

1. Project Description. IDB Group's support to the project will enable SSEC to play a major role in the securitization market, based on access to stable dedicated medium term funds on a revolving basis. SSEC will be able to purchase larger volumes of housing instruments from originators, freeing up their balance sheet to originate mortgage loans for subsequent securitization. Given that SSEC's main target market are home acquisition instruments that benefit from Chile's housing subsidy program, the project is expected to indirectly contribute to the availability of housing finance for low and middle-income families. The transaction will indirectly finance approximately 2,500 families in financing their home acquisition.

2. Environmental and Social Categorization and Rationale. This is a category FI-3 project according to the IIC's Environmental and Social Sustainability Policy because the subprojects in the financial intermediary's current or future portfolio are considered low risk.

3. Environmental and Social Risks and Impacts The portfolio risk to be financed includes financial exposure to mortgages and leasing, which predominantly have low environmental and social impacts including, but not limited to: i) environmental: contaminated land, areas at high risk to natural hazards, near important or sensitive environmental areas; (ii) social: potential discrimination and barriers for an equitable process providing the mortgages; and (iii) properties located on sites of archeological, cultural or historical value. SSEC has a procedure to assess compliance with the local legal requirements, but currently, the environmental and social impacts and risks of SSEC's clients are not evaluated; however, SSEC is committed to develop an environmental and social management system (ESMS) following IIC Sustainability Policy. SSEC, as part of Grupo Security, has a Human Resources Policy in place and was the first financial group accredited in Chile as Family Friendly for implementing policies to balance work, family and personal life. In 2012, SSEC received the ProPyme price for its formal commitment to support entrepreneurs in the country. The same year, SSEC was selected # 12 in Chile in the ranking as a Great Place to Work. As part of its CSR, Grupo Security supports different initiatives in the community such as volunteering in a foundation for elderly people, providing access to quality education to low-income children, advising companies to improve their management, and providing professional counseling to senior students.

4. Mitigation Measures/E&S Action Plan SSEC will be required to develop an ESMS with a component to ensure that activities financed with IIC funds are not found on the IIC's list of excluded activities and that they comply with domestic environmental and occupational safety standards. In addition, SSEC will be required to submit annual environmental reports to the IIC indicating the progress made and problems encountered in the implementation of its ESMS. To enable the borrower to better understand the IIC's requirements, SSEC will be required to attend the IIC's environmental training workshop for financial intermediaries or another similar course approved by the IIC.