreign banks	-	-
Current accounts of other legal entities	618,818	1,081,457
Current accounts of individuals	208,644	293,100
<b>Subtotal</b>	<b>827,462</b>	<b>1,374,557</b>
<b>Demand deposits</b>		
Demand savings accounts	-	-
Demand accounts	16,575	36,885
<b>Subtotal</b>	<b>16,575</b>	<b>36,885</b>
<b>Other demand deposits</b>		
Cashier's checks	39,298	79,015
<b>Subtotal</b>	<b>39,298</b>	<b>79,015</b>
<b>Obligations for prepaid cards</b>		
Prepaid card accounts - specified debtor	-	-
Prepaid card accounts - unspecified debtor	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
<b>Other demand balances payable:</b>		
Student loans payable to educational institutions	-	-
Mortgage loans payable to other banks and/or real estate developers	-	-
Obligations for other loans granted to be disbursed to other banks and/or the loan beneficiary	-	-
Deposits for court allocations	-	-
Performance bonds payable on demand	22,200	12,965
Collections made but not yet received	15,029	17,048
Pending payment orders	11,382	24,966
Court withholding on demand obligations	1,082	-
Payments received for loans to be settled	6,645	10,490
Frozen assets (art 156 of General Banking Law)	3,688	3,349
Expired term deposits	3,404	3,201
Past-due obligations for prepaid cards - unspecified debtor	-	-
Obligations without movements for prepaid cards - specified debtor	-	-
Other demand balances	141,682	152,669
<b>Subtotal</b>	<b>205,112</b>	<b>224,688</b>
<b>Total current accounts and other demand deposits</b>	<b>1,088,447</b>	<b>1,715,145</b>





## B) SAVINGS ACCOUNTS AND OTHER TERM DEPOSITS

Savings accounts and other term deposits as of December 31, 2022 and 2021, classified by maturity are as follows:

DECEMBER 2022	ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Term deposits</b>								
Domestic banks	-	15,963	4,937	-	-	-	-	20,900
Foreign banks	-	-	-	-	-	-	-	-
Other legal entities	24,520	480,200	702,204	757,324	61,079	3	-	2,025,330
Individuals	10,058	269,805	85,349	37,837	1,240	-	-	404,289
<b>Subtotal</b>	<b>34,578</b>	<b>765,968</b>	<b>792,490</b>	<b>795,161</b>	<b>62,319</b>	<b>3</b>	<b>-</b>	<b>2,450,519</b>
<b>Term savings accounts</b>								
Term savings accounts - deferred withdrawal	-	-	-	-	-	-	-	-
Term savings accounts - unconditional withdrawal	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other term balances payable</b>								
Performance and bid bonds payable with 30 days' notice	-	-	-	-	-	-	-	-
Overnight deposits	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>34,578</b>	<b>765,968</b>	<b>792,490</b>	<b>795,161</b>	<b>62,319</b>	<b>3</b>	<b>-</b>	<b>2,450,519</b>

DECEMBER 2021	ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Term deposits</b>								
Domestic banks	-	2,977	26,825	55,351	18,716	-	-	103,869
Foreign banks	-	-	-	-	-	-	-	-
Other legal entities	51,290	395,900	529,138	579,276	969	-	-	1,556,573
Individuals	8,519	140,899	43,850	10,392	1,178	-	-	204,838
<b>Subtotal</b>	<b>59,809</b>	<b>539,776</b>	<b>599,813</b>	<b>645,019</b>	<b>20,863</b>	<b>-</b>	<b>-</b>	<b>1,865,280</b>
<b>Term savings accounts</b>								
Term savings accounts - deferred withdrawal	-	-	-	-	-	-	-	-
Term savings accounts - unconditional withdrawal	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other term balances payable</b>								
Performance and bid bonds payable with 30 days' notice	-	-	-	-	-	-	-	-
Overnight deposits	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>59,809</b>	<b>539,776</b>	<b>599,813</b>	<b>645,019</b>	<b>20,863</b>	<b>-</b>	<b>-</b>	<b>1,865,280</b>

## C) RECEIVABLES/PAYABLES FROM REPURCHASE AGREEMENTS AND SECURITIES BORROWING/LENDING

The Bank sells financial instruments under agreements to repurchase them at a future date plus preset interest. As of December 31, 2022 and 2021, obligations with repurchase commitments, classified by type of debtor and maturity, are as follows:

DECEMBER 2022	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Transactions with domestic banks</b>							
Repurchase agreements with other banks	7,172	-	-	-	-	-	7,172
Repurchase agreements with the Chilean Central Bank	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>7,172</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,172</b>
<b>Transactions with foreign banks</b>							
Repurchase agreements with other banks	-	-	-	-	-	-	-
Repurchase agreements with foreign central banks	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions with other domestic entities</b>							
Repurchase agreements	200	-	-	-	-	-	200
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>
<b>Transactions with other foreign entities</b>							
Repurchase agreements	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7,372</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,372</b>

DECEMBER 2021	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Transactions with domestic banks</b>							
Repurchase agreements with other banks	1,100	-	-	-	-	-	1,100
Repurchase agreements with the Chilean Central Bank	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>1,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,100</b>
<b>Transactions with foreign banks</b>							
Repurchase agreements with other banks	-	-	-	-	-	-	-
Repurchase agreements with foreign central banks	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions with other domestic entities</b>							
Repurchase agreements	1,370	-	-	-	-	-	1,370
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>1,370</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,370</b>
<b>Transactions with other foreign entities</b>							
Repurchase agreements	-	-	-	-	-	-	-
Obligations for securities loans	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2,470</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,470</b>

The instruments that guarantee the obligation for these repurchase agreements are included in the portfolio of financial instruments held for trading.



## D) BORROWINGS FROM FINANCIAL INSTITUTIONS

As of December 31, 2022 and 2021, borrowings from financial institutions are as follows:

DECEMBER 2022	ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Domestic banks</b>								
Foreign trade financing	-	-	-	-	-	-	-	-
Borrowings and other obligations	1,294	-	-	-	-	-	-	1,294
<b>Subtotal</b>	<b>1,294</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,294</b>
<b>Foreign banks</b>								
Foreign trade financing	-	25,908	137,892	56,922	-	-	-	220,722
Borrowings and other obligations	-	1,481	39,243	61,900	-	-	-	102,624
<b>Subtotal</b>	<b>-</b>	<b>27,389</b>	<b>177,135</b>	<b>118,822</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323,346</b>
<b>Chilean Central Bank</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,188,472</b>	<b>-</b>	<b>-</b>	<b>1,188,472</b>
<b>Foreign Central Banks</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,294</b>	<b>27,389</b>	<b>177,135</b>	<b>118,822</b>	<b>1,188,472</b>	<b>-</b>	<b>-</b>	<b>1,513,112</b>

DECEMBER 2021	ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Domestic banks</b>								
Foreign trade financing	-	-	-	-	-	-	-	-
Borrowings and other obligations	-	736	-	-	-	-	-	736
<b>Subtotal</b>	<b>-</b>	<b>736</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>736</b>
<b>Foreign banks</b>								
Foreign trade financing	-	7,262	39,737	150,325	-	-	-	197,324
Borrowings and other obligations	-	-	-	21,526	15,988	38,078	-	75,592
<b>Subtotal</b>	<b>-</b>	<b>7,262</b>	<b>39,737</b>	<b>171,851</b>	<b>15,988</b>	<b>38,078</b>	<b>-</b>	<b>272,916</b>
<b>Chilean Central Bank</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,200,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,200,255</b>
<b>Foreign Central Banks</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>7,998</b>	<b>39,737</b>	<b>1,372,106</b>	<b>15,988</b>	<b>38,078</b>	<b>-</b>	<b>1,473,907</b>

## E) DEBT FINANCING INSTRUMENTS ISSUED

Debt instruments issued as of December 31, 2022 and 2021, are detailed by maturity in the following table:

DECEMBER 2022	ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Mortgage bonds</b>								
Mortgage bonds for residential purposes	36	-	-	18	144	250	63	511
Mortgage bonds for general purposes	18	-	45	139	250	54	-	506
<b>Subtotal</b>	<b>54</b>	<b>-</b>	<b>45</b>	<b>157</b>	<b>394</b>	<b>304</b>	<b>63</b>	<b>1,017</b>
<b>Bonds</b>								
Senior bonds	-	-	338	394,737	1,090,186	637,088	1,134,809	3,257,158
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>338</b>	<b>394,737</b>	<b>1,090,186</b>	<b>637,088</b>	<b>1,134,809</b>	<b>3,257,158</b>
<b>Total</b>	<b>54</b>	<b>-</b>	<b>383</b>	<b>394,894</b>	<b>1,090,580</b>	<b>637,392</b>	<b>1,134,872</b>	<b>3,258,175</b>

DECEMBER 2021	ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Mortgage bonds</b>								
Mortgage bonds for residential purposes	11	-	-	-	197	282	359	849
Mortgage bonds for general purposes	-	-	-	60	124	249	341	774
<b>Subtotal</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>321</b>	<b>531</b>	<b>700</b>	<b>1,623</b>
<b>Bonds</b>								
Senior bonds	-	-	76,694	271,730	908,117	233,087	1,296,713	2,786,341
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>76,694</b>	<b>271,730</b>	<b>908,117</b>	<b>233,087</b>	<b>1,296,713</b>	<b>2,786,341</b>
<b>Total</b>	<b>11</b>	<b>-</b>	<b>76,694</b>	<b>271,790</b>	<b>908,438</b>	<b>233,618</b>	<b>1,297,413</b>	<b>2,787,964</b>

## F) OTHER FINANCIAL OBLIGATIONS

As of December 31, 2022 and 2021, other financial obligations are detailed as follows.

DECEMBER 2022	ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Other financial obligations with the public sector</b>								
CORFO financing	-	3	12	137	651	251	17,392	18,446
Obligations to other governmental agencies	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>3</b>	<b>12</b>	<b>137</b>	<b>651</b>	<b>251</b>	<b>17,392</b>	<b>18,446</b>
Other domestic financial obligations	13,934	-	-	-	-	-	-	13,934
Other foreign financial obligations	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>13,934</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,934</b>
<b>Total</b>	<b>13,934</b>	<b>3</b>	<b>12</b>	<b>137</b>	<b>651</b>	<b>251</b>	<b>17,392</b>	<b>32,380</b>



DECEMBER 2021	ON DEMAND MCH\$	UNDER ONE MONTH MCH\$	ONE TO THREE MONTHS MCH\$	THREE MONTHS TO ONE YEAR MCH\$	ONE TO THREE YEARS MCH\$	THREE TO FIVE YEARS MCH\$	MORE THAN 5 YEARS MCH\$	TOTAL MCH\$
<b>Other financial obligations with the public sector</b>								
CORFO financing	-	4	4	86	557	229	18,942	19,822
Obligations to other governmental agencies	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	<b>4</b>	<b>4</b>	<b>86</b>	<b>557</b>	<b>229</b>	<b>18,942</b>	<b>19,822</b>
Other domestic financial obligations	-	10,124	-	-	-	-	-	10,124
Other foreign financial obligations	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	<b>10,124</b>	-	-	-	-	-	<b>10,124</b>
<b>Total</b>	-	<b>10,128</b>	<b>4</b>	<b>86</b>	<b>557</b>	<b>229</b>	<b>18,942</b>	<b>29,946</b>

## 23. REGULATORY CAPITAL FINANCIAL INSTRUMENTS ISSUES

### A) AS OF EACH PERIOD END, THIS ACCOUNT IS DETAILED AS FOLLOWS:

	AS OF DECEMBER 31, 2022 MCH\$	AS OF DECEMBER 31, 2021 MCH\$
Subordinated bonds with transitional recognition	-	-
Subordinated bonds	392,467	359,320
Bonds with no fixed maturity	-	-
Preferential shares	-	-
<b>Total</b>	<b>392,467</b>	<b>359,320</b>

### B) AS OF DECEMBER 31, 2022 AND 2021, NO SUBORDINATED BONDS HAVE BEEN ISSUED:

	SUBORDINATED BONDS MCH\$
<b>Balance as of January 1, 2021</b>	<b>347,802</b>
Emissions	-
Interest accrued	(632)
Interest and indexation payments to the holder	-
Principal payments to the holder	(5,156)
Accrued indexation for UF variation	17,306
<b>Balance as of December 31, 2021</b>	<b>359,320</b>
<b>Balance as of January 1, 2022</b>	<b>359,320</b>
Emissions	-
Interest accrued	(3,274)
Interest and indexation payments to the holder	-
Principal payments to the holder	(74,729)
Accrued indexation for UF variation	111,150
<b>Balance as of December 31, 2022</b>	<b>392,467</b>

**C) SUBORDINATED BONDS DUE AS OF DECEMBER 31, 2022 AND 2021, ARE DETAILED AS FOLLOWS:**

AS OF DECEMBER 31, 2022						
SERIES	CURRENCY	AMOUNT IN ISSUING CURRENCY	RATE %	REGISTRATION DATE	MATURITY DATE	BALANCE DUE MCH\$
E1	UF	1,200,000	4.00%	May-08-2006	May-01-2028	17,677
J1	UF	3,000,000	3.00%	Jan-25-2010	Dec-01-2031	45,342
J2	UF	3,000,000	4.00%	Apr-25-2014	Mar-01-2037	95,183
J3	UF	3,000,000	4.00%	Nov-11-2013	Oct-01-2038	79,319
J4	UF	5,000,000	2.90%	Jan-07-2019	Oct-01-2048	98,356
<b>Total subordinated bonds outstanding</b>						<b>335,877</b>

AS OF DECEMBER 31, 2021						
SERIES	CURRENCY	AMOUNT IN ISSUING CURRENCY	RATE %	REGISTRATION DATE	MATURITY DATE	BALANCE DUE MCH\$
D1	UF	150,000	6.00%	Oct-04-2000	Sep-01-2022	491
D2	UF	600,000	6.00%	Sep-01-2000	Sep-01-2022	1,962
E1	UF	1,200,000	4.00%	May-08-2006	May-01-2028	17,267
J2	UF	3,000,000	3.00%	Jan-25-2010	Dec-01-2031	44,290
J2	UF	3,000,000	4.00%	Apr-25-2014	Mar-01-2037	92,975
J3	UF	3,000,000	4.00%	Nov-11-2013	Oct-01-2038	77,479
J4	UF	5,000,000	2.90%	Jan-07-2019	Oct-01-2048	96,074
<b>Total subordinated bonds outstanding</b>						<b>330,538</b>



## 24. PROVISIONS FOR CONTINGENCIES

### A) AS OF DECEMBER 31, 2022 AND 2021, THE BANK AND ITS SUBSIDIARIES RECORDED THE FOLLOWING PROVISIONS:

	AS OF DECEMBER 31, 2022 MCH\$	AS OF DECEMBER 31, 2021 MCH\$
<b>Provisions for employee benefit obligations</b>		
Provision for short-term employee benefits	5,684	4,988
Provision for post-employment employee benefits	-	-
Provision for long-term employee benefits	-	-
Provision for employee termination benefits	-	-
Provision for payments to employees based on shares or equity instruments	-	-
Provision for post-employment defined contribution	-	-
Provision for post-employment defined benefits	-	-
Provision for other personnel obligations	13,921	6,174
<b>Subtotal</b>	<b>19,605</b>	<b>11,162</b>
Provision for minimum dividends	42,710	23,138
Provisions for restructuring plans	-	-
Provisions for lawsuits and litigation	6	6
Provisions for obligations for customer loyalty and merit-based programs	5,257	5,358
Provisions for other contingencies	803	1,789
<b>Total contingency provisions</b>	<b>68,381</b>	<b>41,453</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.

## 25. PROVISIONS FOR DIVIDENDS, INTEREST PAYMENTS AND REPRICING OF PERPETUAL BONDS

The changes in the balance of provisions for dividends, interest payments and repricing of regulatory capital financial instruments issued as of December 31, 2022 and 2021, are as follows:

	PROVISIONS FOR DIVIDENDS	PROVISIONS FOR INTEREST PAYMENTS ON PERPETUAL BONDS	PROVISION FOR REPRICING OF PERPETUAL BONDS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$
<b>Balance as of January 1, 2021</b>	<b>18,045</b>	-	-	<b>18,045</b>
Provisions recognized	33,409	-	-	33,409
Provisions used	(24,201)	-	-	(24,201)
Reversal of provisions	(18,045)	-	-	(18,045)
<b>Balance as of June 30, 2021</b>	<b>9,208</b>	-	-	<b>9,208</b>
Provisions recognized	9,208	-	-	9,208
Provisions used	101,295	-	-	101,295
Reversal of provisions	(87,365)	-	-	(87,365)
<b>Balances as of December 31, 2021</b>	<b>23,138</b>	-	-	<b>23,138</b>
Provisions recognized	317,806	-	-	317,806
Provisions used	(23,138)	-	-	(23,138)
Reversal of provisions	(251,958)	-	-	(251,958)
<b>Balance as of December 31, 2022</b>	<b>42,710</b>	-	-	<b>42,710</b>





## 26. SPECIAL ALLOWANCES FOR LOAN LOSSES

As of December 31, 2022 and 2021, the composition of the balance of special allowances for loan losses is as follows:

	AS OF DECEMBER 31, 2022 MCH\$	AS OF DECEMBER 31, 2021 MCH\$
<b>Allowances on contingent loans</b>		
Guarantees and pledges	198	215
Letters of credit for movement of goods transactions	9	61
Transactions related to contingent events	3,369	3,020
Undrawn lines of credit	1,863	1,857
Other credit commitments	922	-
Undrawn lines of credit with immediate cancellation	1,436	1,205
Other contingent loans	-	-
<b>Subtotal</b>	<b>7,797</b>	<b>6,358</b>
<b>Allowances for country risk for transactions with debtors domiciled abroad</b>	<b>769</b>	<b>736</b>
<b>Special allowances for foreign loans</b>	<b>-</b>	<b>-</b>
<b>Additional allowances for loan losses</b>		
Additional allowances for loan losses - commercial loans	10,500	5,500
Additional allowances for loan losses - mortgage loans	1,000	500
Additional allowances for loan losses - consumer loans	9,500	2,500
<b>Subtotal</b>	<b>21,000</b>	<b>8,500</b>
<b>Allowances for adjustments to the minimum required allowance for standard portfolio with individual assessment</b>		
Adjustment to minimum allowance for loans and advances to domestic banks	-	-
Adjustment to minimum allowance for domestic commercial loans	-	-
Adjustment to minimum allowance for domestic contingent loans	-	-
Adjustment to minimum allowance for loans and advances to foreign banks	-	-
Adjustment to minimum allowance for foreign commercial loans	-	-
Adjustment to minimum allowance for foreign contingent loans	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
<b>Allowances for loan losses as a result of complementary prudential requirements</b>		
Allowances on commercial loans	-	-
Allowances on mortgage loans	-	-
Allowances on consumer loans	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
	<b>29,566</b>	<b>15,594</b>

## 27. OTHER LIABILITIES

Other liabilities as of December 31, 2022 and 2021, are as follows:

	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Cash guarantees received for derivative financial transactions</b>		
Cash guarantees received for derivative financial transactions with a domestic central counterparty	2,483	3,389
Cash guarantees received for derivative financial transactions with a foreign central counterparty	-	-
Cash guarantees received for derivative financial transactions with other domestic counterparties	46,999	5,866
Cash guarantees received for derivative financial transactions with other foreign counterparties	-	-
<b>Subtotal</b>	<b>49,482</b>	<b>9,255</b>
<b>Payables for brokerage of financial instruments</b>		
Payables for brokerage of forward transactions	5,811	5,984
Payables for brokerage of forward transactions (simultaneous)	4,078	5,695
Other payables for brokerage of financial instruments	-	-
<b>Subtotal</b>	<b>9,889</b>	<b>11,679</b>
<b>Third-party payables</b>		
Payables for employee benefit obligations	-	-
Payables for employee social security contributions and taxes	1,490	1,232
Payables to companies with significant influence or joint ventures for services received	-	-
Payables to other companies with minority interest for services received	-	-
Payables to Chilean Treasury and other government agencies	1,158	1,118
Payables related to student loans	-	-
Payables related to financial leases	392	557
Provisions for unpaid expenses	7,219	(499)
Balance of price and other payables for acquisition of goods for leases as lessor	3,047	-
Other accounts and notes payable to third parties	5,485	15,859
<b>Subtotal</b>	<b>18,791</b>	<b>18,267</b>
<b>Payables by bank subsidiaries (only applies to the standalone bank)</b>	-	-
Dividends payable	35	35
Valuation adjustments for macro hedges	16,645	13,016
<b>Liabilities for operating revenue from contracts with customers</b>		
Deferred revenue from customer loyalty and merit-based programs	-	-
Deferred revenue from unearned insurance brokerage commissions	-	-
Deferred revenue from unearned insurance premium collection commissions	2,077	-
Other deferred revenue received in advance	665	-
<b>Subtotal</b>	<b>2,742</b>	<b>-</b>
<b>VAT payable</b>	<b>2,155</b>	<b>2,747</b>
<b>Other cash collateral received</b>	<b>-</b>	<b>-</b>
<b>Pending transactions</b>	<b>1,262</b>	<b>3,933</b>
<b>Other liabilities</b>	<b>4,544</b>	<b>7,616</b>
<b>Total other liabilities</b>	<b>105,545</b>	<b>66,548</b>



## 28. EQUITY

a) As of December 31, 2022, 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	
	DECEMBER 2022	DECEMBER 2021	DECEMBER 2022	DECEMBER 2021
Opening balance	236,916,372	228,476,744	-	-
Payment of subscribed shares	-	8,439,628	-	-
<b>Balance</b>	<b>236,916,372</b>	<b>236,916,372</b>	-	-

As of the end of this reporting period, the Bank's shareholders are as follows:

SHAREHOLDERS	AS OF DECEMBER 31, 2022		AS OF DECEMBER 31, 2021	
	NO. OF SHARES	OWNERSHIP INTEREST (%)	NO. OF SHARES	OWNERSHIP INTEREST (%)
Grupo Security	236,858,976	99.98	236,858,976	99.98
Other	57,396	0.02	57,396	0.02
<b>Total</b>	<b>236,916,372</b>	<b>100</b>	<b>236,916,372</b>	<b>100</b>

b) As of December 31, 2022 and 2021, earnings per share is detailed as follows:

	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$
Profit (Loss) for the Year	142,366	77,127
Average outstanding shares	236,916,372	228,476,744
Earnings per share:		
Basic	\$601	\$338
Diluted	\$601	\$338

c) Other comprehensive income (loss) is presented in the statement of changes in equity and detailed as follows:

	AS OF DECEMBER 31, 2022 MCH\$	AS OF DECEMBER 31, 2021 MCH\$
<b>Items that will not be reclassified to profit or loss</b>		
Net changes in the fair value of equity instruments at fair value through other comprehensive income	154	-
<b>Subtotal</b>	<b>154</b>	<b>-</b>
<b>Items that may be reclassified to profit or loss</b>		
Changes in the fair value of financial assets at fair value through other comprehensive income	3,693	(9,034)
Deferred taxes	(997)	2,440
<b>Subtotal</b>	<b>2,696</b>	<b>(6,594)</b>
Cash flow hedge	4,384	(2,766)
Deferred taxes	(1,184)	747
<b>Subtotal</b>	<b>3,200</b>	<b>(2,019)</b>
<b>Total</b>	<b>6,050</b>	<b>(8,613)</b>

The adjustments to this item resulting from migrating to the CNCB are as follows:

	AS OF DECEMBER 31, 2021 UNADJUSTED MCH\$	RECLASSIFICATION MCH\$	ADJUSTED MCH\$	DECEMBER 31, 2021 ADJUSTED MCH\$
<b>Items that may be reclassified to profit or loss</b>				
Changes in the fair value of financial assets at fair value through other comprehensive income	(14,264)	-	5,230	(9,034)
Deferred taxes	3,852	-	(1,412)	2,440
<b>Subtotal</b>	<b>(10,412)</b>	<b>-</b>	<b>3,818</b>	<b>(6,594)</b>
Cash flow hedge	(2,766)	-	-	(2,766)
Deferred taxes	747	-	-	747
<b>Subtotal</b>	<b>(2,019)</b>	<b>-</b>	<b>-</b>	<b>(2,019)</b>
<b>Total</b>	<b>(12,431)</b>	<b>-</b>	<b>3,818</b>	<b>(8,613)</b>



d) For the years ended December 31, 2022 and 2021, the following dividends were declared and paid:

DESCRIPTION	DISTRIBUTABLE PROFIT	DIVIDENDS	RESERVES	DIVIDENDS PER SHARE
	MCH\$	MCH\$	MCH\$	CH\$
2021 AGM No. 40	77,127	46,277	30,850	195.33
2020 AGM No. 39	60,150	30,075	30,075	131.63

e) As of December 31, 2022 and 2021, the Bank recognized a provision for minimum dividends in accordance with Law No. 18,046 on Corporations and Chapter B4 of the CMF Compendium of Accounting Standards amounting to MCH\$42,710 and MCH\$23,138, respectively.

