



Banco Santander-Chile Announces First Quarter 2022 Earnings

April 29, 2022

SANTIAGO, Chile, April 29, 2022 (GLOBE NEWSWIRE) -- Banco Santander Chile (NYSE: BSAC; SSE: Bsantander) announced today its unaudited results¹ for the three-month period ended March 31, 2022 and first quarter 2022 (1Q22).

Net income attributable to shareholders up 29.5% YoY in 3M22, with ROAE of 25.6%

Net income attributable to shareholders in 1Q22 totaled Ch\$235,743 million (Ch\$1.25 per share and US\$0.64 per ADR), increasing 29.5% compared to 1Q22 (from now on YoY) and 1.5% compared to 4Q21 (from now on QoQ). Strong YoY results were driven by a strong increase in operating income of 8.4% mainly driven by fees, net financial results partially offset by lower expansion of net interest income due to an increase in funding costs from the higher monetary policy rate in the quarter. The Bank's net interest margin (NIM) in 1Q22 was 3.7%, lower than the 4.1% NIM achieved in 1Q21 and 4.4% in 4Q21. Provision expense for credit risk decreased 18.4% YoY and 40.8% QoQ as no additional provisions were recognized in 1Q22 and asset quality remained sound. With these results, the cost of credit in 1Q22 reached 0.8% compared to 1.0% in 1Q21 and 1.3% in 4Q21. In general, the credit quality of the Bank's loan portfolio remained positive in 1Q22. The non-performing loan (NPL) ratio improved from 1.3% in 1Q21 to 1.2% in 1Q22, while the impaired loan ratio continued to fall, reaching 4.5% in 1Q22 compared to 5.1% in 1Q21. Likewise, and despite not having constituted new voluntary provisions in 1Q22, the non-performing loans coverage rose to 278.6%. Costs remained under control increasing only 2.1% YoY despite higher inflation and the efficiency ratio reached 37.8%. With these results, the Bank notched its sixth consecutive quarter of plus 20% **ROAE** which reached 25.6% in 1Q22.

Life and Superdigital driven by digital accounts.

Santander Life continues to be the main contributor in new client growth due to the success of the Meritolife program of this product and the digital onboarding process of current account openings. The total number of Life clients as of March 2022 increased 59.7% YoY and in the first quarter 2022 Life opened 76,553 current accounts reaching a total of 976,618 clients. Santander Life clients are quickly monetized and have a high NPS score throughout the incorporation process. As of March 2022, Life has already generated Ch\$30 billion.

Superdigital continues its acceleration in client acquisition with 28,753 new clients in the quarter, reaching a total of 292,474 clients. This prepaid digital account is an attractive alternative for clients with little access to the banking ecosystem especially during the pandemic when through the pandemic many could receive and manage their money from government initiatives. Additionally, Superdigital has important alliances with companies like Uber and Cornershop, attracting new clients. In January 2022 we signed an agreement with Todas Conectadas, a platform for women entrepreneurs in Latin America and the Caribbean by the United Nations, Mastercard and Microsoft. Superdigital will be the account that enables these women to receive payments, and have access to financial education classes and benefits, free of cost.

Current account market share increases 140 bp to 28.9% and total clients reach 4,138,188 clients.

As a result of our efforts, the market share of the Bank in current accounts continues to rise drastically. According to the latest information available, as of January 2022, the net current account openings were equivalent to over 38.7% of total accounts opened in the rest of the banking system in the last twelve months, reaching a market share of 28.9% in current accounts. These numbers do not include Superdigital since these are categorized as debit cards. In the quarter, total clients continue to increase with force, increasing 1.6% QoQ and 14.4% YoY. This growth reflects the success of our digital strategy.

The success of Getnet continues.

The entrance of Getnet in the acquiring market in Chile continues to show good results. The reception of clients has been high with over 88,000 POS installed for 73,800 clients, of which 90% are SMEs. Getnet has achieved Ch\$300 billion in monthly sales through its POS network. Getnet generated Ch\$3.4 billion in fees in the quarter.

Launch of Prospera and Cuenta Pyme Life, our initiatives to increase bank penetration among SMEs and microentrepreneurs.

