



Banco Santander-Chile Announces Second Quarter 2022 Earnings

July 29, 2022

SANTIAGO, Chile, July 29, 2022 (GLOBE NEWSWIRE) -- Banco Santander Chile (NYSE: BSAC; SSE: Bsantander) announced today its results¹ for the six-month period ended June 30, 2022 and second quarter 2022 (2Q22).

Net income attributable to shareholders up 40.9% YoY in 6M22, with ROAE of 28.7%

Net income attributable to shareholders in the six months ended June 30, 2022 totaled Ch\$ 521,257 million (Ch\$2.77 per share and US\$1.20 per ADR) increasing 40.9% compared to 6M21. The Bank's ROAE reached 28.7% for 6M22, compared to 21.1% in the same period in 2021. The Net interest margin (NIM) remained stable at 4.1% and the efficiency ratio improved to 37.9% in 6M22 compared to 40.0% in 6M21.

Net income attributable to shareholders in 2Q22 totaled Ch\$285,514 million (Ch\$1.52 per share and US\$0.66 per ADR), increasing 51.8% compared to 2Q21 (from now on YoY) and 21.1% compared to 1Q22 (from now on QoQ). Positive YoY results were driven by a strong increase in operating income of 20.5% mainly driven by net interest and readjustment income and fees. The Bank's net interest margin (NIM) in 2Q22 was 4.5% compared to 3.7% in 1Q22 and 4.2% in 2Q21, driven by the higher inflation in the quarter. This was offset by higher operating expenses as the Bank continues to invest in the digital strategy and operating efficiencies along with higher expenses related that are being affected by the higher inflation rate. With this, the efficiency ratio reached 38.0%, increasing only slightly from 37.8% in 1Q22. The cost of credit reached 1.0% in the quarter in line with guidance. Overall coverage remained high at 227.8%. With these results, the Bank notched its sixth consecutive quarter of plus 20% ROAE which reached 31.7% in 2Q22.

Current account market share increases 130 bp to 29.1%

As a result of our efforts, the market share of the Bank in current accounts continues to rise sharply. According to the latest public information available, as of April 2022, the net current account openings were equivalent to over 51.3% of total accounts opened in the rest of the banking system in the last twelve months, reaching a market share of 29.1% in current accounts.

Furthermore, our market share in US\$ checking accounts increased to 34.5% as of April 2022.

Santander Life surpasses 1 million clients

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 June 2022 increased 42.0% YoY and in the second quarter 2022 Life opened 59,366 current accounts reaching a total of 1,035,984 clients.

The success of Getnet continues

The success of Getnet, continues. This new company has installed over 111,000 POSs, representing a market share of 14% in this market. In 2Q22 Getnet began rolling out its Ecommerce solution. 94% of Getnet's clients are SMEs and 99% of the POSs are sold through the Bank's distribution channels. This product has been quick to monetize, generating Ch\$9 billion in fees in the first half of 2022, increasing 800% YoY. In 2Q22, Getnet has also already started to break even, after just over a year of operations.

Loan growth led by corporates and consumer loans

Total loans increased 3.8% QoQ. Loan demand was driven by high yielding auto loans and credit card loans. Consumer loans increased 1.5% QoQ. This was driven by a 5.2% QoQ increase in Santander Consumer, our subsidiary that sells auto loans and a 7.4% QoQ increase in credit card loans following several quarters of contractions as household consumer patterns are return to pre-pandemic levels. During the quarter our SCIB segment experienced strong growth of 12.8% in the last quarter as large corporates sought financing through corporate loans as the local fixed income market continues to be illiquid after the pension fund withdrawals.

Loan was also affected in the quarter by the translation gains caused by the depreciation of the peso and the high UF inflation rate in the quarter.

Total deposits increased 2.1% QoQ. Clients shift from demand to time deposits as rates rise

During the quarter, the Central Bank continued to raise the monetary policy rate (MPR) from 7.0% to 9.0% at the end of June (currently at 9.75%). We expect the MPR will reach 10.5% in the coming months. This rise in rates had a direct impact on our funding mix. The Bank's total deposits increased 2.1% QoQ. In the quarter, non-interest bearing demand deposits decreased 6.8% QoQ as the increase in rates drove our clients to switch to more attractive time deposits, which grew 17.1% QoQ.

BIS ratio reaches 16.2%

Risk-weighted assets (RWA) increased by 1.1% compared to December 31, 2021 due to the implementation of Basel III, which from December 2021 includes weighted assets for operational and market risk. In 2Q22, the Bank paid its annual dividend equivalent to 60% of 2021 earnings. This led to the quarterly decrease in our capital ratios from 10.4% in March 2022 to 9.6% as of June 30, 2022. The total BIS III ratio reached 16.2%.

Banco Santander Chile is the largest bank in the Chilean market in terms of loans and assets. As of June 30, 2022, the Bank had total assets of US\$ 76.9 billion, loans net of provisions of US\$ 40.3 billion, deposits of US\$ 30.0 billion, and total equity of US\$ 4.0 billion. The BIS capital ratio as of June 30, 2022 was 16.2%, with a core capital ratio of 9.6%. 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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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).