## 29. CONTINGENCIES AND COMMITMENTS

### A) LAWSUITS AND LEGAL PROCEEDINGS

#### LEGAL CONTINGENCIES WITHIN THE ORDINARY COURSE OF BUSINESS

As of the date of issuance of these consolidated financial statements, some legal actions have been filed against the Bank and its subsidiaries involving its normal operations. Management and its legal counsel do not believe that the Bank and its subsidiaries are exposed to any potential significant losses not disclosed in these financial statements.

### B) CONTINGENT LOANS

The following note contains the amounts for which the Bank is contractually obliged to provide loans and the amount of loan loss allowances recognized:

	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$
Guarantees and pledges	26,409	23,284
Confirmed foreign letters of credit	8,442	26,170
Transactions related to contingent events	275,636	315,505
Undrawn lines of credit with immediate repayment	775,091	763,321
Undrawn lines of credit	179,495	193,119
Other credit commitments	50,372	-
Other contingent loans	-	-
Provisions	(7,797)	(7,563)
	<b>1,307,648</b>	<b>1,313,836</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, 2022 MCH\$	AS OF DECEMBER 31, 2021 MCH\$
Securities and bonds provided as guarantee	8,040,828	7,516,817
Instruments in custody	2,543,564	1,676,036
Signed lease agreements	62,116	45,653
Notes in collections	105,125	103,669
<b>Total</b>	<b>10,751,633</b>	<b>9,342,175</b>

## D) GUARANTEES FURNISHED

### BANCO SECURITY

As of December 31, 2022 and 2021, the Bank does not have any assets furnished as guarantee.

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

#### Mutual Funds:

On January 10, 2022, 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 UF868,900, expiring on January 10, 2023. 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 September 27, 2022, Administradora General de Fondos Security S.A. took out a policy for mutual funds with Compañía MAPFRE Seguros Generales S.A., for UF10,000, expiring on January 10, 2023. This was done to guarantee faithful performance of its obligations to manage third-party funds and cover compensation for damages that result from non-compliance in accordance with Article 226 of Law No. 18,045.

On October 21, 2022, Administradora General de Fondos Security S.A. took out a policy with Compañía de Seguros de Crédito Continental S.A., for UF10,000, expiring on January 10, 2023. This was done to guarantee faithful performance of its obligations to manage third-party funds and cover compensation for damages that result from non-compliance in accordance with Article 226 of Law No. 18,045.

#### Investment Funds:

On January 10, 2022, 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 UF241,200, expiring on January 10, 2023. 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 June 28, 2022, Administradora General de Fondos Security S.A. took out a policy for mutual funds with Compañía MAPFRE Seguros Generales S.A., for UF10,000, expiring on January 10, 2023. This was done to guarantee faithful performance of its obligations to manage third-party funds and cover compensation for damages that result from non-compliance in accordance with Article 226 of Law No. 18,045.

On August 4, 2022, Administradora General de Fondos Security S.A. took out a policy for mutual funds with Compañía de Seguros de Crédito Continental S.A., for UF10,000, expiring on January 10, 2023. This was done to guarantee faithful performance of its obligations to manage third-party funds and cover compensation for damages that result from non-compliance in accordance with Article 226 of Law No. 18,045.

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

As of December 31, 2022, Valores Security S.A. Corredora de Bolsa, in compliance with articles 30 and 31 of Law No. 18,045 (Securities Market Law), has established a guarantee of UF 20,000 that expires on April 22, 2024, through MAPFRE Garantías y Crédito S.A., designating Santiago Exchange as the depositary and custody institution.

With respect to the ruling issued by Santiago Exchange requiring all brokers to have comprehensive insurance coverage beginning February 1, 1998, Valores Security S.A. Corredora de Bolsa has a comprehensive banking insurance policy with Southbridge Compañía de Seguros Generales S.A. for UF 600,000, that expires on September 30, 2023, which provides all of the coverage required by that ruling.

In order to guarantee forward Valores Security S.A. Corredores de Bolsa has deposited stocks in custody of the Santiago Stock Exchange totaling MCH\$4,270 and MCH\$10,723 as of December 31, 2022 and 2021, 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 UF266.588 through Compañía de Mapfre Seguros Generales S.A. expiring on March 31, 2023.

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\$2,496 and MCH\$2,518 as of December 31, 2022 and 2021, respectively.

## 30. INTEREST INCOME AND EXPENSES

### A) INTEREST INCOME

Interest accrued and received for the years ended December 31, 2022 and 2021, is as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2022	FOR THE YEAR ENDED DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Interest from financial assets at amortized cost</b>		
<b>Rights for reverse repurchase agreements and securities lending</b>		
Transactions with domestic banks	-	-
Transactions with foreign banks	-	-
Transactions with other domestic entities	447	5
Transactions with other foreign entities	-	-
<b>Subtotal</b>	<b>447</b>	<b>5</b>
<b>Debt financing instruments</b>		
of the Government and Chilean Central Bank	-	-
Other debt financing instruments issued in Chile	1,014	-
Other debt financing instruments issued abroad	190	-
<b>Subtotal</b>	<b>1,204</b>	<b>-</b>
<b>Loans and advances to banks</b>		
Domestic banks	1,103	351
Foreign banks	-	-
Chilean Central Bank	-	2
Foreign Central Banks	-	-
<b>Subtotal</b>	<b>1,103</b>	<b>353</b>
<b>Commercial loans</b>		
Commercial loans	248,412	165,850
Foreign trade loans	12,201	5,624
Current account overdrafts	6,998	3,636
Credit card debtors	-	-
Factored receivables	-	-
Commercial financial lease transactions	20,726	17,163
Student loans	112	149
Other loans and receivables	-	-
<b>Subtotal</b>	<b>288,449</b>	<b>192,422</b>
<b>Mortgage loans</b>		
Loans with mortgage bonds	29	45
Mutual loans with endorsable mortgages	7,382	6,365
Mutual loans financed with mortgage bonds	-	-
Other mutual mortgage loans	18,702	13,805
Financial leasing transactions for mortgages	65	19
Other loans and receivables	-	-
<b>Subtotal</b>	<b>26,178</b>	<b>20,234</b>
<b>Consumer loans</b>		
Consumer loans in installments	23,767	20,884
Current account overdrafts	17,794	11,785
Credit card debtors	11,808	7,915
Consumer financial leasing transactions	-	-
Other loans and receivables	-	-
<b>Subtotal</b>	<b>53,369</b>	<b>40,584</b>
<b>Other financial instruments</b>		
Deposits in the Chilean Central Bank	10,998	945
Deposits in foreign central banks	-	-
Deposits in domestic banks	-	-
Deposits in foreign banks	1,507	148
Other interest earned	2,992	3,599
<b>Subtotal</b>	<b>15,497</b>	<b>4,692</b>
<b>Total interest from financial assets at amortized cost</b>	<b>386,247</b>	<b>258,290</b>





	FOR THE YEAR ENDED DECEMBER 31, 2022	FOR THE YEAR ENDED DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Financial assets at fair value through other comprehensive income</b>		
<b>Debt financing instruments</b>		
of the Government and Chilean Central Bank	72,461	7,557
Other debt financing instruments issued in Chile	19,772	8,410
Other debt financing instruments issued abroad	6,108	4,634
Other financial instruments	-	-
Loans originated and acquired by the entity	-	-
Other	-	-
<b>Total financial assets at fair value through other comprehensive income</b>	<b>98,341</b>	<b>20,601</b>
<b>Gain (loss) on interest rate risk accounting hedges</b>		
Gain on financial derivative instruments for hedging	58,730	38,501
Loss on financial derivative instruments for hedging	(7,418)	(8,487)
Gain (loss) from adjustment of hedged financial assets	1,025	(5,376)
<b>Total gain on interest rate risk accounting hedges</b>	<b>52,337</b>	<b>24,638</b>
<b>Total interest income</b>	<b>536,925</b>	<b>303,529</b>

**B) INTEREST EXPENSE**

For the years ended December 31, 2022 and 2021, interest expense is as follows:

	FOR THE YEAR ENDED	FOR THE YEAR ENDED
	DECEMBER 31, 2022	DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Financial liabilities at amortized cost</b>		
<b>Current accounts and other demand deposits</b>		
Current accounts	(17)	(22)
Demand deposits	-	-
Other demand deposits	-	-
Other demand balances	-	-
<b>Subtotal</b>	<b>(17)</b>	<b>(22)</b>
<b>Savings accounts and other term deposits</b>		
Term deposits	(124,694)	(16,605)
Term savings accounts	-	-
Other term balances payable	-	-
<b>Subtotal</b>	<b>(124,694)</b>	<b>(16,605)</b>
<b>Payables from repurchase agreements and securities lending</b>		
Transactions with domestic banks	(1,257)	(138)
Transactions with foreign banks	-	-
Transactions with other domestic entities	(73)	(6)
Transactions with other foreign entities	-	-
<b>Subtotal</b>	<b>(1,330)</b>	<b>(144)</b>
<b>Borrowings from financial institutions</b>		
Domestic banks	-	-
Foreign banks	(6,831)	(2,001)
Chilean Central Bank	(5,881)	(5,642)
Foreign central banks	-	-
<b>Subtotal</b>	<b>(12,712)</b>	<b>(7,643)</b>
<b>Debt financing instruments</b>		
Mortgage bonds	(52)	(174)
Bonds	(69,429)	(62,658)
<b>Subtotal</b>	<b>(69,481)</b>	<b>(62,832)</b>
<b>Other financial liabilities</b>		
Public-sector obligations	(285)	(277)
Other domestic obligations	-	(8)
Foreign obligations	-	-
<b>Subtotal</b>	<b>(285)</b>	<b>(285)</b>
<b>Lease liabilities</b>	<b>(134)</b>	<b>(152)</b>
<b>Regulatory capital financial instruments issued</b>	<b>(11,726)</b>	<b>(10,854)</b>
<b>Gain (loss) on interest rate risk accounting hedges</b>		
Gain on financial derivative instruments for hedging	-	-
Loss on financial derivative instruments for hedging	(71,676)	(55,308)
Gain (loss) from adjustment of hedged financial liabilities	(3,452)	-
<b>Subtotal</b>	<b>(75,128)</b>	<b>(55,308)</b>
<b>Total interest expense</b>	<b>(295,507)</b>	<b>(153,845)</b>



## 31. INDEXATION INCOME AND EXPENSES

### A) INDEXATION INCOME

For the years ended December 31, 2022 and 2021, indexation income is detailed as follows.

	FOR THE YEAR ENDED	FOR THE YEAR ENDED
	DECEMBER 31, 2022	DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Income from UF indexation of financial assets at amortized cost</b>		
<b>Rights for reverse repurchase agreements and securities lending</b>		
Transactions with domestic banks	-	-
Transactions with foreign banks	-	-
Transactions with other domestic entities	-	-
Transactions with other foreign entities	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
<b>Debt financing instruments</b>		
of the Government and Chilean Central Bank	-	-
Other debt financing instruments issued in Chile	-	-
Other debt financing instruments issued abroad	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
<b>Loans and advances to banks</b>		
Domestic banks	-	-
Foreign banks	-	-
Chilean Central Bank	-	-
<b>Foreign central banks</b>	<b>-</b>	<b>-</b>
<b>Subtotal</b>	<b>-</b>	<b>-</b>
<b>Commercial loans</b>		
Commercial loans	332,460	148,685
Foreign trade loans	-	-
Credit card debtors	-	-
Factored receivables	-	-
Commercial financial lease transactions	46,132	22,295
Student loans	283	184
Other loans and receivables	-	-
<b>Subtotal</b>	<b>378,875</b>	<b>171,164</b>
<b>Mortgage loans</b>		
Loans with mortgage bonds	80	63
Mutual loans with endorsable mortgages	26,099	12,993
Mutual loans financed with mortgage bonds	-	-
Other mutual mortgage loans	81,660	34,079
Financial leasing transactions for mortgages	170	45
Other loans and receivables	-	-
<b>Subtotal</b>	<b>108,009</b>	<b>47,180</b>
<b>Consumer loans</b>		
Consumer loans in installments	1,201	737
Current account overdrafts	-	-
Credit card debtors	-	-
Consumer financial leasing transactions	-	-
Other loans and receivables	-	-
<b>Subtotal</b>	<b>1,201</b>	<b>737</b>
<b>Other financial instruments</b>		
Deposits in the Chilean Central Bank	-	-
Deposits in domestic banks	-	-
Other income from UF indexation earned	2,025	593
<b>Subtotal</b>	<b>2,025</b>	<b>593</b>
<b>Total income from UF indexation of financial assets at amortized cost</b>	<b>490,110</b>	<b>219,674</b>

	FOR THE YEAR ENDED DECEMBER 31, 2022	FOR THE YEAR ENDED DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Income from UF indexation of financial assets at fair value through other comprehensive income</b>		
<b>Debt financing instruments</b>		
of the Government and Chilean Central Bank	225	-
Other debt financing instruments issued in Chile	22,942	11,612
Other debt financing instruments issued abroad	-	-
<b>Other financial instruments</b>		
Loans originated and acquired by the entity	-	-
Other	-	-
<b>Total income from UF indexation of financial assets at fair value through other comprehensive income</b>	<b>23,167</b>	<b>11,612</b>
<b>Income from UF indexation of gain(loss) on interest rate risk accounting hedges</b>		
Gain on financial derivative instruments for hedging	-	-
Loss on financial derivative instruments for hedging	-	-
Gain (loss) from adjustment of hedged financial assets	-	-
<b>Total income from UF indexation of gain(loss) on interest rate risk accounting hedges</b>	<b>-</b>	<b>-</b>
<b>Total income from UF indexation</b>	<b>513,277</b>	<b>231,286</b>



## B) INDEXATION EXPENSE

For the years ended December 31, 2022 and 2021, indexation expense is detailed as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2022 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2021 MCH\$
<b>Expenses for UF indexation of financial liabilities at amortized cost</b>		
<b>Current accounts and other demand deposits</b>		
<b>Current accounts</b>	-	-
Demand deposits	-	-
Other demand deposits	-	-
Other demand balances	(644)	(224)
<b>Subtotal</b>	<b>(644)</b>	<b>(224)</b>
<b>Savings accounts and other term deposits</b>		
Term deposits	(21,216)	(374)
Term savings accounts	-	-
Other term balances payable	-	-
<b>Subtotal</b>	<b>(21,216)</b>	<b>(374)</b>
<b>Payables from repurchase agreements and securities lending</b>		
Transactions with domestic banks	-	-
Transactions with foreign banks	-	-
Transactions with other domestic entities	-	-
Transactions with other foreign entities	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
<b>Borrowings from financial institutions</b>		
Domestic banks	-	-
Foreign banks	-	-
Chilean Central Bank	-	-
Foreign central banks	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
<b>Debt financing instruments</b>		
Mortgage bonds	(157)	(217)
Bonds	(344,766)	(150,143)
<b>Subtotal</b>	<b>(344,923)</b>	<b>(150,360)</b>
<b>Other financial liabilities</b>		
Public-sector obligations	(155)	(104)
Other domestic obligations	-	-
Foreign obligations	-	-
<b>Subtotal</b>	<b>(155)</b>	<b>(104)</b>
<b>Regulatory capital financial instruments issued</b>		
Subordinated bonds	(43,424)	(20,750)
Bonds with no fixed maturity	-	-
<b>Subtotal</b>	<b>(43,424)</b>	<b>(20,750)</b>
<b>Expenses for UF indexation of interest rate risk accounting hedges</b>		
Gain on financial derivative instruments for hedging	-	-
Loss on financial derivative instruments for hedging	-	-
Gain (loss) from adjustment of hedged financial liabilities	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
<b>Total UF indexation expense</b>	<b>(410,362)</b>	<b>(171,812)</b>

## 32. COMMISSION INCOME AND EXPENSES

Commission income for the years ended December 31, 2022 and 2021, which is presented in the consolidated statement of income, consists of the following items:

FEE AND SERVICE INCOME	FOR THE YEAR ENDED DECEMBER 31, 2022	FOR THE YEAR ENDED DECEMBER 31, 2021
	MCH\$	MCH\$
Fees and commissions on loan prepayments	448	3,875
Fees and commissions on loans funded with mortgage bonds	13	14
Fees and commissions for credit lines and checking account overdrafts	610	600
Fees and commissions for guarantees and letters of credit	5,939	5,365
Fees and commissions for credit card services	10,462	8,278
Fees and commissions for administration of accounts	4,658	4,280
Fees and commissions for collection services	7,048	5,740
Fees and commissions for brokerage and handling of securities (Corredores de Bolsa and/or Agencia de Valores)	8,700	10,275
<b>Fees and commissions for managing mutual, investment or other funds</b>	<b>26,247</b>	<b>23,210</b>
Fees and commissions for insurance brokerage and advising		
Insurance related to the granting of loans to individuals	-	-
Insurance unrelated to the granting of loans to individuals	-	-
Insurance related to the granting of loans to legal entities	-	-
Insurance unrelated to the granting of loans to legal entities	-	-
Fees and commissions for factoring services	-	-
Fees and commissions for financial leasing services	-	-
Fees and commissions for securitization	-	-
Fees and commissions for financial advisory services	9,457	11,018
Other fees and commissions earned	817	839
<b>Total commission income</b>	<b>74,399</b>	<b>73,494</b>

Commission expenses for the years ended December 31, 2022 and 2021, which is presented in the consolidated statement of income, consists of the following items:

FEE AND SERVICE EXPENSE	FOR THE YEAR ENDED DECEMBER 31, 2022	FOR THE YEAR ENDED DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Fee and service expenses</b>		
Fees and commissions for credit card operations	(39)	(24)
Licensing fees for use of card brands	(3,733)	(3,722)
Other fees for services related to the credit card system and prepaid cards as means of payment	-	-
Expenses for loyalty and merit program obligations for mutual and investment funds, etc.)	-	-
Securities transaction fees and commissions	(2,670)	(5,656)
Other commissions for services received	(2,582)	(3,105)
<b>Total commission expenses</b>	<b>(9,024)</b>	<b>(12,507)</b>



### 33. NET FINANCIAL OPERATING INCOME

For the years ended December 31, 2022 and 2021, net financial operating income for the Bank and its subsidiaries are as follows:

FEE AND SERVICE INCOME	FOR THE YEAR ENDED DECEMBER 31, 2022	FOR THE YEAR ENDED DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Gain (loss) on financial assets held for trading at fair value through profit and loss</b>		
Financial derivative instruments	16,868	17,749
Debt financing instruments	7,827	10,942
Other financial instruments	(24,477)	(4,763)
Equity instruments	-	-
Loans originated and acquired by the entity (Loans and advances to banks, Commercial loans, Mortgage loans and Consumer loans)	-	-
Other	-	-
<b>Subtotal</b>	<b>218</b>	<b>23,928</b>
<b>Gain (loss) on financial liabilities held for trading at fair value through profit and loss</b>	-	-
<b>Gain (loss) on financial assets not for trading that must be measured at fair value through profit and loss</b>	-	-
<b>Gain (loss) on financial assets at fair value through profit and loss</b>	-	-
<b>Gain (loss) on financial liabilities at fair value through profit and loss</b>	-	-
<b>Gain (loss) from derecognition of financial assets and liabilities not measured at fair value through profit or loss</b>	<b>(2,102)</b>	<b>832</b>
<b>Gain (loss) on exchange differences, indexation and foreign exchange accounting hedges</b>	<b>(147)</b>	<b>2,839</b>
Gain (loss) on exchange differences	(2,623)	28,223
Gain (loss) on foreign currency fluctuation	(188)	(3,011)
Gain (loss) on derivatives for foreign exchange accounting hedges	2,664	(22,373)
<b>Subtotal</b>	<b>(2,249)</b>	<b>3,671</b>
<b>Gain (loss) on reclassifications of financial assets due to change in business model</b>	-	-
<b>Other gain (loss) from changes in financial assets and liabilities</b>	-	-
<b>Other gain (loss) from effective accounting hedges</b>	-	-
<b>Other gain (loss) from other accounting hedges</b>	-	-
<b>Total net financial operating income</b>	<b>(2,031)</b>	<b>27,599</b>

### 34. INCOME FROM INVESTMENTS IN OTHER COMPANIES

As of December 31, 2022 and 2021, the subsidiary Corredora de Bolsa Valores Security S.A., reported profit of MCH\$404 and MCH\$395 from dividend payments from banking support companies, respectively. As of December 31, 2022 and 2021, Banco Security reported profit of MCH\$5 and MCH\$16 million for this concept, respectively.

DESCRIPTION	OWNERSHIP INTEREST		INCOME FOR YEAR ENDED DECEMBER 31,	
	2022 %	2021 %	2022 MCH\$	2021 MCH\$
Imer Otc Sa	6.89	6.89	-	-
Santiago Exchange	-	-	-	-
Bolsa Electrónica	-	-	-	-
Combanc S.A.	4.41	4.41	-	-
Depósitos Central de Valores S.A.	3.60	3.60	-	-
Other investments in other companies	-	-	409	461
<b>Total investments in other companies</b>			<b>409</b>	<b>461</b>

### 35. GAIN (LOSS) FROM NON-CURRENT ASSETS AND DISPOSAL GROUPS NOT ADMISSIBLE AS DISCONTINUED OPERATIONS

	FOR THE YEAR ENDED DECEMBER 31, 2022	FOR THE YEAR ENDED DECEMBER 31, 2021
	MCH\$	MCH\$
Gain (loss) on sale of assets received in payment or foreclosed at judicial auction	495	396
Other income from assets received in payment or foreclosed at judicial auction	521	280
Provisions for assets received in payment or foreclosed at judicial auction	(1,693)	(960)
Write-off of assets received in payment or foreclosed at judicial auction	(2,238)	(870)
Maintenance expenses for assets received in payment or foreclosed at judicial auction	(529)	(143)
Net gain (loss) on assets received in payment or foreclosed at judicial auction	(3,444)	(1,297)
Non-current assets held for sale	-	-
Disposal groups held for sale	552	2,145
<b>Total gain (loss) from non-current assets and disposal groups not admissible as discontinued operations</b>	<b>(2,892)</b>	<b>848</b>





## 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, 2022	FOR THE YEAR ENDED DECEMBER 31, 2021
	MCH\$	MCH\$
Compensation from insurance companies for claims other than operational risk events	-	-
Net proceeds from investment property	-	-
Income from card brands issued (VISA, MC etc.)	-	-
Income from correspondent banks	-	-
Income other than interest and fees from lease agreements	517	497
Recovery of expenses	905	1,077
Other income	1,438	1,140
<b>Total</b>	<b>2,860</b>	<b>2,714</b>

### B) OTHER OPERATING EXPENSES

	FOR THE YEAR ENDED DECEMBER 31, 2022	FOR THE YEAR ENDED DECEMBER 31, 2021
	MCH\$	MCH\$
Insurance premium expense to cover operational risk events	-	-
Gross loss expense for operational risk events	-	-
Recoveries of expenses for operational risk events	1,359	-
Provision expense for unearned insurance brokerage commissions	-	-
Provision expense for unearned insurance premium collection commissions	-	-
Provisions for restructuring plans	-	-
Provisions for lawsuits and litigation	-	-
Provisions for other contingencies	-	-
Expenses for financial lease credit operations	(117)	(251)
Expenses for factoring credit operations	-	-
Expenses for ATM administration, maintenance and support	-	-
Expenses for adoption of new card technologies	-	-
Expenses for issuance of regulatory capital financial instruments	-	-
Other operating expenses	(15,959)	(7,408)
<b>Total</b>	<b>(14,717)</b>	<b>(7,659)</b>

## 37. EMPLOYEE BENEFIT OBLIGATION 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, 2022 and 2021, are detailed as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2022	FOR THE YEAR ENDED DECEMBER 31, 2021
	MCH\$	MCH\$
Short-term employee benefits expense	(63,415)	(48,325)
Post-employment employee benefits expense	-	-
Long-term employee benefits expense	-	-
Employee termination benefits expense	(3,624)	(5,451)
Expenses for payments to employees based on shares or equity instruments	-	-
Expense for post-employment defined contribution	-	-
Expense for post-employment defined benefits	-	-
Expenses for other obligations to personnel	-	-
Other personnel expenses	(2,380)	(1,949)
<b>Total employee benefit obligation expenses</b>	<b>(69,419)</b>	<b>(55,725)</b>