During 2022 we launched Prospera Cuenta Pyme Life, both initiatives to foster SME bankarization and supporting micro-entrepreneurs. Prospera is a simple current account to open without any minimum sales prerequisites for people that enables them to do transactions for their business easily. For a single payment of Ch\$19,990 they receive a mobile POS that permits them to receive same day sale deposits and receive payments directly on their phone. Cuenta Pyme Life is for people that have a company open. In Chile, there is a government platform designed so any one can open a company in one day, without any hassles or tedious paperwork. These same companies that are opened quickly and digitally also look to open an account in the same manner, just like Cuenta Pyme Life which is 100% digital. The first six months are free. Both alternatives are unique in the market, focused on micro entrepreneurs that are quickly cross-sold through a current account, debit account and Getnet. In the future, these clients will also have access to loans.

We continue to re-open and expand our Work Caf e branches.

In the last twelve months, we have opened 10 Workcaf es, with six branches opened during the first quarter of this year. Additionally, we have closed 20 standard branches, mainly Select branches, aimed at higher income clients. In total, we currently have 324 branches, 6.4% less than last year.

Total deposits increase 2.8% YoY.

During the quarter, the Central Bank continued to raise the monetary policy rate (MPR) from 4.0% to 7.0% at the end of March. We expect further rate hikes by the Central Bank in the coming months and we estimate that the MPR will reach 8.5% in the second quarter of 2022. The Bank's total

deposits increased 2.8% YoY and decreased 3.5% QoQ in 1Q22. In the quarter, demand deposits increased 7.5% YoY, driven by the increase in current accounts of individuals and greater transactions with corporate clients. On the other hand, demand deposits decreased by 5.7% QoQ due to the increase in time deposit rates, which increased the attractiveness of time deposits, especially among individuals, SMEs and the Middle Market segment. Meanwhile, corporate demand deposits increased 29.6% QoQ reflecting the Bank's strengths in the cash management business with companies. The solid management of the bank's funding base has allowed the Bank to maintain healthy levels of liquidity. As of March 2022, the Bank's LCR and NSFR reached 146.4% and 113.2%, respectively.

Loan growth led by corporates and auto loans.

Total loans increased 6.8% YoY and 0.6% QoQ with high demand for loans from companies and car loans. This was offset by a drop in loans to SMEs and other consumer products. During the quarter our SCIB segment experienced strong growth of 47.7% YoY as the economy reopened and large corporates sought financing through corporate loans as the local fixed income market continues to be illiquid after the pension fund withdrawals. Our Middle Market segment also experiences sign of reactivations, with loan growth of 1.8% in the quarter driven by the commodities sector.

Loans to individuals increased 9.7% YoY and 1.9% QoQ. Consumer loans increased 4.6% YoY and 0.5% QoQ. This was driven by a 9.9% QoQ increase in Santander Consumer, our subsidiary that sells auto loans and accounts for approximately 16% of consumer loans. Other consumer loans contracted 1.1% in the quarter and 1.6% YoY as loan demand remained subdued following the high levels of state aid during the pandemic and withdrawals from pension funds. Mortgage loans increased by 11.7% YoY and 2.0% QoQ. Demand for new mortgage loan origination has fallen as inflation and rates have increased and the Bank continues to restrict mortgage loans with terms over 20 years. On the other hand, the UF inflation rate of 2.4% in the quarter also resulted in a positive conversion impact on mortgage loans, as most of these loans are denominated in UF¹.

Record high dividend paid out in April 2022. Core capital ratio reached 10.4% at the end of March 2022 and the total BIS III ratio reached 16.8%

The Bank's **core capital ratio** reached 10.4% at the end of March 2022 and the total **BIS III ratio** reached 16.8%. Due to our solid capital levels, at the shareholders' meeting on April 27, 2022, the distribution of a dividend Ch\$2.47/share, 49.8% higher than last year's dividend.

Banco Santander Chile is the largest bank in the Chilean market in terms of loans and assets. As of March 31, 2022, the Bank had total assets of US\$ 78.4 billion, loans net of provisions of US\$ 45.8 billion, deposits of US\$ 34.5 billion, and total equity of US\$ 4.9 billion. The BIS capital ratio as of March 31, 2022 was 16.8%, with a core capital ratio of 10.4%. Banco Santander Chile is one of the companies with the highest risk classifications in Latin America with an A1 rating from Moody's, A- from Standard and Poor's, A+ from Japan Credit Rating Agency, AA- from HR Ratings and A from KBRA.

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1 Unidad de Fomento (UF), an inflation indexed unit. The UF is revalued in monthly cycles. Each day in the period beginning on the tenth day of the current month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean Consumer Price Index during the prior calendar month. One UF equaled Ch\$29,394.77 at March 31, 2021 and Ch\$28,597.46 at March 31, 2020.

i The information contained in this report is unaudited and is presented in accordance with Chilean Bank GAAP as defined by the Financial Markets Commission (CMF).