### 38. ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended December 31, 2022 and 2021, are detailed as follows.

	FOR THE YEAR ENDED DECEMBER 31, 2022	FOR THE YEAR ENDED DECEMBER 31, 2021
	MCH\$	MCH\$
Expenses for short-term leases	(2,309)	(2,403)
Low-value lease contract expenses	-	-
Other expenses for lease liabilities	-	-
Maintenance and repair of Bank's property, plant and equipment	(7,872)	(4,384)
Insurance premiums except to cover operational risk events	(799)	(37)
Office supplies	(304)	(187)
IT and communications expenses	(7,829)	(6,089)
Lighting, heating and other utilities	(356)	(278)
Security services and armored transport	(107)	(115)
Travel and entertainment expenses	(327)	(82)
Court and notary expenses	(2,932)	(2,461)
Fees for financial statement review and audit by external auditor	(270)	(279)
Fees for advisory and consulting services provided by external auditor	-	-
Fees for advisory and consulting services provided by other audit firms	(1,547)	(3,893)
Securities rating fees	(343)	(62)
Fees for other technical reports	(16,212)	(14,450)
CMF fines	-	-
Fines imposed by other agencies	(17)	(59)
Other general administrative expenses	(13,959)	(11,870)
<b>Subtotal</b>	<b>(55,183)</b>	<b>(46,649)</b>
<b>Outsourced services:</b>		
Data processing	(11,906)	(9,346)
Technology development, certification and testing services	(20)	-
Outsourced human resources management and external staffing service	-	-
Appraisal service	-	-
Call center service for sales, marketing, quality control and customer service	-	-
Outsourced collections services	-	-
Outsourced ATM management and maintenance services	-	-
Outsourced cleaning, dining hall, file and document custody, furniture and equipment storage services	(1,028)	(849)
Product sales and distribution services	-	-
Outsourced loan assessment services	-	-
<b>Other outsourced services</b>	<b>(4,271)</b>	<b>(2,035)</b>
<b>Subtotal</b>	<b>(17,225)</b>	<b>(12,230)</b>
<b>Board Compensation</b>		
Board compensation	(1,185)	(1,230)
Other board expenses	-	-
<b>Subtotal</b>	<b>(1,185)</b>	<b>(1,230)</b>
<b>Advertising</b>	<b>(6,310)</b>	<b>(3,294)</b>
<b>Taxes, property taxes and contributions:</b>		
Property taxes	(587)	(493)
Municipal taxes	(1,021)	(959)
Taxes other than income taxes	(100)	(48)
Contributions to the regulator	(2,677)	(2,448)
Other legal fees	-	-
<b>Subtotal</b>	<b>(4,385)</b>	<b>(3,948)</b>
<b>Total</b>	<b>(84,288)</b>	<b>(67,351)</b>



## 39. DEPRECIATION AND AMORTIZATION

Depreciation and amortization by type of asset charged to profit or loss for the years ended December 31, 2022 and 2021, are as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2022 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2021 MCH\$
Amortization of intangible assets		
Other intangible assets arising from business combinations	(3,616)	(4,034)
Other independently generated intangible assets	(66)	(66)
<b>Depreciation of property, plant and equipment</b>		
Buildings and land	(311)	(311)
Other PP&E	(1,303)	(1,505)
<b>Subtotal</b>	<b>(1,614)</b>	<b>(1,816)</b>
<b>Depreciation and amortization of right-to-use assets</b>		
Buildings and land	(1,722)	(1,593)
Other PP&E	-	-
Depreciation of leasehold improvements as right-to-use leasehold assets	-	-
Amortization of the right to use other leased intangible assets	-	-
<b>Subtotal</b>	<b>(1,722)</b>	<b>(1,593)</b>
Depreciation of other assets for investment property	-	-
Amortization of other assets from revenue from customer contracts	-	-
<b>Total</b>	<b>(7,018)</b>	<b>(7,509)</b>

## 40. IMPAIRMENT OF NON-FINANCIAL ASSETS

As of December 31, 2022 and 2021, this account is detailed as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2022 MCH\$	FOR THE YEAR ENDED DECEMBER 31, 2021 MCH\$
Impairment of investments in other companies	-	-
Impairment of intangible assets		
Goodwill from business combinations	-	-
Other intangible assets arising from business combinations	-	-
Other independently generated intangible assets	(88)	-
<b>Subtotal</b>	<b>(88)</b>	<b>-</b>
Impairment of property, plant and equipment		
Buildings and land	-	-
Other PP&E	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
Impairment of right-of-use leased assets		
Buildings and land	-	-
Impairment of leasehold improvements as right-to-use leasehold assets	-	-
Other PP&E	-	-
Impairment of the right to use other leased intangible assets	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
Impairment of other assets for investment property	-	-
Impairment of other assets for revenue from customer contracts	-	-
Gain on business combination from a bargain purchase	-	-
<b>Total</b>	<b>(88)</b>	<b>-</b>

## 41. PROVISIONS FOR CREDIT LOSSES

In the income statement, movements in provisions for credit losses during the years 2022 and 2021 are as follows:

SUMMARY OF ALLOWANCES FOR LOAN LOSSES AND PROVISION FOR CREDIT LOSSES ON LOANS AS OF DECEMBER 31, 2022  (MCH\$) FOR THE PERIOD	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		TOTAL	FOGAPE COVID-19 GUARANTEE DEDUCTIBLE	TOTAL
	ASSESSMENT		ASSESSMENT	ASSESSMENT				
	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP			
<b>Loans and advances to banks</b>								
Allowances recognized	-	-	-	-	-	-	-	-
Reversal of allowances	11	-	-	-	-	11	-	11
<b>Subtotal</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>11</b>
<b>Commercial loans</b>								
Allowances recognized	(49,561)	(6,617)	(29,656)	(126,245)	(16,866)	(228,945)	(25)	(228,970)
Reversal of allowances	44,567	6,092	31,310	86,310	10,473	178,752	614	179,366
<b>Subtotal</b>	<b>(4,994)</b>	<b>(525)</b>	<b>1,654</b>	<b>(39,935)</b>	<b>(6,393)</b>	<b>(50,193)</b>	<b>589</b>	<b>(49,604)</b>
<b>Mortgage loans</b>								
Allowances recognized	-	(2,229)	-	-	(3,595)	(5,824)	-	(5,824)
Reversal of allowances	-	1,799	-	-	749	2,548	-	2,548
<b>Subtotal</b>	<b>-</b>	<b>(430)</b>	<b>-</b>	<b>-</b>	<b>(2,846)</b>	<b>(3,276)</b>	<b>-</b>	<b>(3,276)</b>
<b>Consumer loans</b>								
Allowances recognized	-	(29,370)	-	-	(28,718)	(58,088)	-	(58,088)
Reversal of allowances	-	27,004	-	-	13,341	40,345	-	40,345
<b>Subtotal</b>	<b>-</b>	<b>(2,366)</b>	<b>-</b>	<b>-</b>	<b>(15,377)</b>	<b>(17,743)</b>	<b>-</b>	<b>(17,743)</b>
<b>Provisions for credit losses recognized on loans</b>	<b>(4,983)</b>	<b>(3,321)</b>	<b>1,654</b>	<b>(39,935)</b>	<b>(24,616)</b>	<b>(71,201)</b>	<b>589</b>	<b>(70,612)</b>
<b>Collection of written-off loans</b>								
Loans and advances to banks	-	-	-	-	-	-	-	-
Commercial loans	-	-	-	5,014	5,577	10,591	-	10,591
Mortgage loans	-	-	-	-	779	779	-	779
Consumer loans	-	-	-	-	3,238	3,238	-	3,238
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,014</b>	<b>9,594</b>	<b>14,608</b>	<b>-</b>	<b>14,608</b>
<b>Provisions for credit losses - loans</b>	<b>(4,983)</b>	<b>(3,321)</b>	<b>1,654</b>	<b>(34,921)</b>	<b>(15,022)</b>	<b>(56,593)</b>	<b>589</b>	<b>(56,004)</b>



SUMMARY OF ALLOWANCES FOR LOAN LOSSES AND PROVISION FOR CREDIT LOSSES ON LOANS AS OF DECEMBER 31, 2021 (MCH\$) FOR THE PERIOD	NORMAL PORTFOLIO		SUBSTANDARD PORTFOLIO	DEFAULT PORTFOLIO		TOTAL	FOGAPE COVID-19 GUARANTEE DEDUCTIBLE	TOTAL
	ASSESSMENT		ASSESSMENT	ASSESSMENT				
	INDIVIDUAL	GROUP	INDIVIDUAL	INDIVIDUAL	GROUP			
<b>Loans and advances to banks</b>								
Allowances recognized	(11)	-	-	-	-	(11)	-	(11)
Reversal of allowances	1	-	-	-	-	1	-	1
<b>Subtotal</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10)</b>	<b>-</b>	<b>(10)</b>
<b>Commercial loans</b>								
Allowances recognized	(18,393)	(1,580)	(16,043)	(75,563)	(13,433)	(125,012)	(838)	(125,850)
Reversal of allowances	11,264	1,342	15,793	22,596	5,161	56,156	315	56,471
<b>Subtotal</b>	<b>(7,129)</b>	<b>(238)</b>	<b>(250)</b>	<b>(52,967)</b>	<b>(8,272)</b>	<b>(68,856)</b>	<b>(523)</b>	<b>(69,379)</b>
<b>Mortgage loans</b>								
Allowances recognized	-	(394)	-	-	(1,466)	(1,860)	-	(1,860)
Reversal of allowances	-	346	-	-	223	569	-	569
<b>Subtotal</b>	<b>-</b>	<b>(48)</b>	<b>-</b>	<b>-</b>	<b>(1,243)</b>	<b>(1,291)</b>	<b>-</b>	<b>(1,291)</b>
<b>Consumer loans</b>								
Allowances recognized	-	(5,709)	-	-	(20,152)	(25,861)	-	(25,861)
Reversal of allowances	-	7,609	-	-	8,913	16,522	-	16,522
<b>Subtotal</b>	<b>-</b>	<b>1,900</b>	<b>-</b>	<b>-</b>	<b>(11,239)</b>	<b>(9,339)</b>	<b>-</b>	<b>(9,339)</b>
<b>Provisions for credit losses recognized on loans</b>	<b>(7,139)</b>	<b>1,614</b>	<b>(250)</b>	<b>(52,967)</b>	<b>(20,754)</b>	<b>(79,496)</b>	<b>(523)</b>	<b>(80,019)</b>
<b>Collection of written-off loans</b>								
Loans and advances to banks	-	-	-	-	-	-	-	-
Commercial loans	-	-	-	1,824	1,210	3,034	-	3,034
Mortgage loans	-	-	-	-	3	3	-	3
Consumer loans	-	-	-	-	3,379	3,379	-	3,379
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,824</b>	<b>4,592</b>	<b>6,416</b>	<b>-</b>	<b>6,416</b>
<b>Provisions for credit losses - loans</b>	<b>(7,139)</b>	<b>1,614</b>	<b>(250)</b>	<b>(51,143)</b>	<b>(16,162)</b>	<b>(73,080)</b>	<b>(523)</b>	<b>(73,603)</b>

In management's opinion, allowances for loan losses recognized for the years ended December 31, 2022 and 2021, cover the potential losses that may arise from not recovering these assets.

## 42. PROFIT (LOSS) FROM DISCONTINUED OPERATIONS

As of December 31, 2022 and 2021, the Bank and its subsidiaries have no such balances.

## 43. RELATED PARTY DISCLOSURES

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) OTHER ASSETS AND LIABILITIES WITH RELATED PARTIES

Loans to and receivables from related parties are as follows.

TYPE OF CURRENT ASSETS AND LIABILITIES WITH RELATED PARTIES AS OF DECEMBER 31, 2022	RELATED PARTY				TOTAL MCH\$
	PARENT COMPANY MCH\$	OTHER LEGAL ENTITY MCH\$	KEY PERSONNEL OF THE CONSOLIDATED BANK MCH\$	OTHER RELATED PARTIES MCH\$	
<b>ASSETS</b>					
<b>Financial instruments held for trading at fair value through profit and loss</b>	-	<b>34,148</b>	-	-	<b>34,148</b>
Financial derivative instruments	-	34,148	-	-	34,148
Debt financing instruments	-	-	-	-	-
Financial assets not for trading that must be measured at fair value through profit and loss	-	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-	-
<b>Financial assets at fair value through other comprehensive income</b>	-	<b>1,229</b>	-	-	<b>1,229</b>
Financial derivative instruments for hedging	-	-	-	-	-
<b>Financial assets at amortized cost</b>	-	<b>84,441</b>	<b>8,841</b>	<b>6,346</b>	<b>99,628</b>
Investment under resale agreements and securities borrowing	-	9,076	-	181	9,257
Debt financing instruments	-	-	-	-	-
Commercial loans	-	75,073	1,749	4,280	81,102
Mortgage loans	-	136	6,226	1,563	7,925
Consumer loans	-	161	866	322	1,350
Allowances for loan losses	-	(5)	-	-	(5)
Other assets	-	-	-	-	-
<b>TOTAL ASSETS</b>	-	<b>119,818</b>	<b>8,841</b>	<b>6,346</b>	<b>135,005</b>
<b>LIABILITIES</b>					
<b>Financial liabilities held for trading at fair value through profit and loss</b>	-	<b>30,695</b>	-	-	<b>30,695</b>
Financial derivative instruments	-	30,695	-	-	30,695
Financial liabilities at fair value through profit and loss	-	-	-	-	-
Financial derivative instruments for hedging	-	-	-	-	-
Financial liabilities at amortized cost	271	281,660	2,926	17,782	302,639
Current accounts and other demand deposits	271	42,097	661	1,325	44,354
Savings accounts and other term deposits	-	235,480	2,234	16,457	254,171
Payables from repurchase agreements and securities lending	-	4,078	31	-	4,109
Borrowings from financial institutions	-	5	-	-	5
Debt financing instruments	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>271</b>	<b>312,355</b>	<b>2,926</b>	<b>17,782</b>	<b>333,334</b>



TYPE OF CURRENT ASSETS AND LIABILITIES WITH RELATED PARTIES AS OF DECEMBER 31, 2021	RELATED PARTY				TOTAL MCH\$
	PARENT COMPANY MCH\$	OTHER LEGAL ENTITY MCH\$	KEY PERSONNEL OF THE CONSOLIDATED BANK MCH\$	OTHER RELATED PARTIES MCH\$	
<b>ASSETS</b>					
<b>Financial instruments held for trading at fair value through profit and loss</b>		<b>18,421</b>	-	-	<b>18,421</b>
Financial derivative instruments	-	18,421	-	-	18,421
Debt financing instruments	-	-	-	-	-
Financial assets not for trading that must be measured at fair value through profit and loss	-	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-	-
<b>Financial assets at fair value through other comprehensive income</b>	-	<b>11,922</b>	-	-	<b>11,922</b>
Financial derivative instruments for hedging	-	-	-	-	-
<b>Financial assets at amortized cost</b>	-	<b>77,986</b>	<b>8,249</b>	<b>4,514</b>	<b>90,749</b>
Investment under resale agreements and securities borrowing	-	-	-	181	181
Debt financing instruments	-	-	-	-	-
Commercial loans	-	77,740	1,678	3,642	83,060
Mortgage loans	-	128	5,773	509	6,410
Consumer loans	-	125	804	193	1,122
Allowances for loan losses	-	(6)	(6)	(11)	(23)
Other assets	-	-	-	-	-
<b>TOTAL ASSETS</b>	-	<b>108,330</b>	<b>8,249</b>	<b>4,514</b>	<b>121,092</b>
<b>LIABILITIES</b>					
<b>Financial liabilities held for trading at fair value through profit and loss</b>	-	<b>18,993</b>	-	-	<b>18,993</b>
Financial derivative instruments	-	18,993	-	-	18,993
Financial liabilities at fair value through profit and loss	-	-	-	-	-
Financial derivative instruments for hedging	-	-	-	-	-
Financial liabilities at amortized cost	103	609,085	1,451	4,993	615,632
Current accounts and other demand deposits	103	119,527	811	2,244	122,685
Savings accounts and other term deposits	-	483,857	640	2,749	487,246
Payables from repurchase agreements and securities lending	-	5,695	-	-	5,695
Borrowings from financial institutions	-	-	-	-	-
Debt financing instruments	-	6	-	-	6
Other financial liabilities	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Other liabilities	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>103</b>	<b>628,078</b>	<b>1,451</b>	<b>4,993</b>	<b>634,625</b>

## B) INCOME AND EXPENSES FROM RELATED PARTY TRANSACTIONS

Income and expenses for related party transactions, in accordance with IAS 24, as detailed as follows:

FOR THE YEAR ENDED DECEMBER 31, 2022 (MCH\$)	RELATED PARTY				TOTAL
	PARENT COMPANY	OTHER LEGAL ENTITY	KEY PERSONNEL OF THE CONSOLIDATED BANK	OTHER RELATED PARTIES	
Interest income	-	24,405	3,056	10,617	38,078
Indexation income	-	20,451	569	3,547	24,567
Commission income	-	23,967	3,772	9,331	37,070
Net financial operating income (loss)	-	12,562	102	-	12,664
Other income	-	1,145	27	1	1,173
<b>TOTAL REVENUE</b>	<b>-</b>	<b>82,530</b>	<b>7,526</b>	<b>23,496</b>	<b>113,552</b>
Interest expense	-	(6,940)	(946)	(3,329)	(11,215)
Indexation expense	-	(428)	-	-	(428)
Commission expense	-	(1,178)	(3)	(2)	(1,183)
Administrative expenses	-	(489)	(686)	(1,938)	(3,113)
Other expenses	-	(12,337)	(1,438)	(4,647)	(18,422)
<b>TOTAL EXPENSES</b>	<b>-</b>	<b>(21,372)</b>	<b>(3,073)</b>	<b>(9,916)</b>	<b>(34,361)</b>

FOR THE YEAR ENDED DECEMBER 31, 2021 (MCH\$)	RELATED PARTY				TOTAL
	PARENT COMPANY	OTHER LEGAL ENTITY	KEY PERSONNEL OF THE CONSOLIDATED BANK	OTHER RELATED PARTIES	
Interest income	-	32,252	3,379	10,526	46,157
Indexation income	-	26,354	1,386	3,484	31,224
Commission income	-	24,181	4,004	9,310	37,495
Net financial operating income (loss)	-	12,095	42	-	12,137
Other income	-	1,653	13	-	1,666
<b>TOTAL REVENUE</b>	<b>-</b>	<b>96,535</b>	<b>8,824</b>	<b>23,320</b>	<b>128,679</b>
Interest expense	-	(3,649)	(363)	(619)	(4,631)
Indexation expense	-	(542)	-	-	(542)
Commission expense	-	(2,999)	-	-	(2,999)
Administrative expenses	-	(1,021)	(674)	(2,004)	(3,699)
Other expenses	-	(9,733)	(1,396)	(4,460)	(15,589)
<b>TOTAL EXPENSES</b>	<b>-</b>	<b>(17,944)</b>	<b>(2,433)</b>	<b>(7,083)</b>	<b>(27,460)</b>





## C) PAYMENTS TO KEY MANAGEMENT PERSONNEL

In 2022 and 2021, the following payments were made to members of the Board and key management of the Bank and its subsidiaries:

PAYMENTS TO BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL OF BANK AND SUBSIDIARIES	FOR THE YEAR ENDED DECEMBER 31, 2022	FOR THE YEAR ENDED DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Board of Directors:</b>		
Compensation and board fees - Bank and Subsidiaries	1,003	1,059
<b>Key Management Personnel of Bank and Subsidiaries:</b>		
Short-term employee benefit payments	4,734	3,507
Post-employment employee benefit payments	-	-
Long-term employee benefit payments	-	-
Employee termination benefit payments	699	22
Payments to employees based on shares or equity instruments	-	-
Post-employment defined contribution payments	-	-
Post-employment defined benefit payments	-	-
Other personnel obligation payments	-	-
<b>Subtotal</b>	<b>5,433</b>	<b>3,529</b>
<b>Total</b>	<b>6,436</b>	<b>4,588</b>

## D) COMPOSITION OF KEY MANAGEMENT PERSONNEL

Key management personnel are detailed as follows.

BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL OF THE BANK AND ITS SUBSIDIARIES	FOR THE YEAR ENDED DECEMBER 31, 2022	FOR THE YEAR ENDED DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Board of Directors:</b>		
Directors - Bank and subsidiaries	11	13
<b>Key Management Personnel - Bank and subsidiaries:</b>		
Chief Executive Officer of Bank	1	1
Chief Executive Officers of subsidiaries	2	2
Division managers of Bank and subsidiaries	7	7
Area managers of Bank and subsidiaries	9	9
<b>Subtotal</b>	<b>19</b>	<b>19</b>
<b>Total</b>	<b>30</b>	<b>32</b>

## 44. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

### A) FAIR VALUE MEASUREMENT MODELS

The Bank uses the following criteria to calculate and classify the market value of financial instruments.

**Level 1:** Observable prices in active markets for the specific type of instrument or transaction to be measured.

**Level 2:** Valuation techniques based on observable factors. This category includes instruments valued using: Quoted prices for similar instruments, either in active or less active markets. Other valuation techniques, when all significant inputs are directly or indirectly observable based on market data.

**Level 3:** Valuation techniques that use significant unobservable factors. This category includes all instruments where the valuation technique includes factors that are not based on observable data and the unobservable factors can have a significant effect on the valuation of the instrument. This category contains instruments that are valued based on quoted prices for similar instruments that require adjustments or significant unobservable assumptions to reflect the differences between them.

The valuation techniques employed are based on estimates of market factors using mathematical and statistical models widely used in financial literature, which are backtested.

All these techniques are based on policies reviewed by the relevant committees and boards at least once a year, or more frequently if necessary.

Level 3 includes price estimates for swaps with a yield curve based on the TAB rate (Chilean pesos and Unidad de Fomento), since a yield curve is not observable in the market as a result of its illiquidity.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Bank believes that a third-party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to account for the credit risk of the customer and/or counterparty, as appropriate. For measuring derivatives that could change classification from an asset to a liability or vice versa (e.g., interest rate swaps), fair values take into account both the credit valuation adjustment (CVA) or counterparty risk, when market participants take it into account in the price of derivatives. Model inputs and values are calibrated against published historical and forecast data and, where possible, against current or recent observed transactions in different instruments and against broker quotes.

This calibration process is inherently subjective and produces ranges of possible inputs and fair value estimates. Management uses its judgment to select the most appropriate point in the range.

If there is no quoted price in an active market, then Banco Security uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The valuation technique chosen incorporates all the factors that market participants would take into account when pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, (i.e., the fair value of the consideration given or received). If the group determines that the fair value at initial recognition differs from the transaction price and the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are considered insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, this difference is recognized in income on an appropriate basis over the life of the instrument, but not after the assessment is fully supported by observable market data or the transaction is closed.

### **A.1 VALUES OF INSTRUMENTS WITH NO ACTIVE MARKET**

During the current year, there has not been sufficient trading volume to establish an active market for certain instrument-backed securities, therefore Banco Security has determined the fair value of these instruments using other valuation techniques.



## A.2 OTC DERIVATIVES

As part of its trading activities, Banco Security enters into OTC structured derivatives—mainly options indexed to credit spreads, equity prices, foreign exchange rates and interest rates—with customers and other banks. Some of these instruments are valued using models with significant unobservable inputs, mainly expected long-term volatilities and expected correlations between different underlyings.

## A.3 MEASUREMENT ON THE BASIS OF NET RISK EXPOSURES

If Banco Security measures portfolios of financial assets and liabilities on the basis of net exposures to market risks, it then applies its judgment to determine appropriate portfolio-level adjustments, such as bid-ask spreads. These adjustments are derived from observable bid-ask spreads for similar instruments and adjusted for portfolio-specific factors. Similarly, when Banco Security measures portfolios of financial assets and liabilities based on the net credit risk exposure to a particular counterparty, it takes into account any existing agreements that mitigate credit risk exposure, e.g., master netting agreements with the counterparty.

## B) VALUATION CONTROL FRAMEWORK

Banco Security has an established control framework for fair value measurement. This framework includes a Product Control area, which is independent of management, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. These specific controls include:

- Verification of observable prices;
- Re-assessment of model valuations;
- A process of review and approval of new models and changes to models involving both Banco Security's Product Control and Market Risk areas;
- Quarterly calibration and back-testing of models against observed market transactions;
- Analysis and investigation of significant daily valuation movements; and
- Review of significant unobservable inputs, valuation adjustments and significant changes in the fair value measurement of Level 3 instruments compared to the prior month by a committee of Banco Security's senior Product Control and Market Risk personnel.

When third-party information, such as broker quotes or pricing services, is used to measure fair value, the Product Control area evaluates and documents the evidence obtained from third parties to support the conclusion that the valuations meet the requirements of IFRS. This includes:

- Verifying that the broker or pricing service is approved by Banco Security for use in pricing the relevant type of financial instrument;
- Understanding how fair value has been arrived at, to what extent it represents active market transactions and whether it represents a quoted price in an active market for an identical instrument;
- When prices of similar instruments are used to measure fair value, understanding how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- If several quotes have been obtained for the same financial instrument, understanding how the fair value has been determined using those quotes.

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.

## C) FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE FAIR VALUE HIERARCHY

The following table details the classification of financial instruments by level within the fair value hierarchy as of December 31, 2022 and 2021, respectively.

	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>FINANCIAL ASSETS</b>								
<b>FINANCIAL ASSETS HELD FOR TRADING AT FAIR VALUE THROUGH PROFIT AND LOSS</b>								
<b>Financial derivative instruments:</b>								
Currency forwards	14,602	3,981	89,970	79,102	-	-	103,095	83,083
Interest rate swaps	-	-	66,882	39,873	-	-	66,881	39,873
Currency swaps	-	-	59,687	73,725	1,435	1,735	61,123	75,460
Interest rate call options	-	-	-	-	-	-	-	-
Interest rate put options	-	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>14,602</b>	<b>3,981</b>	<b>216,539</b>	<b>192,700</b>	<b>1,435</b>	<b>1,735</b>	<b>231,099</b>	<b>198,416</b>
<b>Total financial derivative instruments</b>	<b>14,602</b>	<b>3,981</b>	<b>216,539</b>	<b>192,700</b>	<b>1,435</b>	<b>1,735</b>	<b>231,099</b>	<b>198,416</b>
<b>Debt financing instruments:</b>								
<b>Chilean Government and Central Bank instruments</b>								
Financial debt instruments of the Chilean Central Bank	-	-	5,999	5,016	-	-	5,999	5,016
Chilean Treasury bonds and promissory notes	-	-	-	-	-	-	-	-
Other government debt financing instruments	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>5,999</b>	<b>5,016</b>	<b>-</b>	<b>-</b>	<b>5,999</b>	<b>5,016</b>
<b>Other debt financing instruments issued in Chile</b>								
Debt financing instruments issued by other domestic banks	2,118	-	26,212	5,853	-	-	28,330	5,853
Corporate bonds and commercial paper issued in Chile	397	-	9,437	17,824	-	-	9,834	17,824
Other instruments issued in Chile	-	4,407	4,469	9,880	-	-	4,469	14,287
<b>Subtotal</b>	<b>2,515</b>	<b>4,407</b>	<b>40,118</b>	<b>33,557</b>	<b>-</b>	<b>-</b>	<b>42,633</b>	<b>37,964</b>
<b>Other debt financing instruments issued abroad</b>								
Foreign central banks	-	-	-	-	-	-	-	-
Foreign governments and foreign tax entities	-	-	-	-	-	-	-	-
Other foreign banks	-	-	-	-	-	-	-	-
Corporate bonds and commercial paper issued abroad	-	-	-	-	-	-	-	-
Other foreign instruments	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total debt financing instruments</b>	<b>2,515</b>	<b>4,407</b>	<b>46,117</b>	<b>38,573</b>	<b>-</b>	<b>-</b>	<b>48,632</b>	<b>42,980</b>
<b>Other debt financing instruments:</b>								
<b>Investments in mutual funds</b>								
Managed by related parties	3,934	5,584	-	-	-	-	3,934	5,584
Managed by third parties	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>3,934</b>	<b>5,584</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,934</b>	<b>5,584</b>
<b>Equity instruments</b>								
Equity instruments issued in Chile	-	-	-	-	-	-	-	-
Equity instruments issued abroad	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loans originated and acquired by the entity</b>								
Loans and advances to banks	-	-	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other</b>								
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other financial instruments</b>	<b>3,934</b>	<b>5,584</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,934</b>	<b>5,584</b>



	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME</b>								
<b>Debt financing instruments:</b>								
<b>Chilean Government and Central Bank instruments</b>								
Chilean Central Bank instruments	496,963	539,500	568,036	171,930	-	-	1,064,999	711,430
Chilean Treasury instruments	144,949	107,170	78,295	49,303	-	-	223,244	156,473
Other government debt financing instruments	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>641,912</b>	<b>646,670</b>	<b>646,331</b>	<b>221,233</b>	<b>-</b>	<b>-</b>	<b>1,288,243</b>	<b>867,903</b>
<b>Other debt financing instruments issued in Chile</b>								
Debt financing instruments issued by other domestic banks	19,355	9,483	185,976	145,536	-	-	205,331	155,019
Corporate bonds and commercial paper issued in Chile	7,392	22,845	193,214	177,768	-	-	200,606	200,613
Other instruments issued in Chile	-	-	-	4,069	-	-	-	4,069
<b>Subtotal</b>	<b>26,747</b>	<b>32,328</b>	<b>379,190</b>	<b>327,373</b>	<b>-</b>	<b>-</b>	<b>405,937</b>	<b>359,701</b>
<b>Other debt financing instruments issued abroad</b>								
Foreign central banks	-	-	-	-	-	-	-	-
Foreign governments and foreign tax entities	-	-	-	-	-	-	-	-
Other foreign banks	93,810	107,251	-	-	-	-	93,810	107,251
Corporate bonds and commercial paper issued abroad	-	-	-	-	-	-	-	-
Other debt financing instruments issued abroad	18,537	-	-	-	-	-	18,537	-
<b>Subtotal</b>	<b>112,347</b>	<b>107,251</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,347</b>	<b>107,251</b>
<b>Total debt financing instruments</b>	<b>781,006</b>	<b>786,249</b>	<b>1,025,521</b>	<b>548,606</b>	<b>-</b>	<b>-</b>	<b>1,806,527</b>	<b>1,334,855</b>
<b>Other financial instruments:</b>								
<b>Loans originated and acquired by the entity</b>								
Loans and advances to banks	-	-	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other	-	-	3,562	4,069	-	-	3,562	4,069
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>3,562</b>	<b>4,069</b>	<b>-</b>	<b>-</b>	<b>3,562</b>	<b>4,069</b>
<b>Total other financial instruments</b>	<b>-</b>	<b>-</b>	<b>3,562</b>	<b>4,069</b>	<b>-</b>	<b>-</b>	<b>3,562</b>	<b>4,069</b>
<b>FINANCIAL DERIVATIVE INSTRUMENTS FOR ACCOUNTING HEDGES</b>								
Currency forwards	-	-	-	-	-	-	-	-
Interest rate swaps	-	-	46,843	41,975	-	-	46,843	41,975
Currency swaps	-	-	-	-	-	-	-	-
Interest rate call options	-	-	-	-	-	-	-	-
Interest rate put options	-	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total hedge accounting</b>	<b>-</b>	<b>-</b>	<b>46,843</b>	<b>41,975</b>	<b>-</b>	<b>-</b>	<b>46,843</b>	<b>41,975</b>
<b>TOTAL FAIR VALUE ASSETS</b>	<b>802,057</b>	<b>800,221</b>	<b>1,338,582</b>	<b>825,923</b>	<b>1,435</b>	<b>1,735</b>	<b>2,140,597</b>	<b>1,627,878</b>

	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>FINANCIAL LIABILITIES</b>								
<b>FINANCIAL LIABILITIES HELD FOR TRADING AT FAIR VALUE THROUGH PROFIT AND LOSS</b>								
<b>Financial derivative instruments:</b>								
Forwards	17,148	3,453	98,414	70,608	-	-	115,562	74,061
Swaps	-	-	126,851	38,786	49	76	126,901	38,862
Call options	-	-	-	90,056	15	38	15	90,094
Put options	-	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>17,148</b>	<b>3,453</b>	<b>225,265</b>	<b>199,450</b>	<b>64</b>	<b>114</b>	<b>242,478</b>	<b>203,017</b>
<b>Total financial derivative instruments</b>	<b>17,148</b>	<b>3,453</b>	<b>225,265</b>	<b>199,450</b>	<b>64</b>	<b>114</b>	<b>242,478</b>	<b>203,017</b>
<b>Other financial instruments:</b>								
Current accounts and other demand deposits	-	-	-	-	-	-	-	-
Savings accounts and other term deposits	-	-	-	-	-	-	-	-
Debt issued	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FINANCIAL DERIVATIVE INSTRUMENTS FOR ACCOUNTING HEDGES</b>								
<b>Financial derivative instruments</b>								
Currency forwards	-	-	-	-	-	-	-	-
Interest rate swaps	-	-	7,309	-	-	-	7,309	-
Currency swaps	-	-	14,142	45,168	-	-	14,142	45,168
Interest rate call options	-	-	-	-	-	-	-	-
Interest rate put options	-	-	-	-	-	-	-	-
Futures	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total assets for financial derivatives</b>	<b>-</b>	<b>-</b>	<b>21,451</b>	<b>45,168</b>	<b>-</b>	<b>-</b>	<b>21,451</b>	<b>45,168</b>
<b>TOTAL FAIR VALUE LIABILITIES</b>	<b>17,148</b>	<b>3,453</b>	<b>246,716</b>	<b>244,618</b>	<b>64</b>	<b>114</b>	<b>263,928</b>	<b>248,185</b>

## D) FAIR VALUE MEASUREMENTS - LEVEL 3

### D.1 RECONCILIATION

The following table reconciles beginning balances to ending balances for fair value measurements in Level 3 of the fair value hierarchy:

2022 IN MCH\$	TRADING ASSETS		HEDGE ACCOUNTING DERIVATIVES	CUSTOMER LOANS AND RECEIVABLES (LOANS)	TRADING LIABILITIES	DEBT INSTRUMENTS		TOTAL
	ASSET-BACKED SECURITIES (MBS)	OTC STRUCTURED DERIVATIVES			OTC STRUCTURED DERIVATIVES	ASSET-BACKED SECURITIES (MBS)	COLLATERALIZED DEBT INSTRUMENTS	
<b>Balance as of December 31, 2021</b>		<b>1,734</b>			<b>(77)</b>			<b>1,657</b>
In profit (loss) for the year		(299)			28			(271)
In other comprehensive income (loss)								
Purchases								
Issues								
Sales or settlements								
Transfers to level 3								
Transfers from level 3								
<b>Balance as of December 31, 2022</b>		<b>1,435</b>			<b>(49)</b>			<b>1,386</b>



The total gains or losses recognized for each year, as indicated above, are presented in the statement of income and OCI as follows:

2022 IN MCH\$	TRADING ASSETS		HEDGE ACCOUNTING DERIVATIVES	CUSTOMER LOANS AND RECEIVABLES (LOANS)	TRADING LIABILITIES	DEBT INSTRUMENTS		TOTAL
	ASSET-BACKED SECURITIES (MBS)	OTC STRUCTURED DERIVATIVES			OTC STRUCTURED DERIVATIVES	ASSET-BACKED SECURITIES (MBS)	COLLATERALIZED DEBT INSTRUMENTS	
<b>Total gains and losses recognized in profit or loss:</b>								
Net commercial income								
Net income from other financial instruments carried at fair value		(299)			28			(271)
Other income								
Total gains and losses recognized in OCI								
Fair value reserve (debt instruments) - Net change in fair value								
Fair value reserve (equity instruments) - Net change in value								
Gains or losses attributable to the change in unrealized gains and losses related to assets and liabilities held at the end of the year								
<b>Net commercial income</b>								
<b>Net income from other financial instruments carried at fair value</b>								

## D.2 UNOBSERVABLE INPUTS USED IN FAIR VALUE MEASUREMENT

The following table presents information about significant unobservable inputs used as of December 31, 2022 and 2021, to measure financial instruments categorized as Level 3 in the fair value hierarchy:

FINANCIAL INSTRUMENT	FAIR VALUES 12-31-2022 MCH\$	VALUATION TECHNIQUES	SIGNIFICANT UNOBSERVABLE INPUT	RANGE OF ESTIMATES (WEIGHTED AVERAGE) FOR UNOBSERVABLE INPUTS	SENSITIVITY OF FAIR VALUE MEASUREMENT TO UNOBSERVABLE INPUTS
Asset-backed securities (MBS)					
OTC derivatives TAB 30 CLP	(410,762,421)	CIR model - curve estimation	Spread vs Chamber	0.0076/-0.0083(-0.0023)	
OTC derivatives TAB 90 CLP	(1,093,367,374)	CIR model - curve estimation	Spread vs Chamber	0.0075/-0.0024(0.0026)	
OTC derivatives TAB 180 CLP	3,183,373,620	CIR model - curve estimation	Spread vs Chamber	0.0098/-0.0048(0.0025)	
OTC derivatives TAB 360 CLP	-	CIR model - curve estimation	Spread vs Chamber	0.0151/-0.0063(0.004)	
OTC derivatives TAB 180 UF	-	CIR model - curve estimation	Spread vs Chamber	0.0508/-0.0075(0.0105)	
OTC derivatives TAB 360 UF	-	CIR model - curve estimation	Spread vs Chamber	0.0142/-0.0085(0.0028)	

## E) FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

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, 2022 and 2021, the estimated fair values of the Bank's financial instruments are as follows:

2022 IN MCH\$		CARRYING AMOUNT AS OF DECEMBER 31,		ESTIMATED FAIR VALUE AS OF DECEMBER 31,		FAIR VALUE HIERARCHY
		2022 MCH\$	2021 MCH\$	2022 MCH\$	2021 MCH\$	
<b>ASSETS</b>						
	Cash and due from banks	442,055	840,208	442,055	840,208	1
	Transactions in the course of collection	48,802	54,726	48,802	54,726	1
	<b>Financial instruments held for trading at fair value through profit and loss</b>	<b>283,665</b>	<b>246,981</b>	<b>283,665</b>	<b>246,981</b>	
	Financial derivative instruments	231,099	198,416	231,099	198,416	1,2,3
	Debt financing instruments	48,632	42,981	48,632	42,981	1.2
	Other	3,934	5,584	3,934	5,584	1.2
	<b>Financial assets not for trading that must be measured at fair value through profit and loss</b>	-	-	-	-	
	<b>Financial assets at fair value through profit and loss</b>	-	-	-	-	
	<b>Financial assets at fair value through other comprehensive income</b>	<b>1,856,932</b>	<b>1,376,830</b>	<b>1,856,932</b>	<b>1,376,830</b>	
	Debt financing instruments	1,806,527	1,330,786	1,806,527	1,330,786	1.2
	Other	3,562	4,069	3,562	4,069	
	Financial derivative instruments for hedging	46,843	41,975	46,843	41,975	1.2
	<b>Financial assets at amortized cost</b>	<b>7,147,200</b>	<b>6,572,847</b>	<b>7,390,355</b>	<b>7,026,368</b>	
	Investment under resale agreements and securities borrowing	I	-	-	-	
	Debt financing instruments		43,423	-	43,423	-
	Loans and advances to banks	II	-	2,824	-	2,830
	Customer loans and receivables - commercial	III.a	5,669,586	5,341,137	5,909,450	5,795,199
	Customer loans and receivables - mortgage	III.b	1,002,716	823,471	978,999	788,405
	Customer loans and receivables - consumer	III.c	431,475	405,415	458,483	439,934
<b>LIABILITIES</b>						
	Transactions in the course of payment		23,711	42,892	23,711	42,892
	<b>Financial liabilities held for trading at fair value through profit and loss</b>		<b>240,562</b>	<b>203,017</b>	<b>240,562</b>	<b>203,017</b>
	Financial derivative instruments		240,562	203,017	240,562	203,017
	Other		-	-	-	-
	<b>Financial liabilities at fair value through profit and loss</b>		-	-	-	-
	Financial derivative instruments for hedging		21,451	25,951	21,451	25,951
	<b>Financial liabilities at amortized cost</b>		<b>8,350,005</b>	<b>7,874,713</b>	<b>8,594,516</b>	<b>8,105,571</b>
	Current accounts and other demand deposits	IV	1,088,447	1,715,145	1,088,447	1,715,145
	Savings accounts and other term deposits	VI	2,450,519	1,865,280	2,440,542	1,859,860
	Payables from repurchase agreements and securities lending	V	7,372	2,471	7,369	2,339
	Borrowings from financial institutions	VII	1,513,112	1,473,906	1,511,622	1,476,860
	Debt financing instruments	VIII.a	3,258,175	2,787,965	3,516,933	3,014,447
	Other financial liabilities	IX	32,380	29,946	29,603	36,920
	Regulatory capital financial instruments issued	VIII.b	392,467	359,320	383,963	317,012





The fair value of assets not recognized at that value in the statement of financial position is derived from estimated cash flows the Bank expects to receive, discounted using the relevant market interest rate for each type of transaction.

The fair value of liabilities without market quotes is based on discounted cash flows using the interest rate for similar maturity terms.

Therefore, the largest differences between the carrying amount and the fair value occur in more long-term assets (commercial loans) and liabilities (debt issued) and, inversely, short-term items present a smaller or no difference between these values (e.g. transactions in the course of collection and cash).

## 45. MATURITY OF FINANCIAL ASSETS AND LIABILITIES ACCORDING TO REMAINING MATURITIES

As of December 31, 2022 and 2021, the detail of the maturity of financial assets and liabilities according to their remaining maturities is as follows:

DECEMBER 2022	ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Financial assets</b>								
Cash and due from banks	442,055	-	-	-	-	-	-	442,055
Transactions in the course of collection	48,802	-	-	-	-	-	-	48,802
Financial derivative instruments	-	2,781	5,638	65,922	60,636	38,076	58,046	231,099
Debt financing instruments held for trading at fair value through profit and loss	-	6,035	145	6,522	33,663	1,139	1,128	48,632
Other instruments held for trading at fair value through profit and loss	-	-	3,934	-	-	-	-	3,934
Financial assets at fair value through other comprehensive income	-	480,262	280,033	534,002	338,266	68,851	105,113	1,806,527
Other instruments at fair value through other comprehensive income	-	-	-	-	-	-	3,562	3,562
Financial derivative instruments for hedging	-	4,065	12,939	14,866	8,177	3,252	3,544	46,843
Receivables from repurchase agreements and securities borrowing	-	-	-	-	-	-	-	-
Debt financing instruments at amortized cost	-	-	-	-	43,423	-	-	43,423
Loans and advances to banks	-	-	-	-	-	-	-	-
Customer loans and receivables - commercial (1)	3,096	124,962	408,489	944,442	646,295	658,113	3,033,651	5,819,048
Customer loans and receivables - mortgage (1)	-	-	-	-	-	-	1,002,711	1,002,711
Customer loans and receivables - consumer (1)	3,472	-	-	2,588	85,010	87,265	275,513	453,848
<b>Total financial assets</b>	<b>497,425</b>	<b>618,105</b>	<b>711,178</b>	<b>1,568,342</b>	<b>1,215,470</b>	<b>856,696</b>	<b>4,483,268</b>	<b>9,950,484</b>
<b>Financial liabilities</b>								
Transactions in the course of payment	23,711	-	-	-	-	-	-	23,711
Financial derivative instruments	-	2,562	7,098	66,191	63,250	39,968	61,493	240,562
Financial derivative instruments for hedging	-	1,861	5,925	6,808	3,745	1,489	1,623	21,451
Current accounts and other demand deposits	1,088,447	-	-	-	-	-	-	1,088,447
Savings accounts and other term deposits	34,578	765,968	792,490	795,161	62,319	3	-	2,450,519
Payables from repurchase agreements and securities lending	-	7,372	-	-	-	-	-	7,372
Borrowings from financial institutions	1,294	27,389	177,135	118,822	1,188,472	-	-	1,513,112
Debt financing instruments	54	-	383	394,894	1,090,580	637,392	1,134,872	3,258,175
Other financial liabilities	13,934	3	12	137	651	251	17,392	32,380
Regulatory capital financial instruments issued	-	-	-	7,515	15,440	16,014	353,498	392,467
<b>Total financial liabilities</b>	<b>1,162,018</b>	<b>805,155</b>	<b>983,043</b>	<b>1,389,528</b>	<b>2,424,457</b>	<b>695,117</b>	<b>1,568,878</b>	<b>9,028,196</b>

(1) RECEIVABLES AT AMORTIZED COST ARE PRESENTED GROSS, THE AMOUNT OF ALLOWANCES IS MCH\$165,671.

DECEMBER 2021	ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	TOTAL
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Financial assets</b>								
Cash and due from banks	840,208	-	-	-	-	-	-	840,208
Transactions in the course of collection	54,727	-	-	-	-	-	-	54,727
Financial derivative instruments	-	2,026	15,339	30,211	43,232	44,844	62,764	198,416
Debt financing instruments held for trading at fair value through profit and loss	-	5,078	477	9,548	23,639	2,476	1,762	42,980
Other instruments held for trading at fair value through profit and loss	-	422	5,162	-	-	-	-	5,584
Financial assets at fair value through other comprehensive income	-	672,557	60,233	42,951	269,416	194,686	90,943	1,330,786
Other instruments at fair value through other comprehensive income	-	-	-	-	-	-	4,069	4,069
Financial derivative instruments for hedging	-	-	4,087	26,237	3,319	4,737	3,595	41,975
Payables from repurchase agreements and securities lending	-	-	-	-	-	-	-	-
Debt financing instruments at amortized cost	-	-	-	-	-	-	-	-
Loans and advances to banks (1)	-	1,121	-	-	-	-	1,714	2,835
Customer loans and receivables - commercial (2)	-	482,551	2,013,472	760,483	763,254	895,284	562,371	5,477,415
Customer loans and receivables - mortgage (2)	-	-	812,745	8,551	378	3,287	6	824,967
Customer loans and receivables - consumer (2)	-	7,407	12,567	136,756	88,511	162,154	16,394	423,789
<b>Total financial assets</b>	<b>894,935</b>	<b>1,171,162</b>	<b>2,924,082</b>	<b>1,014,737</b>	<b>1,191,749</b>	<b>1,307,468</b>	<b>743,618</b>	<b>9,247,751</b>
<b>Financial liabilities</b>								
Transactions in the course of payment	42,893	-	-	-	-	-	-	42,893
Financial derivative instruments	-	42,627	29,664	3,234	32,253	40,131	55,108	203,017
Financial derivative instruments for hedging	-	-	4,398	28,232	3,572	5,097	3,868	45,167
Current accounts and other demand deposits	1,715,145	-	-	-	-	-	-	1,715,145
Savings accounts and other term deposits	59,808	539,776	599,813	645,020	-	-	-	1,844,417
Payables from repurchase agreements and securities lending	-	2,470	-	-	-	-	-	2,470
Borrowings from financial institutions	-	7,998	39,737	1,372,106	15,988	38,078	-	1,473,907
Debt financing instruments	11	-	76,694	271,790	908,439	233,618	-	1,490,552
Other financial liabilities	-	10,128	4	86	557	229	18,942	29,946
Regulatory capital financial instruments issued	-	-	-	2,512	-	-	356,808	359,320
<b>Total financial liabilities</b>	<b>1,817,857</b>	<b>602,999</b>	<b>750,310</b>	<b>2,322,980</b>	<b>960,809</b>	<b>317,153</b>	<b>434,726</b>	<b>7,206,834</b>

(1) RECEIVABLES AT AMORTIZED COST ARE PRESENTED GROSS, THE AMOUNT OF ALLOWANCES IS MCH\$11.

(2) RECEIVABLE AT AMORTIZED COST ARE PRESENTED GROSS, THE AMOUNT OF ALLOWANCES IS MCH\$158,681.



## 46. FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES BY CURRENCY

Financial and non-financial assets and liabilities for the most relevant currencies as of December 31, 2022 and 2021, are detailed as follows:

AS OF DECEMBER 31, 2022	CHILEAN CURRENCY				FOREIGN CURRENCY						
	CH\$	UF	INDEXED TO EXCHANGE RATE	USD	COP	GBP	EUR	CHF	JPY	CNH	OTHERS MX
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
Financial assets	4,440,618	4,267,724	-	1,114,364	-	582	24,699	96	108	-	-
Non-financial assets	367,097	-	-	10,852	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>4,807,715</b>	<b>4,267,724</b>	<b>-</b>	<b>1,125,216</b>	<b>-</b>	<b>582</b>	<b>24,699</b>	<b>96</b>	<b>108</b>	<b>-</b>	<b>-</b>
Financial liabilities	4,396,118	3,261,819	-	1,058,805	-	2	26,005	0	21	-	(22)
Non-financial liabilities	6,725	392,467	-	72,953	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>4,402,843</b>	<b>3,654,286</b>	<b>-</b>	<b>1,131,758</b>	<b>-</b>	<b>2</b>	<b>26,005</b>	<b>0</b>	<b>21</b>	<b>-</b>	<b>(22)</b>
<b>ASSET / LIABILITY GAP</b>	<b>404,872</b>	<b>613,438</b>	<b>-</b>	<b>(6,541)</b>	<b>-</b>	<b>580</b>	<b>(1,306)</b>	<b>96</b>	<b>87</b>	<b>-</b>	<b>22</b>

AS OF DECEMBER 31, 2022	CHILEAN CURRENCY				FOREIGN CURRENCY						
	CH\$	UF	INDEXED TO EXCHANGE RATE	USD	COP	GBP	EUR	CHF	JPY	CNH	OTHERS MX
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
Financial assets	1,326,062	148,657	-	149,065	-	-	-	-	-	-	26
Non-financial assets	2,483,380	3,751,143	4,537	1,481,583	-	1,191	17,366	23	134	2,502	109
<b>TOTAL ASSETS</b>	<b>3,809,442</b>	<b>3,899,800</b>	<b>4,537</b>	<b>1,630,648</b>	<b>-</b>	<b>1,191</b>	<b>17,366</b>	<b>23</b>	<b>134</b>	<b>2,502</b>	<b>135</b>
Financial liabilities	248,207	-	-	-	-	-	-	-	-	-	(22)
Non-financial liabilities	4,017,055	2,894,092	18,348	1,458,224	-	415	27,872	9	54	866	13
<b>TOTAL LIABILITIES</b>	<b>4,265,262</b>	<b>2,894,092</b>	<b>18,348</b>	<b>1,458,224</b>	<b>-</b>	<b>415</b>	<b>27,872</b>	<b>9</b>	<b>54</b>	<b>866</b>	<b>(9)</b>
<b>ASSET / LIABILITY GAP</b>	<b>(455,820)</b>	<b>1,005,708</b>	<b>(13,811)</b>	<b>172,424</b>	<b>-</b>	<b>776</b>	<b>(10,506)</b>	<b>14</b>	<b>80</b>	<b>1,636</b>	<b>144</b>

## 47. RISK MANAGEMENT AND REPORTING

- I. RISK MANAGEMENT OBJECTIVES
- II. RISK MANAGEMENT STRUCTURE
- III. CREDIT RISK
- IV. FINANCIAL RISK
- V. OPERATIONAL RISK
- VI. RISK COMMITTEE

### I. RISK MANAGEMENT OBJECTIVES

Banco Security considers risk management to be a critical component in guaranteeing business continuity, achieving necessary solvency and ensuring sustainable results. Risk management is intended to minimize losses from risk and optimize the risk-return ratio and growth (risk appetite) defined by senior management.

This requires considerable effort by the Bank to optimize risk management. Therefore, risk management is separated according to the three types of risk: credit risk, financial risk and operational risk.

Through this structure, the Bank can properly and timely identify, measure, value and monitor all kinds of risk that Banco Security may face.

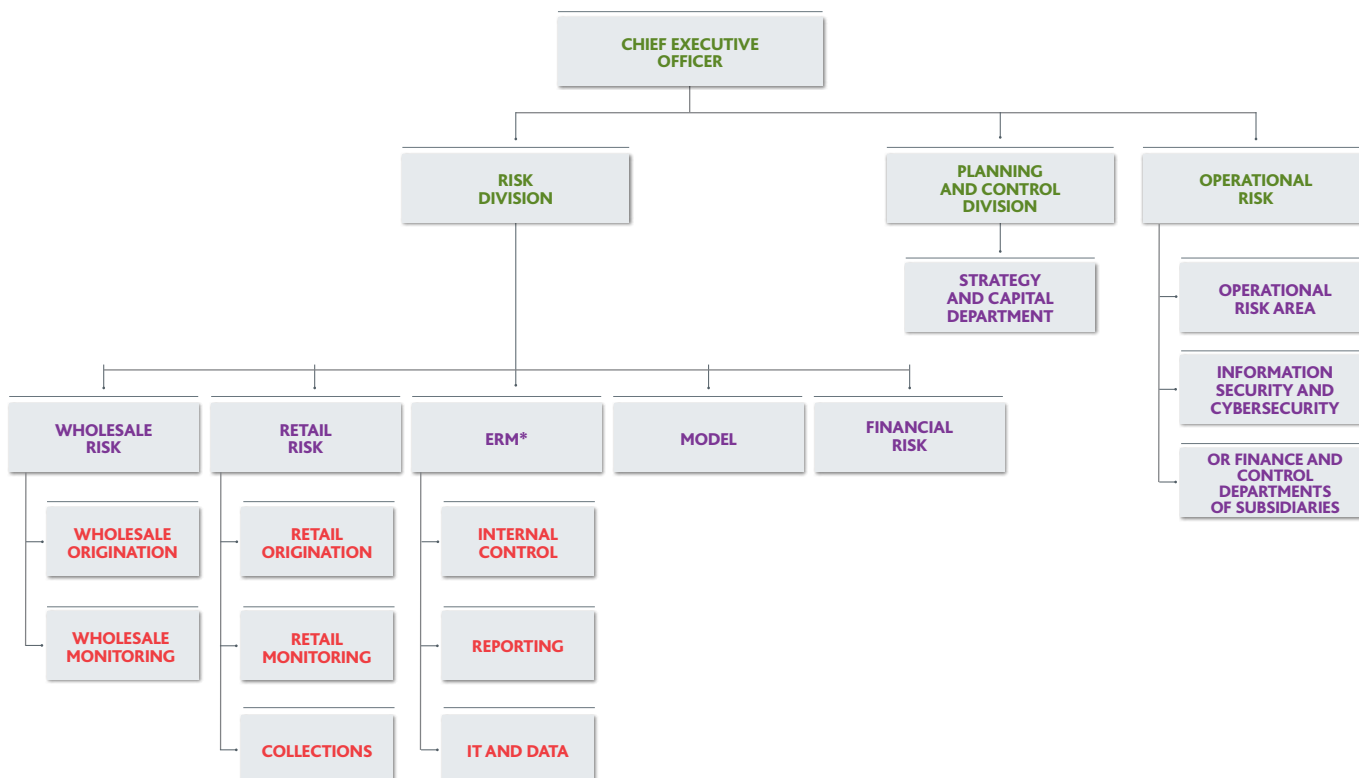
## II. RISK MANAGEMENT STRUCTURE

Risk management is carried out through two divisions that report to the Chief Executive Officer: The Risk Division (credit and financial risk); and the Operational Risk and 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 Operational Risk and Cybersecurity Division. This structure helps create complete independence from possible sources of operational risk.

The Bank's risk division is structured as follows:



(\*) ENTERPRISE RISK MANAGEMENT



## AREA 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:

##### Wholesale Origination 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.

##### a. 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 Origination 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. In this role, it is responsible for defining the policies and procedures for this process and ensuring compliance, all in line with the defined risk appetite.

It is responsible for creating sales campaigns and monitoring outcomes.

d. **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

Department in charge of ensuring operational risk, business continuity and information security are effectively managed, which is staffed by nine employees. Further information on its functions is available in section V.

## III. CREDIT RISK

### A. CREDIT RISK MANAGEMENT OBJECTIVES

The 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
- ERM Risk Management
- 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	COMPANIES	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. DEFINITIONS AND AMOUNTS DERIVED FROM "EXPECTED CREDIT LOSSES"

Risk rating and assessments for the purpose of calculating allowances for loan losses 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 portfolio	Standard regulatory matrix
Real estate	Business rules		
OTHER - Banks - Restructuring of retail and commercial loans - Non-profit - Special group leasing	Business rules	Residential mortgage portfolio	Standard regulatory matrix
		Consumer portfolio	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 assessed, 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

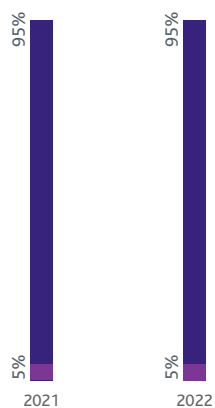
### D.3 DISTRIBUTION OF LOAN PORTFOLIO

The Bank's portfolio is distributed as follows, based on the type of risk assessment used (i.e. group or individual):

#### ASSESSMENT BY CUSTOMER TYPE

NUMBER OF CUSTOMERS

■ GROUP  
■ INDIVIDUAL



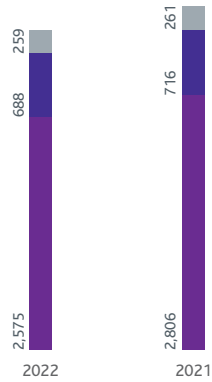


Individually assessed loans are distributed by category (normal, substandard and default) using the following criteria:

**DISTRIBUTION OF INDIVIDUALLY ASSESSED LOANS**

NUMBER OF INDIVIDUAL CUSTOMERS  
DECEMBER 2021/DECEMBER 2022

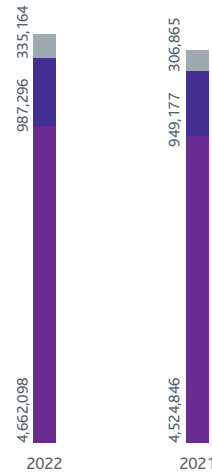
- NORMAL
- SUBSTANDARD
- DEFAULT



**DISTRIBUTION OF INDIVIDUALLY ASSESSED LOANS**

LOAN AMOUNT (MCH\$)

- NORMAL
- SUBSTANDARD
- DEFAULT



The normal portfolio includes those borrowers whose payment capacity allows them to comply with their obligations and commitments and, according to the evaluation of their economic and financial situation, is not expected to change. The ratings assigned to this portfolio are categories A1 through A6, from the following scale, as defined in section 2.1.1 of chapter B-1 of the CNCB.

The substandard portfolio includes debtors with financial difficulties or significant decline in their payment capacity and about which there are reasonable doubts regarding repayment of all principal and interest in the contractually agreed-upon terms, showing little room to meet its financial obligations in the short term. Those debtors who have recently made payments more than 30 days late also form part of the substandard portfolio. The ratings assigned to this portfolio are categories B1 through B4 of the scale specified below, as defined in section 2.1.1 of chapter B-1 of the CNCB.

The default portfolio includes debtors and their loans that are considered to be of doubtful recovery as they show an impaired or nil payment capacity. This portfolio consists of debtors that have ceased to pay creditors (in default) or with evident indication that they will do so, those for which a forced restructuring of debt is necessary to reduce the obligation or delay principal or interest payments, and any debtor with interest or principal balances more than 90 days past due for any loan. This portfolio includes borrowers classified under categories C1 to C6 in the classification scale established below and classification is assigned for all a debtor's portfolio at the classification at the riskiest level, including 100% of the loan commitments that those borrowers maintain.

#### D.4 PORTFOLIO CONCENTRATION BY ECONOMIC SECTOR

The distribution by economic sector of the portfolio and its exposure is as follows:

##### DECEMBER 2022

SECTOR	EXPOSURE	ALLOWANCE RECOGNIZED	% RISK
Agriculture, fruit growing and forestry	255,053	9,379	3.68%
Real estate and service providers	1,237,779	14,488	1.17%
Wholesale and retail trade	667,369	19,829	2.97%
Construction	966,056	14,184	1.47%
Financial and insurance companies	1,874,817	41,825	2.23%
Manufacturing	331,029	14,851	4.49%
Mining - Oil	112,548	113	0.10%
Fishing	77,303	1,357	1.76%
Services	995,635	13,515	1.36%
Transportation and storage	518,262	9,269	1.79%
Utilities and telecommunications	218,413	14,741	6.75%
<b>Total</b>	<b>7,254,264</b>	<b>153,551</b>	<b>2.12%</b>

##### SEPTEMBER 2022

SECTOR	EXPOSURE	ALLOWANCE RECOGNIZED	% RISK
Agriculture, fruit growing and forestry	252,269	8,232	3.26%
Real estate and service providers	1,198,225	13,117	1.09%
Wholesale and retail trade	642,474	19,196	2.99%
Construction	944,432	10,645	1.13%
Financial and insurance companies	1,135,773	40,289	3.55%
Manufacturing	310,913	14,271	4.59%
Mining - Oil	115,647	121	0.10%
Fishing	81,970	1,862	2.27%
Services	797,334	10,582	1.33%
Transportation and storage	430,275	13,934	3.24%
Utilities and telecommunications	225,344	17,584	7.80%
<b>Total</b>	<b>6,134,656</b>	<b>149,833</b>	<b>2.44%</b>

#### D.5 INDIVIDUAL PORTFOLIO COLLATERAL

Banco Security has high collateral coverage of its individual portfolio, as shown in the following table:

TYPE OF RISK	INDIVIDUAL PORTFOLIO: PERCENTAGE OF EXPOSURE SUBJECT TO COLLATERAL REQUIREMENTS 2022 12						
	GUARANTEE TYPE						OVERALL TOTAL
	COMMERCIAL	FINANCIAL	LEASE	OTHER	PLEDGE	RESIDENTIAL	
Normal	87.75%	87.14%	77.68%	75.46%	53.16%	100.45%	55.11%
Substandard	97.12%	59.41%	92.43%	114.20%	64.87%	99.27%	88.14%
Default	92.56%	61.33%	84.57%	73.97%	73.08%	91.33%	79.18%
<b>Overall total</b>	<b>90.52%</b>	<b>79.65%</b>	<b>81.52%</b>	<b>75.66%</b>	<b>55.43%</b>	<b>103.87%</b>	<b>62.21%</b>



TYPE OF RISK	INDIVIDUAL PORTFOLIO: PERCENTAGE OF EXPOSURE SUBJECT TO COLLATERAL REQUIREMENTS 2021 12						
	GUARANTEE TYPE						
	COMMERCIAL	FINANCIAL	LEASE	OTHER	PLEDGE	RESIDENTIAL	OVERALL TOTAL
Normal	92.18%	81.16%	78.47%	79.64%	54.23%	96.03%	61.20%
Substandard	98.90%	73.74%	89.27%	88.70%	68.23%	98.78%	87.90%
Default	87.95%	62.12%	99.83%	81.67%	65.50%	94.22%	79.52%
<b>Overall total</b>	<b>93.49%</b>	<b>78.09%</b>	<b>82.21%</b>	<b>80.98%</b>	<b>57.47%</b>	<b>96.49%</b>	<b>66.85%</b>

## D.6 PORTFOLIO DISTRIBUTION BY DELINQUENCY

Banco Security's portfolio has the following delinquency levels, detailed by product:

PORTFOLIO	DECEMBER 2021 MCH\$				
	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	129	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>

PORTFOLIO	DECEMBER 2022 MCH\$				
	LOANS	PAST DUE	NPL (> 90)	% PAST DUE / LOANS	% NPL (> 90) / LOANS
COMMERCIAL	6,164,557	45,829	52,130	0.60%	0.68%
CONSUMER	532,883	1,936	1,780	0.03%	0.02%
RESIDENTIAL MORTGAGE	1,002,711	163	524	0.00%	0.01%
<b>Total</b>	<b>7,700,151</b>	<b>47,928</b>	<b>54,434</b>	<b>0.63%</b>	<b>0.71%</b>

## D.7 DISTRIBUTION OF IMPAIRED PORTFOLIO

The impaired portfolio by type of assessment is detailed as follows:

PORTFOLIO	DECEMBER 2021 MCH\$		
	LOANS	% PAST DUE / LOANS	% NPL (> 90) / 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>

PORTFOLIO	DECEMBER 2022 MCH\$		
	LOANS	% PAST DUE / LOANS	% NPL (> 90) / LOANS
Group	2,020,774	46,115	0.60%
Individual	5,679,378	490,327	6.37%
<b>Total</b>	<b>7,700,152</b>	<b>536,442</b>	<b>6.97%</b>

## IV. FINANCIAL RISK

### A. FINANCIAL RISK MANAGEMENT OBJECTIVES

For the organization, financial activities are defined as all transactions that are closed by the Bank and its subsidiaries Valores Security and Administradora General de Fondos, either on their own account or on behalf of third parties.

In general, financial transactions include operations involving foreign currency, loans, financing instruments, fixed-income instruments, derivatives and stocks.

The strategic objectives of financial activities include:

- Strengthening and expanding the Bank's position, consolidating and developing long-term relationships with customers and different market players, and providing a full range of investment banking products.
- Improving and ensuring the stability of long-term returns and effectively managing the different potential risks.

Financial activities are limited to previously-approved strategic product areas and will only be carried out within the overall risk guidelines defined by the Bank's board of directors.

In managing the portfolio of financial investments, the organization will actively manage positions based on an ongoing analysis of economic and financial conditions. Therefore, positions in financial instruments will be in line with the consensus for the macroeconomic outlook. However, short-term trading positions can also be taken to capitalize on a one-time misalignment of a market variable.

In order to achieve the objectives established in the Bank's investment strategies, a broad range of currencies and products can be traded, always in accordance with current applicable regulations.

The Bank is primarily engaged in trading non-derivative fixed-income financial instruments, interbank funding, transactions with repo agreements, foreign currency spot sales and purchases, currency and interest rate derivatives (forwards and swaps), stocks and simultaneous operations.

Treasury products can be geared towards different objectives, such as profiting from short or medium-term variations in market factors, making returns by generating spreads with respect to the financing rate of positions, leveraging maturity gaps 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 gaps, 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 gaps in assets and liabilities in order to stabilize and protect and control the Bank's financial margin and economic value. It also monitors liquidity gaps, diversification of funding sources, highly-liquid assets and risk-adjusted capital limits (solvency).

The objective of the Bank's financial risk management policies is to identify and analyze the risks faced by the Group, set concentration limits and put ongoing controls in place to monitor compliance.

The committees regularly revise these policies in order to incorporate changes in market conditions and the Bank's activities. Once revised, the changes are submitted to the Board for its approval.

The Financial Risk Department, which reports to the Risk Division, is charged with monitoring and controlling risks and is independent from the business areas that take and manage the risks.

This department is specifically responsible for:

- Centralizing efforts to control and measure the different risks affecting the Bank and its subsidiaries by applying uniform policies and controls.
- Ensuring that risk managers, senior management and the Board of Directors are kept informed of key matters regarding market and liquidity risk.

- Assuring that recommendations from regulators and internal auditors are followed and appropriately implemented.
- Reporting and monitoring market risk and liquidity and limit compliance on a daily basis for the Bank and its subsidiaries.
- Developing and reviewing the effectiveness of methods and procedures for measuring risk.

Risk is measured and controlled on a daily basis using risk reports used by senior management to make decisions. These reports include Value at Risk measurements and rate sensitivity for both the investment portfolio and the banking book as a whole, risk exposure by portfolio, instrument, risk factors and concentration and compliance with internal limits.

### C. FINANCIAL RISK PROCESS

Risk measurements are based on automated systems used to monitor and control the risk to which the Bank and its subsidiaries are exposed on a daily basis, thus allowing for proper decision-making.

The Treasury is in charge of taking positions and risks within the limits defined by senior management. It is responsible for managing financial risks arising from positions in investment books, from structural asset/liability gaps and from managing liquidity gaps and also for adequately funding operations.

The Internal Audit Department regularly assesses risk processes. The general risk structure is continuously being evaluated by the CMF, the Bank's independent auditors and other individuals who are independent from management.

### D. DEFINITION OF FINANCIAL RISKS

#### A) MARKET RISK

Market risk represents the potential loss that can result from changes in market prices over a certain period of time as a result of variations in interest rates, foreign currencies, indexation and stock prices. These losses affect the value of financial instruments held for trading and available for sale, both for the Bank and its subsidiaries.

#### Market Risk Methodology

Market risk is measured using the Value at Risk (VaR) methodology, which allows the different risks and types of operations to be standardized, modeling the collective relationship of these factors in a single risk measurement.

VaR provides an estimate of the maximum potential loss from treasury positions of financial assets or liabilities in the event of an adverse, yet normal, scenario. The methodology used to calculate VaR is a parametric technique that assumes that the price returns on investments follow a normal distribution using a threshold of 95% confidence, a maintenance horizon of 1 day and a historical data sample of 250 days adjusted using statistical techniques to assign greater weight to more recent developments, in order to quickly capture increases in market volatilities.

The assumptions on which the model is based have some limitations, including:





- 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, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Trading:</b>		
Fixed income (rate)	134	265
Derivatives (rate)	475	173
Embedded options (price)	2	2
FX (currency)	29	154
Shares (price)	1	2
Diversification effect	176	(121)
<b>Total portfolio</b>	<b>817</b>	<b>475</b>
<b>Available for sale:</b>		
Rate	1,113	1,384
<b>Total portfolio</b>	<b>1,113</b>	<b>1,384</b>
Total diversification	(221)	(271)
<b>Total VaR</b>	<b>1,709</b>	<b>1,588</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 111.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 111.B.2.2 of the Compendium of Financial Standards of the Chilean Central Bank, market risk is detailed as follows:

	MARKET RISK BANKING BOOK	
	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$
<b>Short-term</b>		
Interest rate risk (short-term)	32,659	32,336
UF mismatch	619	8,121
Sensitive commissions	220	180
<b>Total risk</b>	<b>33,498</b>	<b>40,637</b>
<b>Limit 35% margin (Board)</b>	<b>122,995</b>	<b>77,138</b>
<b>Surplus (Board)</b>	<b>89,497</b>	<b>36,501</b>
<b>Long-term</b>		
Interest rate risk	37,895	37,895
<b>Limit 25% RC (Board)</b>	<b>291,147</b>	<b>245,507</b>
<b>Surplus (Board)</b>	<b>253,252</b>	<b>207,612</b>

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 (bps) over the interest rate curves:

- In CH\$ 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 CH\$ 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 111.B.2.2

Given the new regulations, relevant information is included in chapter 21-07 of the RAN, referring to MRWA (Market Risk Weighted Assets):

MARKET RISK-WEIGHTED ASSETS (MRWA)	AS OF DECEMBER 31, 2022	
	AI	CAPITAL
<b>Individual MRWA</b>		
General interest rate risk	157,649	12,612
Specific interest rate risk	9	1
Currency risk	20,149	1,612
Options risk		
General stock risk		
Specific stock risk		
<b>Total</b>	<b>177,807</b>	<b>14,225</b>
<b>Consolidated MRWA</b>		
General interest rate risk	169,103	13,528
Specific interest rate risk	12,987	1,039
Currency risk	19,658	1,573
Options risk		
General stock risk	5,521	442
Specific stock risk	5,488	439
<b>Total</b>	<b>212,757</b>	<b>17,021</b>

### C) SENSITIVITY TO FOREIGN CURRENCY EXCHANGE RATE RISK

The sensitivity in foreign currency for December 2022 is MUS\$1.7825, or MCH\$1,824.87 in Chilean pesos (i.e. if the Chilean peso had weakened against the USD), which would result in a 10% increase in the exchange rate and a foreign currency gain of MCH\$182.48 would be generated. On the other hand, if the opposite had happened (i.e. an appreciation of the Chilean peso against the dollar), there would have been a loss of MCH\$182.48.

In general, the foreign currency position is limited given the Bank's internal limits, therefore, the effects of gains and losses from exchange rate movements will also be limited.

Note 46 "Financial and non-financial assets and liabilities by currency" shows the exposure of Banco Security and subsidiaries to foreign currency.



**D) MARKET RISK EXPOSURE**

The following table allocates assets and liabilities subject to market risk between the trading and non-trading portfolios.

AS OF DECEMBER 31, 2022	NOTE	CARRYING AMOUNT	SUBJECT TO MARKET RISK	
		MCH\$	TRADING PORTFOLIO MCH\$	NON-TRADING PORTFOLIO MCH\$
<b>Assets subject to market risk</b>				
Cash and due from banks		-	-	-
Transactions in the course of collection		-	-	-
Financial assets held for trading at fair value through profit and loss	Fixed income held for trading	48,632	48,632	-
Financial assets not for trading that must be measured at fair value through profit and loss		-	-	-
Financial assets at fair value through profit and loss	Derivatives	231,099	231,099	-
Financial assets at fair value through other comprehensive income	Fixed income available for sale	1,769,853	-	1,769,853
Financial derivative instruments for hedging	Accounting hedge	46,843	-	46,843
Financial assets at amortized cost		-	-	-

AS OF DECEMBER 31, 2022	NOTE	CARRYING AMOUNT	SUBJECT TO MARKET RISK	
		MCH\$	TRADING PORTFOLIO MCH\$	NON-TRADING PORTFOLIO MCH\$
<b>Liabilities subject to market risk</b>				
Financial liabilities held for trading at fair value through profit and loss		-	-	-
Financial liabilities at fair value through profit and loss	Derivatives	240,562	240,562	-
Financial derivative instruments for hedging	Accounting hedge	21,451	-	21,451
Financial liabilities at amortized cost		-	-	-
Lease liabilities		-	-	-
Regulatory capital financial instruments issued		-	-	-

The following is a summary of the Bank's non-trading interest rate gap position, which analyzes the full term structure of interest rate gaps within the Bank's balance sheet based on (i) the next repricing date or maturity date if floating rate or (ii) the maturity date if fixed rate.

AS OF DECEMBER 31, 2022	NOTE	CARRYING AMOUNT	MATURITY							
			ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS	
			MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Financial assets</b>										
Cash and due from banks		405,979	405,979	-	-	-	-	-	-	-
Transactions in the course of collection		48,802	48,802	-	-	-	-	-	-	-
Financial assets not for trading that must be measured at fair value through profit and loss		-	-	-	-	-	-	-	-	-
Debt financing instruments		1,769,853	-	524,278	247,989	602,800	418,444	81,147	111,308	
Rights for reverse repurchase agreements and securities lending		9,076	-	-	-	-	-	-	-	-
Loans and advances to banks		-	-	-	-	-	-	-	-	-
Customer loans and receivables - commercial		5,814,907	-	943,485	910,520	1,485,003	1,139,716	810,274	1,113,898	
Customer loans and receivables - mortgage		1,004,137	-	20,847	28,015	152,426	245,589	182,615	606,378	
Customer loans and receivables - consumer		453,848	-	185,738	23,015	91,277	152,973	52,483	542	
Financial derivative instruments for trading		232,011	-	169,151	107,359	126,223	101,504	87,415	76,268	
Derivative instruments for hedging		46,843	-	2,471	60,060	30,477	16,570	7,116	6,662	
<b>Financial liabilities</b>										
Transactions in the course of payment		23,711	23,711	-	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss		-	-	-	-	-	-	-	-	-
Current accounts and other demand deposits		1,039,497	-	1,028,302	2,486	11,852	2,766	1,495	236	
Savings accounts and other term deposits		2,454,543	-	806,816	802,492	825,247	68,667	3	-	
Receivables from resale agreements and securities borrowing		200	-	200	-	-	-	-	-	
Borrowings from financial institutions		1,511,817	-	28,184	161,196	138,431	1,190,440	-	-	
Debt financing instruments		3,260,855	-	3,433	13,753	446,819	1,181,160	717,462	1,212,259	
Other liabilities		32,380	-	13,749	1,159	1,262	4,345	3,738	8,861	
Lease liabilities		-	-	-	-	-	-	-	-	
Regulatory capital financial instruments issued		392,467	-	-	2,085	18,187	40,188	39,711	423,372	
Financial derivative instruments for trading		240,609	-	165,531	114,333	125,246	109,843	86,757	64,386	
Derivative instruments for hedging		21,451	-	4,338	55,958	4,128	4,803	2,143	-	



## E) OTHER PRICE RISKS

Other price risks include prepayment risk, which is modeled and applied in the C40 banking book file, modifying the payment flows. This model takes as input the contractual flows, which are modeled using the Hayre Lakhbir (2001) model, which proposes a decrease in interest due to prepayment while maintaining the principal amount. The principal only modifies its payment date due to prepayment, but the total amount remains the same.

This model updates its inputs on a monthly basis in order to have the most updated information possible. In this way, it correctly estimates future prepayments.

## F) LIQUIDITY RISK

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

The following concepts are involved with liquidity risk.

- **Maturity risk:** The risk arising from having cash inflows and outflows with different maturity dates.
- **Collection risk:** The risk of being unable to collect any cash inflow as a result of stoppage of payment, default or delay.
- **Funding risk:** The risk of being unable to raise market funds, either in the form of debt or capital, or only being able to do so by substantially raising the cost of funds, thus affecting the financial margin.
- **Concentration risk:** the risk from concentrating funding or revenue sources in a few counterparties that may bring about an abrupt change in the matching structure.
- **Market liquidity risk:** This risk is linked to certain products or markets and arises from not being able to close or sell a particular position at the last quoted market price (or a similar price) due to low liquidity.

## LIQUIDITY RISK METHODOLOGY

The methodologies used to control liquidity are the liquidity gap, which considers probable behavior scenarios for assets and liabilities, stress testing, liability concentration limits and early warning indicators.

The liquidity gap provides information regarding contractual cash inflows and outflows (i.e. those that will occur at a given future time according to asset and liability contracts). For items without contractual maturities, simulations are created based on statistical studies to infer maturity behavior.

Based on these scenarios, assumptions for normal operating conditions are established. These omit items (mainly assets) that create a set of conservative liquidity management conditions from daily management. They are limited through minimum mismatching margins per control segment defined on a weekly and monthly basis over a horizon of one year.

This is supplemented by special procedures to face a liquidity crisis and early warning indicators that can identify any potential risk.

A series of ratios and funding concentration limits by creditor and maturity are also controlled. This enables the Bank to keep its funding sources organized and diversified.

The Bank uses the contractual maturity methodology to comply with the regulatory liquidity limits established in Chapter 111.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.

Gaps and compliance with consolidated regulatory limits by the Bank and its subsidiaries are reported to the SBIF every three days.

Details of regulatory liquidity gaps as of December 31, 2022 and 2021, 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	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Available funds	547,719	847,972	-	-	-	-	-	-	-	-	-	-	547,719	847,972
Financial investments	877,706	829,691	307,287	143,689	11,758	200	254,194	151,905	207,285	135,629	281,551	160,344	1,939,781	1,421,458
Loans to other domestic banks	-	288	-	678	-	155	-	-	-	-	-	-	-	1,121
Commercial and consumer loans	656,813	507,414	583,069	500,900	1,318,877	1,267,397	1,522,174	1,392,523	1,241,275	1,243,321	1,685,994	1,469,878	7,008,202	6,381,433
Lines of credit and overdrafts	380,395	261,259	760,188	533,354	805,765	717,542	-	-	-	-	-	-	1,946,348	1,512,155
Residential mortgage loans	6,589	5,340	13,675	11,035	62,093	50,274	423,623	329,496	345,449	294,192	469,215	347,800	1,320,644	1,038,137
Other assets	144,902	109,360	-	1,219	-	495	-	-	-	-	-	-	144,902	111,074
Derivatives	191,209	74,240	187,413	194,003	162,130	275,822	114,884	127,554	93,683	113,887	127,248	134,639	876,567	920,145
	<b>2,805,333</b>	<b>2,635,564</b>	<b>1,851,632</b>	<b>1,384,878</b>	<b>2,360,623</b>	<b>2,311,885</b>	<b>2,314,875</b>	<b>2,001,478</b>	<b>1,887,692</b>	<b>1,787,029</b>	<b>2,564,008</b>	<b>2,112,661</b>	<b>13,784,163</b>	<b>12,233,495</b>
Current accounts and other demand deposits	1,023,338	1,617,178	-	-	-	-	-	-	-	-	-	-	1,023,338	1,617,178
Domestic interbank loans	1,769	10,828	1,040	42,103	4,506	5,991	603,472	586,573	269,226	282,423	317,742	296,219	1,197,755	1,224,137
Savings accounts and other term deposits	807,118	602,110	802,356	604,470	824,518	652,362	34,811	11,181	15,530	5,384	18,329	5,646	2,502,662	1,881,153
External funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage bonds	100	114	95	157	275	439	310	520	138	250	163	262	1,081	1,742
Bonds	3,671	2,363	15,744	91,914	464,696	349,670	1,831,819	1,527,847	817,227	735,627	964,495	771,560	4,097,652	3,478,981
Lines of credit and overdrafts	385,229	267,453	764,873	543,518	817,805	728,761	-	-	-	-	-	-	1,967,907	1,539,732
Other liabilities	282,629	215,858	106,598	42,623	134,860	179,381	42,406	36,219	18,919	17,439	22,328	18,290	607,740	509,810
Derivative instruments	173,368	98,042	172,668	198,384	144,601	273,281	155,350	155,684	69,306	74,959	81,795	78,620	797,088	878,970
	<b>2,677,222</b>	<b>2,813,946</b>	<b>1,863,374</b>	<b>1,523,169</b>	<b>2,391,261</b>	<b>2,189,885</b>	<b>2,668,168</b>	<b>2,318,024</b>	<b>1,190,346</b>	<b>1,116,082</b>	<b>1,404,852</b>	<b>1,170,597</b>	<b>12,195,223</b>	<b>11,131,703</b>
Net cash flow	128,111	(178,382)	(11,742)	(138,291)	(30,638)	122,000	(353,293)	(316,546)	697,346	670,947	1,159,156	942,064	1,588,940	1,101,792
Accumulated net cash flow	128,111	(178,382)	116,369	(316,673)	85,731	(194,673)	(267,562)	(511,219)	429,784	159,728	1,588,940	1,101,792		
Regulatory limit	(791,564)	(700,559)	(1,583,128)	(1,401,118)										
Limit exceeded by	(919,675)	(522,177)	(1,699,497)	(1,084,445)										





Regulatory liquidity gap as of December 31, 2021 and 2021, in foreign currency presented in MCH\$

	< 1 MONTH		1 - 3 MONTHS		3 MONTHS - 1 YEAR		1 - 3 YEARS		3 - 6 YEARS		> 6 YEARS		TOTAL	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Available funds	354,255	606,888	-	-	-	-	-	-	-	-	-	-	354,255	606,888
Financial investments	144,568	139,703	202	-	202	-	3,041	-	2,480	-	3,368	-	153,861	139,703
Loans to other domestic banks	-	288	-	678	-	155	-	-	-	-	-	-	-	1,121
Commercial and consumer loans	117,131	91,273	127,579	92,574	152,267	187,828	169,650	184,294	138,343	164,548	187,908	194,531	892,878	915,048
Lines of credit and overdrafts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	38,318	21,707	-	1,219	-	495	-	-	-	-	-	-	38,318	23,421
Derivatives	91,915	34,086	67,634	142,278	51,851	116,033	48,205	51,548	39,309	46,025	53,393	54,412	352,307	444,382
	<b>746,187</b>	<b>893,945</b>	<b>195,415</b>	<b>236,749</b>	<b>204,320</b>	<b>304,511</b>	<b>220,896</b>	<b>235,842</b>	<b>180,132</b>	<b>210,573</b>	<b>244,669</b>	<b>248,943</b>	<b>1,791,619</b>	<b>2,130,563</b>
Current accounts and other demand deposits	302,112	517,237	-	-	-	-	-	-	-	-	-	-	302,112	517,237
Domestic interbank loans	-	102	-	-	-	-	-	-	-	-	-	-	-	102
Savings accounts and other term deposits	109,772	177,977	220,601	178,766	142,861	292,302	2,197	-	980	-	1,157	-	477,568	649,045
External funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	160,932	106,485	103,546	40,133	133,334	176,036	33,817	26,605	15,087	12,810	17,805	13,435	464,521	375,504
Derivative instruments	58,943	69,380	117,991	110,003	64,689	197,903	83,970	78,395	37,461	37,746	44,212	39,589	407,266	533,016
	<b>631,758</b>	<b>871,181</b>	<b>442,138</b>	<b>328,902</b>	<b>340,884</b>	<b>666,241</b>	<b>119,984</b>	<b>105,000</b>	<b>53,528</b>	<b>50,556</b>	<b>63,174</b>	<b>53,024</b>	<b>1,651,467</b>	<b>2,074,904</b>
Net cash flow	114,429	22,764	(246,723)	(92,153)	(136,564)	(361,730)	100,912	130,842	126,604	160,017	181,495	195,919	140,152	55,659
Accumulated net cash flow	114,429	22,764	(132,294)	(69,389)	(268,858)	(431,119)	(167,946)	(300,277)	(41,342)	(140,260)	140,153	55,659	280,305	
Regulatory limit	(791,564)	(700,559)												
Limit exceeded by	905,993	723,323												

Short-term consolidated and Bank-only gaps are added:

### CONSOLIDATED LIQUIDITY POSITION (C46) - BANK AND SUBSIDIARIES

(THCH\$)

Contract Basis

CONSOLIDATED CURRENCY	UPTO 7 DAYS	8 - 15 DAYS	16 - 30 DAYS	0 - 30 DAYS	31 - 90 DAYS	0 - 90 DAYS
Cash flow payable	1,703,209,047	359,116,850	614,896,421	2,677,222,318	1,863,372,983	4,540,595,301
Cash flow receivable	1,390,201,728	578,193,033	836,938,322	2,805,333,083	1,851,632,004	4,656,965,087
<b>Gap</b>	<b>313,007,319</b>	<b>(219,076,183)</b>	<b>(222,041,901)</b>	<b>(128,110,765)</b>	<b>11,740,979</b>	<b>(116,369,786)</b>
Gaps subject to limits				(128,110,765)		(116,369,786)
Limits:						
Capital x1				791,564,161		
Capital x2						1,583,128,322
<b>Available margin</b>				<b>919,674,926</b>		<b>1,699,498,108</b>

FOREIGN CURRENCY	UPTO 7 DAYS	8 - 15 DAYS	16 - 30 DAYS	0 - 30 DAYS	31 - 90 DAYS	0 - 90 DAYS
Cash flow payable	488,319,421	49,727,976	93,711,046	631,758,442	442,137,628	1,073,896,071
Cash flow receivable	513,525,174	79,541,265	153,120,433	746,186,872	195,415,249	941,602,121
<b>Gap</b>	<b>(25,205,753)</b>	<b>(29,813,289)</b>	<b>(59,409,387)</b>	<b>(114,428,430)</b>	<b>246,722,379</b>	<b>132,293,950</b>
Gaps subject to limits				(114,428,430)		
Limits:						
Capital x1				791,564,161		
Capital x2						
<b>Available margin</b>				<b>905,992,591</b>		

### INDIVIDUAL LIQUIDITY POSITION (C46) - BANK

(THCH\$)

Contract Basis

CONSOLIDATED CURRENCY	UPTO 7 DAYS	8 - 15 DAYS	16 - 30 DAYS	0 - 30 DAYS	31 - 90 DAYS	0 - 90 DAYS
Cash flow payable	1,640,205,808	358,450,844	614,529,115	2,613,185,768	1,861,631,929	4,474,817,696
Cash flow receivable	1,309,653,062	566,743,529	814,306,275	2,690,702,866	1,845,479,469	4,536,182,335
<b>Gap</b>	<b>330,552,746</b>	<b>(208,292,685)</b>	<b>(199,777,160)</b>	<b>(77,517,098)</b>	<b>16,152,460</b>	<b>(61,364,639)</b>

FOREIGN CURRENCY	UPTO 7 DAYS	8 - 15 DAYS	16 - 30 DAYS	0 - 30 DAYS	31 - 90 DAYS	0 - 90 DAYS
Cash flow payable	453,849,492	49,727,976	93,711,046	597,288,514	442,192,925	1,039,481,439
Cash flow receivable	478,969,929	80,589,568	150,483,950	710,043,447	195,415,249	905,458,697
<b>Gap</b>	<b>(25,120,437)</b>	<b>(30,861,592)</b>	<b>(56,772,904)</b>	<b>(112,754,933)</b>	<b>246,777,676</b>	<b>134,022,742</b>



The volume and composition of property, plant and equipment are as follows:

CONSOLIDATED NET ASSETS	CARRYING AMOUNT MCH\$
Cash and deposits in BCCH	295,942
Savings accounts and other term deposits	1,294,242
<b>Total high quality liquid assets</b>	<b>1,590,184</b>
OTHER LIQUID ASSETS	
Bank deposits and bonds	379,775
Corporate bonds	334,751
<b>Total other</b>	<b>714,526</b>

The main sources of funds are:

SOURCES OF THIRD-PARTY FINANCING	CARRYING AMOUNT MCH\$
Current accounts and other demand deposits	1,039,458
Savings accounts and other term deposits	2,454,543
Resale agreements	1,188,671
Bonds and commercial paper	3,652,305
Mortgage bonds	1,017
Other	783,196
<b>Total</b>	<b>9,119,190</b>

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 111.B.2.1V.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 100% (2022 ratio).

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 2022 and reaching 287.73% as of (C49) 09/30/2022.

Banco Security also measures its liquidity position under the NFSR ratio, a regulatory methodology that measures liquidity over the medium to long-term horizon resulting from the ratio of stable funding available to stable funding required.

This ratio has a daily compliance regulatory limit of 60%. However, Banco Security manages internal limits much higher than the regulatory limit, with a ratio of 111.51% (C49) as of September 30, 2022, based on consolidated figures for the Bank and its subsidiaries in all currencies.

#### ANALYSIS OF MATURITIES OF FINANCIAL ASSETS AND LIABILITIES

The following tables show the remaining contractual maturities of the financial liabilities and assets of Banco Security and subsidiaries:

AS OF DECEMBER 31, 2022	CARRYING AMOUNT	MATURITY						
		ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS
		MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Financial assets</b>								
Cash and due from banks	405,979	405,979	-	-	-	-	-	-
Transactions in the course of collection	48,802	48,802	-	-	-	-	-	-
Financial assets not for trading that must be measured at fair value through profit and loss	-	-	-	-	-	-	-	-
Debt financing instruments	1,769,853	-	524,278	247,989	602,800	418,444	81,147	111,308
Rights for reverse repurchase agreements and securities lending	9,076	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-	-
Customer loans and receivables - commercial	5,814,907	-	943,485	910,520	1,485,003	1,139,716	810,274	1,113,898
Customer loans and receivables - mortgage	1,004,137	-	20,847	28,015	152,426	245,589	182,615	606,378
Customer loans and receivables - consumer	453,848	-	185,738	23,015	91,277	152,973	52,483	542
<b>Financial liabilities</b>								
Transactions in the course of payment	23,711	23,711	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-	-	-
Current accounts and other demand deposits	1,039,497	-	1,028,302	2,486	11,852	2,766	1,495	236
Savings accounts and other term deposits	2,454,543	-	806,816	802,492	825,247	68,667	3	-
Receivables from resale agreements and securities borrowing	200	-	200	-	-	-	-	-
Borrowings from financial institutions	1,511,817	-	28,184	161,196	138,431	1,190,440	-	-
Debt financing instruments	3,260,855	-	3,433	13,753	446,819	1,181,160	717,462	1,212,259
Other liabilities	32,380	-	13,749	1,159	1,262	4,345	3,738	8,861
Lease liabilities	-	-	-	-	-	-	-	-
Regulatory capital financial instruments issued	392,467	-	-	2,085	18,187	40,188	39,711	423,372



AS OF DECEMBER 31, 2021	CARRYING AMOUNT	MATURITY						
		ON DEMAND	UNDER ONE MONTH	ONE TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO THREE YEARS	THREE TO FIVE YEARS	MORE THAN 5 YEARS
	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$	MCH\$
<b>Financial assets</b>								
Cash and due from banks	403,688	403,688	-	-	-	-	-	-
Transactions in the course of collection	122,897	122,897	-	-	-	-	-	-
Financial assets not for trading that must be measured at fair value through profit and loss	-	-	-	-	-	-	-	-
Debt financing instruments	825,574	-	399,564	52,902	96,041	132,584	79,057	102,188
Rights for reverse repurchase agreements and securities lending	-	-	-	-	-	-	-	-
Loans and advances to banks	3,044	-	1,324	1,150	585	-	-	-
Customer loans and receivables - commercial	5,100,920	-	544,298	648,577	1,553,913	1,030,742	698,517	1,173,653
Customer loans and receivables - mortgage	732,216	-	8,303	19,005	88,577	144,000	125,725	514,039
Customer loans and receivables - consumer	439,394	-	163,021	21,289	87,941	151,397	51,683	1,239
<b>Financial liabilities</b>								
Transactions in the course of payment	132,913	132,913	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-	-	-
Current accounts and other demand deposits	1,134,376	-	1,141,153	-	-	-	-	-
Savings accounts and other term deposits	1,521,095	-	450,080	503,880	559,219	10,035	-	-
Receivables from resale agreements and securities borrowing	23,000	-	23,001	-	-	-	-	-
Borrowings from financial institutions	1,103,477	-	60,743	68,775	185,878	731,179	70,144	-
Debt financing instruments	3,072,773	-	9,087	15,932	392,453	868,544	884,488	756,050
Other liabilities	21,428	-	12,892	99	1,019	3,540	3,222	7,312
Lease liabilities	-	-	-	-	-	-	-	-
Regulatory capital financial instruments issued	359,320	-	2,777	4,078	12,924	35,182	33,656	386,070

**G) 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, 2022, the Bank has five hedge accounting strategies to cover the following risks:

- 1) Cash Flow Hedging Strategy, to hedge the future cash flow risk of UF liabilities arising from bonds placed in UF.
- 2) Cash Flow Hedging Strategy, to hedge the future cash flow risk of UF assets arising from mortgages in UF.
- 3) Cash Flow Hedging Strategy, to hedge the future cash flow risk of loans in US\$.

- 4) Fair Value Hedging Strategy, to hedge the risk of volatility in base interest rates on UF, arising from commercial loans placed in UF.
- 5) Fair Value Hedging Strategy, using macro hedges to hedge the risk of volatility in interest rates in UF, arising from mortgage loans in UF.

## EMBEDDED DERIVATIVES

These derivatives can be embedded in another contractual agreement (or host contract) and, therefore, are accounted for at market price separately from the host contract when it is not recognized at fair value since the characteristics and economic risks of the embedded derivative are not related to the characteristics and economic risks of the host contract.

Currently, the Bank carries at fair value through profit and loss embedded derivatives arising from variable rate mortgage loans that incorporate a fixed rate after a certain amount of time or a rate ceiling used by customers to obtain an option in their favor. These will generate negative effects for the Bank when market rates are above the rate ceiling on these loans. This effect is determined on a daily basis using sophisticated methodologies to evaluate options, and the change in fair value is treated as profit or loss for the year (increases in the theoretical value of that derivative are a loss for the Bank).

Relevant data on these embedded derivatives are detailed as follows:

	AS OF DECEMBER 31, 2022	AS OF DECEMBER 31, 2021
	MCH\$	MCH\$
Balance MUF mortgage portfolio	18	26
Rate ceiling (average)	7.2%	7.2%
Option value MCH\$	17	39

## H) OTHER INFORMATION RELATED TO FINANCIAL RISK

### H.1) OFFSETTING FINANCIAL ASSETS AND LIABILITIES

The information disclosed below includes financial assets and liabilities that:

are offset in Banco Security's statement of financial position  
are subject to an enforceable master netting agreement or agreement covering similar financial instruments, regardless of whether they are offset in the statement of financial position.

"Similar agreements" include derivative netting agreements, master repurchase agreements and global securities lending agreements. "Similar financial instruments" include derivatives, repurchase and resale repurchase agreements, reverse repurchase and resale agreements and securities lending and borrowing agreements. Financial instruments such as loans and deposits are not disclosed in the following tables unless they are offset in the statement of financial position.

The ISDA, derivative contracts and similar master netting agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create for the parties to the contract a right to net the recognized amounts that is enforceable only upon



an event of default, insolvency or bankruptcy of the Bank or the counterparties or upon other predetermined events. In addition, the Bank and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The Bank receives and provides guarantees in the form of cash and marketable securities with respect to the following transactions:

- a. Derivatives.
- b. Sale and repurchase agreements, and reverse sale and repurchase agreements; and
- c. Securities lending and borrowing.

This guarantee is subject to industry standard terms, including, where applicable, an ISDA credit support rider. This means that securities received/delivered as guarantees can be pledged or sold during the term of the transaction, but must be returned at the maturity of the transaction. The terms also give each party the right to terminate the related transactions in the event that the counterparty fails to post guarantees.

Financial assets subject to netting, enforceable master netting agreements and similar agreements:

AS OF DECEMBER 31, 2022 IN MCH\$	GROSS FINANCIAL ASSETS RECOGNIZED	GROSS FINANCIAL LIABILITIES RECOGNIZED AND OFFSET IN THE STATEMENT OF FINANCIAL POSITION	NET ASSETS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	RELATED AMOUNTS NOT OFFSET IN THE STATEMENT OF FINANCIAL POSITION		NET AMOUNT
				FINANCIAL INSTRUMENTS (INCLUDING NON-CASH GUARANTEES)	CASH GUARANTEES RECEIVED	
<b>Types of financial assets</b>						
Trading derivative assets	57,988	-	-	-	46,998	10,990
Derivative instruments for hedging	-	-	-	-	-	-
Receivables from repurchase agreements and securities borrowing	-	-	-	-	-	-
Other	-	-	-	-	-	-

Financial liabilities subject to offsetting, enforceable master netting agreements and similar agreements:

AS OF DECEMBER 31, 2021 IN MCH\$	GROSS FINANCIAL ASSETS RECOGNIZED	GROSS FINANCIAL LIABILITIES RECOGNIZED AND OFFSET IN THE STATEMENT OF FINANCIAL POSITION	NET ASSETS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	RELATED AMOUNTS NOT OFFSET IN THE STATEMENT OF FINANCIAL POSITION		NET AMOUNT
				FINANCIAL INSTRUMENTS (INCLUDING NON-CASH GUARANTEES)	CASH GUARANTEES RECEIVED	
<b>Types of financial liabilities</b>						
Trading derivative liabilities	(38,694)	-	-	-	(14,667)	(24,027)
Derivative instruments for hedging	-	-	-	-	-	-
Receivables from repurchase agreements and securities borrowing	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-

The gross and net amounts of financial assets and liabilities disclosed in the tables above have been measured in the statement of financial position on the following bases:

- d. Derivative assets and liabilities: fair value;
- e. Assets and liabilities arising from sale and repurchase agreements, reverse sale and repurchase agreements and securities borrowing/lending: amortized cost
- f. Loans and advances to customers: amortized cost; and
- g. Customer deposits: amortized cost

#### **I) BENCHMARK INTEREST RATE REFORM**

A fundamental reform of the major global interest rate benchmarks is underway, including the replacement of some interbank offered rates (IBORs) with near-risk-free alternative rates referred to as "IBOR reform." Banco Security and subsidiaries have significant exposure to IBOR in its financial instruments that will be reformed as part of this market initiative. Most of the reforms affecting the Bank are expected to be completed by the end of 2021. However, although sterling LIBOR and U.S. dollar LIBOR were planned to be discontinued by the end of 2021, consultations and possible regulatory changes are ongoing. This may mean that some LIBOR will continue to be published after that date. Banco Security and subsidiaries are in the process of analyzing and evaluating possible amendments to the contractual terms in response to the IBOR reform, and there is still uncertainty as to the timing and method of transition that will be defined. Banco Security anticipates that the IBOR reform will have significant operational, accounting and risk management impacts on all of its business lines.

The main risks to which Banco Security is exposed as a result of the IBOR reform are operational. For example, renegotiation of loan contracts through bilateral negotiation with clients, updating of contractual terms, updating of systems using IBOR curves, and review of operational controls related to the reform. Financial risk is predominantly limited to interest rate risk.

Banco Security and subsidiaries will establish a cross-functional IBOR Committee to manage its transition to alternative rates. The objectives of the IBOR Committee include assessing the extent to which loans, loan commitments and anticipated liabilities relate to IBOR cash flows, whether such contracts should be modified as a result of IBOR reform, and how to manage communication about IBOR reform with counterparties.





## DERIVATIVE INSTRUMENTS AND ACCOUNTING HEDGES

Banco Security maintains derivatives for trading and accounting hedging purposes (risk management). Certain derivatives held for risk management purposes are designated in hedging relationships.

Derivatives such as interest rate swaps and cross currency swaps have floating legs that are indexed to various IBORs. In addition, the Bank's derivative instruments are governed by the 2006 ISDA definitions. ISDA has revised its definitions in light of the IBOR reform and published an IBOR fallbacks supplement on October 23, 2020. This sets out how modifications to the new alternative benchmark rates (e.g. SOFR, SONIA) in the ISDA 2006 definitions will be dealt with. The effect of the supplement is to create fallback provisions in derivatives that describe which floating rates will apply upon permanent discontinuance of certain key IBORs or ISDA. Banco Security has adhered to the protocol to implement alternatives to derivative instruments entered into prior to the effective date of the supplement.

The following tables show the total amounts of unreformed derivative instruments and amounts that include appropriate alternative language as of December 31, 2022. The Bank expects that both branches of cross-currency swaps will be reformed simultaneously.

AS OF DECEMBER 31, 2022	GBP LIBOR		USD LIBOR		EONIA	
	TOTAL NUMBER OF CONTRACTS NOT REFORMED	AMOUNT WITH REFORMULATED OR ADJUSTED CLAUSES	TOTAL NUMBER OF CONTRACTS NOT REFORMED	AMOUNT WITH REFORMULATED OR ADJUSTED CLAUSES	TOTAL NUMBER OF CONTRACTS NOT REFORMED	Amount with reformulated or adjusted clauses
<b>Financial derivative instrument assets – Trading</b>						
Interest rate swaps			147			
Cross currency swaps			7			
<b>Financial derivative instrument liabilities – Trading</b>						
Interest rate swaps			122			
Cross currency swaps			20			
<b>Derivative instruments for hedging</b>						
Interest rate swaps			5			
Cross currency swaps						

## 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 includes legal risks but excludes strategic and reputational 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 underway.



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, the Comprehensive Risk Committee 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:** Managing by detecting present and potential risks in order to manage them effectively. That means avoiding, transferring, mitigating or accepting such risks. Qualitative management is based on:
  - 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 at a consolidated level. 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 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: 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 an 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 thoroughly review all the risks faced by the Bank and those that may impact it in the future. Based on this review, it generates guidelines and approves action plans in order to meet the objectives outlined in the budget based on the defined risk appetite.

This committee also reviews credit risk policies and processes and lending authority and any proposed amendments.

In addition, it analyzes the matters and resolutions discussed by the remaining credit risk committees.

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 audited areas are properly implemented.

The Operational Risk Committee reports to the Comprehensive Risk Committee.

## BOARD INVOLVEMENT

The Board of Directors is informed about operational risk management, both at the level of the Bank and its subsidiaries, since they are periodically informed of, among other aspects, the degree of compliance in implementing the Operational Risk Policy and other policies associated with the matter, as well as the occurrence of incidents and potential risks associated with operational and cybersecurity risks through quantitative and qualitative information on processes, products and services, both current and new, among other matters.

## H. ASSET AND LIABILITY COMMITTEE

This committee is responsible for managing and controlling (1) structural maturity and currency gaps 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

## 48. INFORMATION ON REGULATORY CAPITAL AND CAPITAL ADEQUACY INDICATORS

Banco Security is committed to maintaining a strong capital base to support the risks associated with its diversified businesses. Strong capital levels contribute to the financial security of the Bank's customers, foster investor confidence and support solid credit ratings. They also enable the Bank to take advantage of growth opportunities as they arise and improve shareholder returns through larger dividends. The Bank's capital management framework includes a Regulatory Capital Self-Assessment Process, the objective of which is to ensure that capital is adequate to meet current and future risks and achieve its strategic objectives.

The key components of the Bank's Regulatory Capital Self-Assessment Process include the business model and medium-term strategy, the definition and update of the Comprehensive Risk Appetite Framework, the definition of the Inherent Risk Profile, sound corporate governance, risk management and control, allowing it to manage and monitor capital, both currently and prospectively, to analyze capital strength using appropriate financial metrics that relate risk to capital, including internal capital and regulatory capital measures, stress testing and, finally, effective control of the capital assessment process including an independent review of the capital management function.

The primary regulator of Banco Security and subsidiaries is the Financial Market Commission (CMF), which establishes and supervises the capital requirements for Banco Security as a whole.

The CFC adopted the Basel III capital requirements effective December 1, 2020. In this regard, progress has been made in the implementation of Basel III, covering the calculation of systemic importance, regulatory capital and risk-weighted assets (Pillar 1). In this regard, the second capital self-assessment process (pillar 2) has also been carried out.

To continue with the implementation timeline, banks must submit regulatory filings for banking book market risk and concentration risk by December 2022 and perform the third fully loaded capital self-assessment process and the first Pillar 3 market discipline publication during the first half of 2023.

### I. GOVERNANCE AND OVERSIGHT

The Bank has a sound capital management framework in place to measure, deploy and monitor its available capital and assess its adequacy. Capital is managed in accordance with the Capital Management Policy approved by the Board of Directors. In addition, the Board of Directors reviews and approves the Bank's annual capital plan.





The Strategy and Capital Committee (CEC) provides governance over the capital management process, whose function is to review, propose and establish relevant aspects of capital management, as well as to propose actions necessary for proper compliance with regulations and best practices. This committee is the governance structure that incorporates the risk identification, assessment and appetite into strategic and capital planning and aligns these visions, in accordance with board instructions. The main purpose of the Strategy and Capital Committee 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.

In addition, in order to properly monitor Banco Security's management of its different risks, it needs a Senior Management Committee to present, approve, track and sanction relevant aspects in accordance with the defined risk appetite. 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.

## II. RISK APPETITE

The Risk Appetite Framework establishes the tolerance to each of the different risks present in the company's activity, and also defines the capital objectives in the strategic planning and stress testing environment. The framework covers medium-term objectives with respect to regulatory capital thresholds, earnings and other risk-based parameters. These objectives drive behavior to ensure that the Bank achieves the following overall objectives: exceed regulatory and internal capital targets, manage capital levels commensurate with the Bank's risk profile, maintain strong credit ratings and provide the Bank's shareholders with targeted returns.

## III. REGULATORY CAPITAL

Chilean banks are subject to capital adequacy requirements as established by the Financial Market Commission in its Updated Compilation of Standards (RAN). Chapter 21-1 of the RAN defines the prudential regulatory adjustments and exclusions to asset and liability items to be applied in calculating regulatory capital in terms of Article 66 of the General Banking Law (LGB). Here, the recommendations and methodologies proposed by the Basel Committee on Banking Supervision (BCBS) have been taken into consideration. The regulatory capital factors must be used to comply with the limits in the LGB, and capital must be appropriately managed. In addition, Chapter 21-2 and 21-3 of the RAN define the minimum requirements and conditions that must be met by issuances of preferred shares and perpetual bonds and subordinated bonds in order for them to be counted as additional tier 1 or AT1 capital and tier 2 capital (T2).

Chapter 21-30 of the RAN indicates the relationship between core capital and total assets, where, according to Article 66 of the LGB, core capital may not be less than 3% of total assets net of required allowances. Additionally, Article 66 quater of the LGB empowers the CMF to establish an additional requirement of up to 2.0 percentage points for banks classified as systemic, in accordance with the factors and methodology described in Chapter 21-11 of the RAN and the regulator's resolution.

Apart from that, Chapters 21-6, 21-7 and 21-8 of the RAN establish the methodologies that banks must consider to determine their risk-weighted assets for credit risk, market risk and operational risk, respectively.

Thus, the LGB (updated via Law 21,130) sets general guidelines for establishing capital adequacy in line with international Basel III standards. It gives the CMF the authority to dictate the capital framework through prudent regulations. It also introduced conservation and countercyclical buffers and expanded the CMF's powers to make prudential discounts to regulatory capital and to require additional measures, including higher capital, for banks with deficiencies in the oversight assessment process (Pillar 2 - Chapters 1-13 and 21-13 of

the RAN). The implementation of Basel III allows risk management to concentrate on a more comprehensive view of risks, with a focus on capital adequacy.

The new definition of regulatory capital considers 3 levels: core capital or common equity tier 1 (CET1), additional tier 1 capital (AT1) and tier 2 capital (T2). The sum of them defines regulatory capital.

The above elements must be applied to meet the regulatory limits set by the LGB, both on a local consolidated basis (the Bank and its subsidiaries in Chile) and a global consolidated basis (the Bank and its subsidiaries in Chile and abroad).

The Bank's regulatory capital consists of the following elements.

## IV.1 REGULATORY CAPITAL

In accordance with Article 66 of the LGB, the regulatory capital (RC) is comprised of core capital and the other factors specified in this regulation.

The factors comprising regulatory capital (RC) are: a) core capital or common equity tier 1 (CET1); b) perpetual bonds and preferred shares referred to in Article 55 bis of the LGB or additional tier 1 capital (AT1); tier 1 capital (T1) is defined as the sum of CET1 and AT1; and c) subordinated bonds and voluntary allowances for loan losses or tier 2 capital (T2). The factors that make up each component listed below are configured based on what is prescribed by the LGB.

### 1. CORE CAPITAL OR COMMON EQUITY TIER 1

Common equity tier 1 is the highest quality component as it absorbs losses immediately when they occur. This is composed of the sum of the following elements in equity, where the addition of the elements indicated up to letter e. correspond to owners' equity as defined by the CNCB:

- a) Paid-in capital of the Bank for subscribed and paid-in common shares.
- b) Premiums paid on the instruments included in this capital component.
- c) Reserves, whether non-earnings- or earnings-related, for depreciation of perpetual bonds and for forfeiture of perpetual bonds.
- d) Items of "accumulated other comprehensive income."
- e) Retained earnings from prior years, profit (loss) for the year, net of provisions for minimum dividends, repricing of perpetual bonds and payment of interest and/or dividends on regulatory capital financial instruments issued.
- f) Non-controlling interest as indicated in the CNCB. Common shares issued by subsidiaries consolidated by the Bank that are subscribed by third parties and are part of the non-controlling interest according to International Financial Reporting Standards (IFRS) must comply with point a) above. In the case of foreign subsidiaries, they must also ensure compliance with the requirements set forth in Appendix 1 of Chapter 21-1 of the RAN. In the case of subsidiaries that do not have equivalent banking supervision standards and/or capital requirements, the non-controlling interest may only be recognized if the subsidiary that gives rise to it is also supervised by the CMF.



The core capital or CET1 corresponds to the components indicated in the aforementioned paragraphs and the regulatory adjustments set forth in Title III of Chapter 21-1 of the RAN.

## 2. ADDITIONAL TIER 1 CAPITAL

Additional Tier 1 capital is that, like CET1, absorbs losses when the Bank is in operation, but is subject to the activation of triggers described above that define the requirements and conditions that must be met by preferred shares and perpetual bonds to be considered regulatory capital. Therefore, it is the sum of the perpetual bonds and preferred shares issued by the Bank referred to in Article 55 bis of the LGB that meet the requirements in the aforementioned Chapter to be considered additional Tier 1 capital.

Additional Tier 1 capital corresponds to the above components and the regulatory adjustments set forth in Title III of Chapter 21-1 of the RAN. This value may not exceed one third of core capital.

## 3. TIER 1 CAPITAL

Tier 1 capital is intended to absorb losses when the Bank is in operation. It is equal to the sum of common equity tier 1 and additional tier 1 capital.

## 4. TIER 2 CAPITAL

Tier 2 capital is designed to absorb losses when the Bank enters liquidation and is composed of the sum of the following factors:

- a. Subordinated bonds issued by the Bank that meet the requirements established in Chapter 21-3 of the RAN, which defines the requirements and conditions that subordinated bond issuances must meet to be included in Tier 2 capital. The value of the subordinated bonds, including Title III regulatory adjustments (21-1 RAN), may not exceed 50% of core capital.
- b. Voluntary allowances for loan losses that the Bank has recognized, as established in No. 9 of Chapter B-1 of the CNCB, up to an amount equivalent to 1.25% of the credit risk-weighted assets (CRWA), net of required allowances, calculated using standardized methodologies, or 0.625% of CRWA using internal methodologies.

Tier 2 capital corresponds to the above components and the regulatory adjustments set forth in Title III (21-1 RAN).

## 5. REGULATORY CAPITAL

Regulatory capital will be composed of the sum of the factors indicated in Article 66 of the LGB, which have been referred to as Tier 1 and Tier 2 capital above.

## IV.2 RISK-WEIGHTED ASSETS

In accordance with the provisions of Article 67 of the LGB, Chapter 21-6 of the RAN establishes the methods that banks must consider to determine their credit risk-weighted assets (hereinafter CRWA).

The standard method, which is the method currently allowed in the domestic market, considers the following aspects:

CRWAs are determined as the weighted sum of the exposures subject to capital requirements, determined in accordance with paragraph 2 of Chapter 21-6 of the RAN, and the credit risk weights (hereinafter, CRW) applicable to such exposures.

In the event that the exposures have a credit risk mitigator, it may be appropriate to adjust the CRWAs with the use of one of the Credit Risk Mitigation Techniques (hereinafter CRM), as indicated in paragraph 5 of Chapter 21-6 of the RAN.

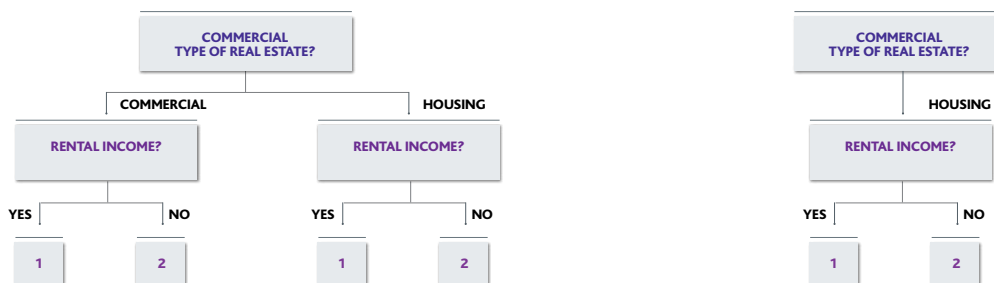
The CRW applicable to the exposure affecting capital requirements shall be established based on the type of counterparty. When the CRW depends on external ratings, the provisions of Appendix No. 1 of Chapter 21-6 of the RAN must be considered.

The Basel III approach is not based on accounting criteria, but rather on the underlying risk. Thus, all exposures secured by mortgage collateral (e.g., home mortgage loans) will be treated as residential real estate secured exposures, regardless of the type of portfolio. Non-mortgage credit exposures can be treated through the corporate or retail exposures section, as shown in charts 1 and 2.

FIGURE 1. TREATMENT OF THE MAIN EXPOSURES



FIGURE 2. TREATMENT OF EXPOSURES SECURED BY MORTGAGE



For each treatment, illustrative examples are given, according to the numbers in the graph above.

1. A company takes out a secured loan for a strip center and uses the real estate to make rental income to pay off the debt.
2. A company takes out a loan secured by the storage warehouse.
3. An individual with a business takes out a loan secured by a real estate investment.
4. A small business takes out a loan by mortgaging the owner's home.
5. An individual takes out a loan to purchase real estate, which will be leased to pay dividends. Consumer loans will be treated like this if the guarantee is general in nature.
6. An individual takes out a loan to purchase the home he/she lives in.



Apart from that, in accordance with the first paragraph of Article 67 of the LGB, Chapter 21-7 of the RAN establishes the standardized methodology for calculating market risk-weighted assets (hereinafter MRWA).

The calculation of MRWAs applies to financial instruments classified in the trading book. It has a general market component, associated with movements in benchmark interest rates, foreign currencies, commodities and stock prices; and a specific component, associated with idiosyncratic aspects of the issuer, such as credit spread and default. Additionally, foreign currency and commodity risk is considered for banking book positions. Banking book rate risk should be measured in accordance with RAN Chapter 21-13. This calculation methodology applies both at the consolidated and domestic consolidated level, with the latter excluding foreign subsidiaries.

Under the standard model, MRWAs correspond to the sum of the MRWAs obtained for each of the four risk classes: interest rate, foreign currency, commodities and stock prices, the estimation of which is detailed in paragraph 3 of Chapter 21-7 of the RAN.

Finally, Chapter 21-8 of the RAN establishes the standardized methodology that banks must use to calculate operational risk-weighted assets (hereinafter ORWA).

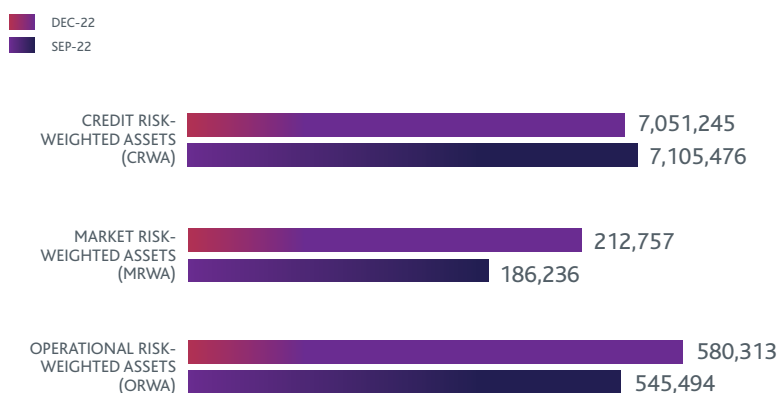
This calculation methodology has been established in accordance with international recommendations on the subject (Basel III), allowing the Bank's historical operating losses to be included to the extent that the regulatory conditions and requirements are met.

In order to calculate the ORWAs indicated in this regulation, the use of internal methodologies referred to in the second paragraph of article 67 of the LGB will not be allowed. Adherence to the guidelines set forth in this standard will be part of the CMF's management assessment of banks in the area of operational risks, which is addressed in paragraph 3.2 (c) of Title II, Chapter 1-13 of the RAN.

Below is the evolution from December 2021 to December 2022 of Banco Security's risk-weighted assets (RWAs) at the global consolidated level (in MCH\$):

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#### EVOLUTION FROM DECEMBER 2021 TO DECEMBER 2022 OF BANCO SECURITY'S RISK-WEIGHTED ASSETS (RWA) AT CONSOLIDATED LEVEL (IN MCH\$)



#### IV. NATIONAL STABILITY BUFFERS

Additional capital requirements, or capital buffers, are tools to increase the resilience of the banking system, particularly in the face of financial stress events, reducing the impact of adverse situations on the lending market and the rest of the economy. These were introduced in Articles 66 bis and 66 ter of the amendment to the LGB, in accordance with the Basel III framework.

Two additional capital buffers are introduced, the capital conservation buffer (CCoB) and the countercyclical capital buffer (CCyB).

The CCoB is designed to be constituted during normal operating periods and it is used when idiosyncratic or systemic risks faced by the Bank materialize. The CCoB is a core capital requirement in addition to the minimum capital requirements established in the LGB. This charge is equivalent to 2.5% of risk-weighted assets (RWA), net of required allowances for loan losses, and must be constituted with common equity tier 1 (CET1) defined in accordance with the guidelines for measuring regulatory capital. To be classified in solvency level A, banks must comply with this buffer.

The CCyB is built when during a phase of credit expansion, which is associated with the accumulation of systemic risks, while it is reversed and/or used when these risks dissipate or materialize, as appropriate. Like the CCoB, the CCyB is a core capital requirement in addition to the minimum capital requirements. This charge is a variable value between 0% and 2.5% of RWA, net of required allowances for loan losses, and must be constituted with CET1 capital. To be classified in solvency level A, banks must comply with this buffer.

The CCyB will be activated by a resolution of the BCCh's Board, with a prior favorable report from the CMF. This agreement will define the additional core capital requirement to be applied generally to all banking companies incorporated or authorized to operate in Chile, as well as the implementation period, which may not be less than 6 months. Under the same procedure, the BCCh, by agreement of its Board and with a prior favorable report of the CMF, will determine the deactivation of the countercyclical buffer and the term in which it should materialize.

Minimum capital requirements should be measured considering two levels of consolidation, namely global consolidated and domestic consolidated (which excludes foreign subsidiaries). Measurement of compliance with capital buffers should consider both levels.

In the event of a deficit, the Bank must restrict dividend payments and the purchase of Bank shares by its controlling shareholders will be prohibited, unless authorized by the CMF, both of which act as capital conservation mechanisms. The restriction on dividend payments is proportional to the compliance deficit.

This standard is effective as of December 1, 2020. As of December 1, 2021, the CCoB requirement is 0.625%, increasing by the same percentage each year, until December 1, 2024. The same transitional requirement will apply for the maximum value of the CCyB that may be defined by the BCCh.

#### V. CAPITAL PLANNING, MANAGEMENT AND MONITORING

Capital is managed and monitored to ensure that the Bank keeps capital at a level consistent with its risk profile and business model, and to encourage the development and use of appropriate processes for monitoring and managing the risks it faces, in order to ensure optimal use of capital and regulatory capital. This means defining and maintaining a target level of core and regulatory capital, in such a way that it is an effective safeguard to absorb unexpected losses, maintaining adequate buffers over the legal requirements of Pillar 1 of



Basel III, maximizing shareholder return and ensuring legal/regulatory compliance currently established by Chilean legislation and Basel III standards.

In accordance with the requirements of the General Banking Law, the minimum regulatory capital requirements, specified in Article 66 of the LGB, are general for the industry, so an institution should not rely solely on its compliance when making its assessment of the adequacy of its regulatory capital.

In order to determine the internal regulatory capital target, once the minimum requirements of Article 66 of the LGB have been met, entities must carry out a capital self-assessment process, through which they will review and assess their relevant risks and estimate the capital safeguards necessary to cover all their material risks and maintain an adequate buffer to face fluctuations in the value of their exposures. This internal target, in each of its quality levels (CET1, T1 and T2), should be the basis for projecting capital needs for credit, market, operational and other material risks, within the framework of strategic planning. Therefore, its estimation must be prospective in nature, considering the planning horizon and future needs.

The internal regulatory capital target is, therefore, that which the Bank considers necessary to maintain both currently and in the future, formally contemplated in its capital planning process and which is in accordance with the risks inherent to its activity, the economic environment in which it operates, its governance, risk management and control systems, its strategic business plan, the quality of the available capital and the real possibilities of obtaining greater capital, should it be necessary.

The determination of the internal regulatory capital target takes into account:

- The quantitative aspects of risk measurement, as well as the qualitative aspects of risk management and control.
- Capital planning that is commensurate with the risks inherent to its activity, the economic environment, governance, risk management and control systems, the strategic business plan and the quality of regulatory capital, under normal and stress scenarios.
- The real possibilities of raising additional equity, if necessary.
- Maintaining a level of capital sufficient to maintain an "A" solvency level in accordance with Chapter 1-13 of the RAN.

These allow the Bank to permanently maintain an adequate level to meet legal requirements with the buffer defined by the Board of Directors or, if applicable, required by the CMF.

In addition, the Planning and Management Division and the rest of the areas involved also define a target capital ratio under Basel III standards, based on the following aspects:

- Capital requirements of the CMF, as explained above, the capital target complies with Article 66 of the LGB, considering: the conservation buffer, the countercyclical buffer, CET1, T1, T2 requirements and capital discounts, with the objective of ensuring compliance throughout the implementation schedule and maintaining solvency at level A.
- Capital planning: evaluation of the projection of capital adequacy ratios in accordance with financial planning and the budget approved by the Board of Directors, incorporating Basel III calculation changes for credit, market and operational risk-weighted assets and capital discounts in the top-down projection. Other material risks that the Bank may face and the adequacy of its solvency will also be considered.
- Risk appetite levels, both in normal environment and under stress scenarios, in order to be the link between strategic planning and risk appetite around financial capital planning.

- Stress testing: analysis of capital destruction caused by a stress scenario, considering both internal stress testing (IAPE) and testing proposed by the CMF.
- Local and international benchmarking: consideration of the capital buffers available to both local competitors and the industry in other geographies with Basel III implemented.

Capital planning is fundamental to achieving strategic objectives, and in this sense, it is considered annually within the strategic planning process. A detailed analysis of current and future capital requirements in relation to the Bank's strategic objectives and the risks to which it is exposed is conducted annually. In addition, the capital planning process incorporates rigorous stress tests that integrate all risks, identifying possible events or changes in market conditions that could affect the institution. The Planning and Management Division is responsible for ensuring that the Bank's strategic plan clearly outlines the Bank's capital requirements in relation to projected balance sheet growth, under normal and stress scenarios, mergers and acquisitions, board-approved risk tolerance and access to external capital resources.

The objective of making capital needs projections is to ensure optimal use of capital and to guarantee that the Bank's regulatory capital, at each of its levels (CET1, T1 and T2), will be adequate to cover all material risks, both under a normal baseline scenario and a stress scenario, for the financial planning horizon. The capital plan also makes it possible to determine measures to restore the Bank's solvency levels in the event of capital stress events projected for the horizon in question.

In particular, the capital projection considers the sources and consumption of capital associated with the Bank's strategic business plan, projecting capitalized profits, dividend payments, stock issuances, hybrid capital issuances, subordinated capital issuances, and any other element that may impact the supply of capital.

In addition, in order to guarantee the best possible risk management, the Bank sets levels and types of risks it is willing to take on in implementing its business strategy and that, in turn, enable it to ensure compliance with current standards and regulatory requirements.

Monitoring of the metrics and their limits is performed once a month, reviewing the limits and alerts of the metrics established in the Risk Appetite Statement, which were proposed by the Risk Division or the Comprehensive Risk Committee, as appropriate, and approved by the Board of Directors. The metrics are presented through the risk appetite report. In the event that a deviation of any metric is found in this update, the Comprehensive Risk Committee or the Strategy and Capital Committee, as appropriate, must consolidate an action plan to keep it within the corresponding thresholds. The first line of defense is responsible for executing the action plan.

## VI. REGULATORY CAPITAL RATIOS

The Bank continues to maintain strong, high-quality capital levels that position it well for future challenges. The CET1 ratio as of December 31, 2022, was 9.87%, an increase of 42 basis points from the previous quarter, due to the increase in owners' equity (+5.04%), offset by a slight increase in risk-weighted assets (+0.09%), explained by the growth in MRWA (+14.24%) and ORWA (+6.38%) and by the decrease in CRWA (-0.76%).

The Bank's Tier 1 capital ratio is 10.37% as of December 31, 2022, a decrease of 8 basis points from September 30, 2022. This decrease is due to the transfer of subordinated bonds rated AT1 to T2, to comply with the limits in article 66 of the LGB, where subordinated bonds and voluntary allowances for loan losses accounted for as AT1 instruments must meet the limit of 1.0% of risk-weighted assets (RWA) until December 1, 2022. This substitution limit was reduced to 0.5% as of that date.





The total capital ratio was 14.79% as of December 31, 2022, an increase of 56 basis points from last quarter.

The leverage ratio was 7.50%, up 33 basis points in December 2022, due to the increase in owners' equity (5.04%) versus the increase in total assets (0.03%).

The Bank's capital ratios continue to far exceed the CMF minimum capital requirements (considering conservation buffer charge) for December 2022 of 5.8%, 7.3% and 9.3% for CET1, Tier 1 and total capital, respectively. The same holds true for the required limits for an A solvency rating of 7.0% for core capital and 10.5% for total capital.

### TOTAL ASSETS, RISK-WEIGHTED ASSETS AND REGULATORY CAPITAL COMPONENTS - MCH\$

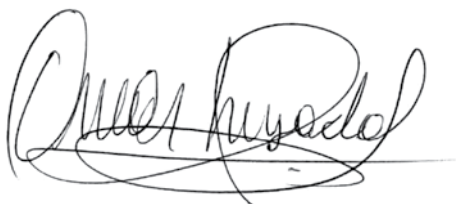
ITEM NUMBER	TOTAL ASSETS, RISK-WEIGHTED ASSETS AND REGULATORY CAPITAL COMPONENTS UNDER BASEL III - ITEM DESCRIPTION	NOTE	GLOBAL CONSOLIDATED	GLOBAL CONSOLIDATED	LOCAL CONSOLIDATED	LOCAL CONSOLIDATED
			AS OF DECEMBER 31, 2022 MCH\$	AS OF SEPTEMBER 30, 2022 MCH\$	AS OF DECEMBER 31, 2022 MCH\$	AS OF SEPTEMBER 30, 2022 MCH\$
1	Total assets according to the statement of financial position		9,799,121	9,812,116	9,799,121	9,812,116
2	Investment in unconsolidated subsidiaries	a	-	-	-	-
3	Assets discounted from regulatory capital, other than item 2	b	16,663	13,039	16,663	13,039
4	Loan equivalents	c	184,581	200,573	184,581	200,573
5	Contingent loans	d	365,603	329,773	365,603	329,773
6	Assets generated by the intermediation of financial instruments	e	-	-	-	-
7	<b>= (1-2-3+4+5-6) Total assets for regulatory purposes</b>		<b>10,332,642</b>	<b>10,329,423</b>	<b>10,332,642</b>	<b>10,329,423</b>
8. a	Credit risk-weighted assets, estimated using standard method (CRWA)	f	7,051,245	7,105,476	7,051,245	7,105,476
8. b	Credit risk-weighted assets, estimated using internal methods (CRWA)	f	-	-	-	-
9	Market risk-weighted assets (MRWA)	g	212,757	186,236	212,757	186,236
10	Operational risk-weighted assets (ORWA)	h	580,313	545,494	580,313	545,494
11. a	<b>= (8.a/8.b+9+10) Risk-weighted assets (RWA)</b>		<b>7,844,315</b>	<b>7,837,206</b>	<b>7,844,315</b>	<b>7,837,206</b>
11. b	<b>= (8.a/8.b+9+10) Risk-weighted assets, after applying the output floor (RWA)</b>		<b>7,844,315</b>	<b>7,837,206</b>	<b>7,844,315</b>	<b>7,837,206</b>
12	Equity attributable to owners		791,564	753,582	791,564	753,582
13	Non-controlling interests	i	51	51	51	51
14	Goodwill	j	13,039	13,039	13,039	13,039
15	Excess minority investments	k	-	-	-	-
16	<b>= (12+13-14-15) Common equity tier 1 equivalent (CET1)</b>		<b>778,576</b>	<b>740,594</b>	<b>778,576</b>	<b>740,594</b>
17	Additional deductions to common equity tier 1, other than item 2	l	4,109	-	4,109	-
18	<b>= (16-17-2) Common Equity Tier 1 (CET1)</b>		<b>774,467</b>	<b>740,594</b>	<b>774,467</b>	<b>740,594</b>
19	Voluntary additional allowances for loan losses as Additional Tier 1 capital (AT1)	m	21,000	14,500	21,000	14,500
20	Subordinated bonds as Additional Tier 1 capital (AT1)	m	18,222	63,872	18,222	63,872
21	Preferred shares as Additional Tier 1 capital (AT1)		-	-	-	-
22	Bonds with no fixed maturity as Additional Tier 1 capital (AT1)		-	-	-	-
23	Discounts applied to AT1	l	-	-	-	-
24	<b>= (19+20+21+22+23) Additional Tier 1 capital (AT1)</b>		<b>39,222</b>	<b>78,372</b>	<b>39,222</b>	<b>78,372</b>
25	<b>= (18+24) Tier 1 Capital</b>		<b>813,689</b>	<b>818,966</b>	<b>813,689</b>	<b>818,966</b>
26	Voluntary additional allowances for loan losses as Tier 2 capital (T2)	n	-	-	-	-
27	Subordinated bonds as Tier 2 capital (T2)	n	346,792	296,568	346,792	296,568
28	<b>= (26+27) Tier 2 capital equivalent (T2)</b>		<b>346,792</b>	<b>296,568</b>	<b>346,792</b>	<b>296,568</b>
29	Discounts applied to T2	l	-	-	-	-
30	<b>= (28-29) Tier 2 capital (T2)</b>		<b>346,792</b>	<b>296,568</b>	<b>346,792</b>	<b>296,568</b>
31	<b>= (25+30) Regulatory capital</b>		<b>1,160,481</b>	<b>1,115,534</b>	<b>1,160,481</b>	<b>1,115,534</b>
32	<b>Additional core capital required for the conservation buffer</b>	p	<b>98,054</b>	<b>48,983</b>	<b>98,054</b>	<b>48,983</b>
33	<b>Additional core capital required for the countercyclical buffer</b>	q	-	-	-	-
34	<b>Additional core capital required for systemic banks</b>	r	-	-	-	-
35	<b>Additional capital required for sufficient regulatory capital (Pillar 2)</b>	s	-	-	-	-

### 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)(*)	NOTE	GLOBAL CONSOLIDATED	GLOBAL CONSOLIDATED	LOCAL CONSOLIDATED	LOCAL CONSOLIDATED
			AS OF DECEMBER 31, 2022 MCH\$	AS OF SEPTEMBER 30, 2022 MCH\$	AS OF DECEMBER 31, 2022 MCH\$	AS OF SEPTEMBER 30, 2022 MCH\$
1	Leverage indicator (T1_I18/T1_I7)		7.50%	7.17%	7.50%	7.17%
1.a	Leverage indicator to be met by the Bank, considering the minimum requirements		3.00%	3.00%	3.00%	3.00%
2	Core capital indicator (T1_I18 / T1_I11.b)		9.87%	9.45%	9.87%	9.45%
2.a	Core capital indicator to be met by the Bank, considering the minimum requirements		4.50%	4.50%	4.50%	4.50%
2.b	Capital buffer deficit		0.00%	0.00%	0.00%	0.00%
3	Tier 1 capital indicator (T1_I25 / T1_I11.b)		10.37%	10.45%	10.37%	10.45%
3.a	Capital indicator to be met by the Bank, considering the minimum requirements		6.00%	6.00%	6.00%	6.00%
4	Regulatory capital indicator (T1_I31 / T1_I11.b)		14.79%	14.23%	14.79%	14.23%
4.a	Regulatory capital indicator to be met by the Bank, considering the minimum requirements		8.00%	8.00%	8.00%	8.00%
4.b	Regulatory capital indicator to be met by the Bank, considering the charge for article 35 bis, if applicable		8.00%	8.00%	8.00%	8.00%
4.c	Regulatory capital indicator to be met by the Bank, considering the minimum requirements, conservation buffer and countercyclical buffer		9.25%	8.63%	9.25%	8.63%
5	Solvency rating	a	A	A	A	A
	Regulatory solvency compliance indicators					
6	Additional voluntary allowances as Tier 2 capital (T2) in relation to CRWAs (T1_I26/(T1_I8.a or 8.b))	b	0.00%	0.00%	0.00%	0.00%
7	Subordinated bonds as Tier 2 capital (T2) in relation to core capital	c	44.78%	40.04%	44.78%	40.04%
8	Additional Tier 1 capital (AT1) in relation to core capital (T1_I24/T1_I18)	d	5.06%	10.58%	5.06%	10.58%
9	Voluntary additional allowances for loan losses and subordinated bonds as Additional Tier 1 capital (AT1) in relation to RWAs ((T1_I19+T1_I20)/T1_I11.b)	e	0.50%	1.00%	0.50%	1.00%

## 49. SUBSEQUENT EVENTS

Between January 1, 2023, 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.



**OMAR K. ABUSADA G.**  
Deputy Accounting Manager



**EDUARDO OLIVARES V.**  
Chief Executive Officer



# FINANCIAL STATEMENTS OF SUBSIDIARIES

## 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

Securities brokerage

The purpose of the company is to carry out securities brokerage operations, in the terms contemplated in Article No. 24 of Law No. 18,045, Securities Market Law, and it may also carry out such complementary activities as Financial Market Commission may authorize.

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 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 No. 10098 dated October 27, 2004, the Chilean Superintendency of Securities and Insurance 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, 2022, subscribed and paid-in capital totaled MCH\$36,394.

### BOARD OF DIRECTORS

#### CHAIRMAN OF THE BOARD

Enrique Menchaca O. Taxpayer ID: 6.944.388-5

#### DIRECTORS

Roberto Tresoldi M. Taxpayer ID: 13.254.002-0<sup>1</sup>  
Maximum Hitoshi Kamada L. Taxpayer ID: 21.259.467-9  
Fernando Salinas P. Taxpayer ID: 8.864.773-4<sup>2</sup>

#### CHIEF EXECUTIVE OFFICER

Piero Nasi T. Taxpayer ID: 13.190.931-4

1. ON AUGUST 25, 2022, HE TOOK OFFICE AS DIRECTOR.

2. ON AUGUST 4, 2022, HE RESIGNED AS DIRECTOR.

## SUMMARIZED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2022 AND 2021

	12/31/2022 MCH\$	12/31/2021 MCH\$
<b>ASSETS</b>		
Cash and cash equivalents	45,975	66,745
Financial instruments	57,550	63,702
Brokerage receivables	10,207	11,991
Investments in other companies	3	3
Property, plant and equipment	734	1,180
Other assets	15,134	21,718
<b>TOTAL ASSETS</b>	<b>129,604</b>	<b>165,339</b>
<b>LIABILITIES AND EQUITY</b>		
Financial liabilities	19,411	13,264
Brokerage payables	14,966	16,330
Other liabilities	59,360	95,709
<b>TOTAL LIABILITIES</b>	<b>93,736</b>	<b>125,303</b>
Capital and reserves	32,365	37,693
Profit for the year	3,503	2,343
<b>TOTAL EQUITY</b>	<b>35,868</b>	<b>40,036</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>129,604</b>	<b>165,339</b>

	12/31/ 2022 MCH\$	12/31/ 2021 MCH\$
<b>STATEMENT OF INCOME</b>		
Brokerage income	7,466	8,077
Service income	1,064	1,937
Income from financial instruments	10,550	7,034
Net financial transactions	(1,909)	(766)
Administrative and sales expenses	(15,018)	(16,544)
Other gains	71	591
<b>Profit before tax</b>	<b>2,225</b>	<b>330</b>
Income tax benefit	1,278	2,013
<b>PROFIT FOR THE YEAR</b>	<b>3,503</b>	<b>2,343</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).

The corporate purpose of Administradora General de Fondos Security S.A. consists of managing all types of mutual funds regulated by D.L 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. Likewise, pursuant to Article 220 of Law NO. 18,045 of the Securities Market Law, it may offer APV and APVC voluntary pension savings plans, develop complementary activities authorized by the Financial Market Commission, formerly the Superintendency of Securities and Insurance through Circular No. 1,566 of 2001 or the one that amends or replaces it; the administration of third party funds authorized by Circular No. 1,894 of 2008 and advisory and consulting services in investment decision making, authorized by Circular No. 1,897 of 2008.

### GENERAL BACKGROUND

The company was incorporated by public instrument on May 26, 1992, and licensed to operate on June 2, 1992, by the Superintendency of Securities and Insurance in Exempt Ruling

No. 0112. The company is regulated by the Superintendency of Securities and Insurance and the provisions of DL 1,328 and its regulations. In ruling No. 288 dated September 17, 2003, the Superintendency of Securities and Insurance 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 Superintendency of Securities and Insurance.

### SUBSCRIBED AND PAID-IN CAPITAL

As of December 31, 2022, subscribed and paid-in capital totaled MCH\$3,354.

### BOARD OF DIRECTORS

#### CHAIRMAN OF THE BOARD

Francisco Silva S.	Taxpayer ID: 4.103.061-5 <sup>1</sup>
Renato Peñafiel M.	Taxpayer ID: 6.350.390-8 <sup>2</sup>

#### BOARD MEMBERS

Fernando Salinas P.	Taxpayer ID: 8.864.773-4 <sup>3</sup>
Eduardo Olivares V.	Taxpayer ID: 9.017.530-0
Jose Miguel Bulnes Z.	Taxpayer ID: 10.202.654-3
Alberto Apel O.	Taxpayer ID: 10.382.134-7
Paulina Las Heras	Taxpayer ID: 11.833.738-7 <sup>4</sup>

#### CHIEF EXECUTIVE OFFICER

Juan Pablo Lira T.	Taxpayer ID: 7.367.430-1
--------------------	--------------------------

1. RESIGNED AS DIRECTOR AND CHAIRMAN OF THE COMPANY ON AUGUST 10, 2022.  
 2. HE ASSUMED AS CHAIRMAN OF THE BOARD AND OF THE COMPANY ON AUGUST 10, 2022.  
 3. HE TOOK OVER AS DIRECTOR FROM FRANCISCO SILVA S. ON AUGUST 10, 2022.  
 4. SHE RESIGNED AS DIRECTOR ON AUGUST 10, 2022, AND ALBERTO OVIEDO O. TOOK HER PLACE.

## SUMMARIZED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2022 AND 2021

	12/31/2022 MCH\$	12/31/2021 MCH\$
<b>ASSETS</b>		
Cash and cash equivalents	2,150.3	17,288.4
Other financial assets, current	7,924.1	5,869.4
Other current assets	5,085.0	4,403.9
Non-current assets	49,712.5	56,509.5
<b>Total assets</b>	<b>64,871.9</b>	<b>84,071.2</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities	4,340.1	7,981.3
Non-current liabilities	230.9	556.7
Issued capital	3,353.6	3,353.6
Other reserves	(723.0)	(980.0)
Retained earnings	57,670.3	73,159.6
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>64,871.9</b>	<b>84,071.2</b>
Capital and reserves	32,365	37,693
Profit for the year	3,503	2,343
<b>TOTAL EQUITY</b>	<b>35,868</b>	<b>40,036</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>129,604</b>	<b>165,339</b>

	12/31/ 2022 MCH\$	12/31/ 2021 MCH\$
<b>STATEMENT OF INCOME</b>		
Operating revenue	16,675.3	13,400.5
Administrative expenses	(9,392.2)	(7,995.0)
Finance costs	(172.5)	(162.8)
Other net income	5,725.3	2,311.2
<b>Profit before tax</b>	<b>12,835.9</b>	<b>7,553.9</b>
Income tax expense	(1,325.1)	(652.8)
<b>PROFIT FOR THE YEAR</b>	<b>11,510.8</b>	<b>6,901.1</b>



## STATEMENT OF RESPONSIBILITY

### 2022 ANNUAL REPORT

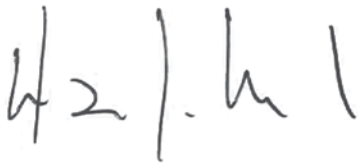
The undersigned, in their roles as Directors and Chief Executive Officer of Banco Security, domiciled at Av. Apoquindo 3100, Las Condes, Santiago, Chile, declare under oath that the information contained in this annual report is a faithful representation of the truth and, therefore, we assume the corresponding legal liability.

**RENATO PEÑAFIEL MUÑOZ**  
CHAIRMAN OF THE BOARD

**RAMON ELUCHANS OLIVARES**  
VICE-CHAIRMAN

**FERNANDO SALINAS PINTO**  
DIRECTOR

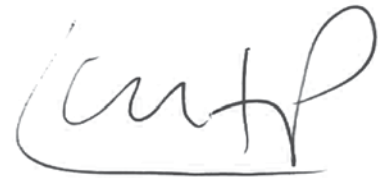
**BONIFACIO BILBAO HORMAECHE**  
DIRECTOR



**HERNÁN FELIPE ERRÁZURIZ CORREA**  
DIRECTOR



**JORGE MARÍN CORREA**  
DIRECTOR



**JUAN CRISTÓBAL PAVEZ RECARTE**  
DIRECTOR



**MARIO WEIFFENBACH OYARZUN**  
ALTERNATE DIRECTOR



**IGNACIO RUIZ TAGLE VERGARA**  
ALTERNATE DIRECTOR



**EDUARDO IGNACIO OLIVARES VELOSO**  
CHIEF EXECUTIVE OFFICER





## ADDRESSES

### MAIN TELEPHONE NUMBER:

(56-2) 2584 4000

### SECURITY CUSTOMER SERVICE:

(56-2) 2584 4060

### SECURITY PHONE:

(600) 2584 4040

Monday to Sunday, 24 hours a day

**WEB:** [www.security.cl](http://www.security.cl)

**EMAIL:** [banco@security.cl](mailto:banco@security.cl)

### BANKING EMERGENCIES:

800 200 717

TO CALL FROM CELLULAR PHONES:

(56-2) 2462 2117

Monday to Sunday, 24 hours a day

### TO REPORT A LOST OR STOLEN MASTERCARD

IN CHILE:

Call Banking Emergencies line: 800 200 717

To call from cellular phones: (56-2) 2462 2117

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

Phone: (852) 9387 1027

## BRANCHES IN CHILE

### HEADQUARTERS (EL GOLF)

Apoquindo 3100 – Las Condes

Business hours: 9:00 a.m. – 14:00 p.m.

Phone: (56-2) 2584 3275

### AGUSTINAS BRANCH

Agustinas 621 – Santiago

Business hours: 9:00 a.m. – 14:00 p.m.

Phone: (56-2) 2584 4321

### CIUDAD EMPRESARIAL BRANCH

Av. del Parque 4023 – Huechuraba

Business hours: 9:00 a.m. – 14:00 p.m.

Phone: (56-2) 2584 5354

### EL CORTIJO BRANCH

Av. Américo Vespucio 2760 C – Conchalí

Business hours: 9:00 a.m. – 14:00 p.m.

Phone: (56-2) 2581 4831

### LA DEHESA BRANCH

Av. La Dehesa 1744 – Lo Barnechea

Business hours: 8:00 a.m. – 14:00 p.m.

Phone: (56-2) 2584 4673

### LA REINA BRANCH

Av. Carlos Ossandón 1231 – La Reina

Business hours: 8:00 a.m. – 14:00 p.m.

Phone: (56-2) 2584 3252

### LOS COBRES BRANCH

Av. Vitacura 6577 – Vitacura

Business hours: 9:00 a.m. – 14:00 p.m.

Phone: (56-2) 2581 5516

### PROVIDENCIA BRANCH

Av. Nueva Providencia 2289

Providencia

Business hours: 9:00 a.m. – 14:00 p.m.

Phone: (56-2) 2584 4688

### PRESIDENTE RIESCO BRANCH

Presidente Riesco 5335, Unit 101 – Las Condes

Business hours: 8:00 a.m. – 14:00 p.m.

Phone: (56-2) 2584 5072

**ANTOFAGASTA BRANCH**

Av. San Martín 2511 – Antofagasta  
Business hours: 9:00 a.m. – 14:00 p.m.  
Phone: (55) 253 6500

**COPIAPÓ BRANCH**

Chacabuco 681, office 1001  
Business hours: 8:00 a.m. – 14:00 p.m.  
Phone: (52) 235 7210

**VIÑA DEL MAR BRANCH**

Av. Libertad 500, Viña del Mar  
Business hours: 8:00 a.m. – 14:00 p.m.  
Phone: Retail Banking: (32) 251 5100  
Phone: Commercial Banking: (32) 251 5128

**LA SERENA BRANCH**

Calle Huanhualí 85, unit 6, La Serena  
Business hours: 8:00 a.m. – 14:00 p.m.  
Phone: (51) 247 7400

**RANCAGUA BRANCH**

Carretera Eduardo Frei Montalva 340, unit 6 – Rancagua  
Business hours: 8:00 a.m. – 14:00 p.m.  
Phone: (72) 274 6600

**TALCA BRANCH**

Av. Circunvalación Oriente 1055, Local B-2 - Talca  
Business hours: 8:00 a.m. – 14:00 p.m.  
Phone: (71) 234 4600

**CONCEPCIÓN BRANCH**

Av. Bernardo O'Higgins 428 – Concepción  
Business hours: 9:00 a.m. – 14:00 p.m.  
Phone: Retail Banking: (41) 290 8003  
Phone: Commercial Banking: (41) 290 8096

**TEMUCO BRANCH**

Manuel Bulnes 701 – Temuco  
Business hours: 9:00 a.m. – 14:00 p.m.  
Phone: Retail Banking: (45) 294 8423  
Phone: Commercial Banking: (45) 294 8421

**PUERTO MONTT BRANCH**

Guillermo Gallardo 132 – Puerto Montt  
Business hours: 9:00 a.m. – 14:00 p.m.  
Phone: Retail Banking: (65) 256 8300  
Phone: Commercial Banking: (65) 256 8313

**CONSOLIDATED SUBSIDIARIES****VALORES SECURITY S.A.,  
CORREDORES DE BOLSA**

Apoquindo 3150 floor 7 – Las Condes  
Phone: (56-2) 2584 4601  
Web: [www.inversionessecurity.cl](http://www.inversionessecurity.cl)  
e-mail: [sacinversiones@security.cl](mailto:sacinversiones@security.cl)

**VIÑA DEL MAR BRANCH**

Libertad 500 – Viña del Mar  
Phone: (56-32) 238 6020

**CONCEPCIÓN BRANCH**

O' Higgins 428 – Concepción  
Phone: (56-41) 316 6319

**PUERTO VARAS BRANCH**

Santa Rosa 560, office 23, Puerto Varas.  
Phone: (56-65) 222 7307

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

Apoquindo 3150 floor 7 – Las Condes  
Phone: (56-2) 2584 4000  
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