



Banco Santander-Chile Announces Fourth Quarter 2022 Earnings

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SANTIAGO, Chile, Feb. 03, 2023 (GLOBE NEWSWIRE) -- Banco Santander Chile (NYSE: BSAC; SSE: Bsantander) announced today its resultsⁱ for the twelve-month period ended December 31, 2022, and fourth quarter 2022 (4Q22).

Net income attributable to shareholders up 3.8% YoY in 12M22, with ROAE of 21.6%. Book value increases 13.6% YoY.

Net income attributable to shareholders in 12M22 increased 3.8% YoY, totaling a historically record high level of Ch\$809 billion (Ch\$4.29 per share and US\$2.01 per ADR) with the Bank's ROAE in 12M22 reaching 21.6%, in line with guidance. These strong yearly results were driven by a strong rise in the net contribution from our business segments. Retail Banking's net contribution increased 6.2% YoY with total revenues increasing 10.1% YoY. The Middle Market segment's net contribution increased 30.6% YoY, with an increase in total revenues of 20.4%. Finally, the Corporate and Investment banking segment's net contribution grew 49.3% YoY, driven by a 43.1% rise in total revenues. The Bank also finished the year with strong book value growth. The Bank's total shareholders' equity and per share both increased 13.6% YoY. As a result, the Bank's CET1 ratio increased 189 basis points and reached 11.1% at year-end.

In 4Q22, net income totaled Ch\$102 billion (Ch\$ 0.54 per share and US\$ 0.25 per ADR), decreasing 56.2% compared to 4Q21. This lower result in the fourth quarter was mainly due to the impacts on NIMs of decelerating inflation and rising interest rates, which lowered assets yield and increased funding costs and mix.

Life and Superdigital driving the opening of digital accounts

Santander Life, our digital platform fully integrated into the Bank's ecosystem continues to be the main contributor to client growth. The total number of Life clients as of December 2022 increased 22.0% YoY and in the fourth quarter 2022 Life opened 27,849 current accounts, reaching a total of 1,097,966 clients. Superdigital, our prepaid digital account, continues its acceleration in client acquisition, reaching a total of 397,582 clients.

Current account market share increases to 28.4%

As a result of the success of our digital platforms, such as Santander Life, our market share of checking accounts continues to rise. According to the latest information available, as of October 2022, our market share of current accounts reached 28.4% in current accounts. These numbers do not include Superdigital since these are categorized as debit cards. Furthermore, with the volatility in the exchange rate, we have seen increasing demand from clients for US\$ current accounts. As of October 2022, we have a market share of 39.9% and we opened some 126,218 US\$ current accounts during the year.

The success of Getnet continues

Our new acquiring business, which was launched in 1Q21, has continued to grow, reaching more than 157,000 POS machines. In 2022 Getnet launched ecommerce, attracting some 8,500 business. In total Getnet has more than Ch\$580 billion in monthly sales through our POS and providing Ch 27 billion in fee income in the year.

Loan growth led by corporates and credit cards

Total loans decreased 0.1% QoQ and increased 5.5% from December 31, 2021. The slight decrease in loans in the quarter is mainly due to translation loss produced by the appreciation of the Chilean peso against the US\$ (11.8% QoQ) for loans denominated in foreign currency. Approximately 20% of our commercial loan portfolio is denominated in foreign currency, mainly US dollars, especially in the Middle Market of corporates segment. On the other hand, high yielding credit cards loans increased 15.1% QoQ. Between the end of 2019 and 2021 credit card loans decreased 7.0% as clients reduced large purchases such as travel and hotels which fuels credit card loans. At the same time many clients paid off credit card debt with the liquidity obtained from government transfers and pension fund withdrawals. In 4Q22, as household liquidity levels returned to normal and holiday travel resumed credit card loans began to grow again.

Cost of credit at 1.0% YTD and coverage at 185.3% as asset quality starts to normalize

Provisions for credit risks totaled Ch\$370,727 million in the twelve-month period ended December 31, 2022, a decrease of 3.2% compared to the same period in 2021, while the cost of credit decreased slightly from 1.1% in 12M21 to 1.0% in 12M22. As the economy slows down and excess household liquidity returns to normal levels, asset quality levels are gradually returning to pre-pandemic levels. This was visible in the 4Q and the non-performing loan (NPL) ratio increased from 1.7% in 3Q22 to 1.8% in 4Q22.

Total deposits decrease 4.3% QoQ as Bank takes advantage of inverted yield curve

The Central Bank in October continued to raise the monetary policy rate (MPR) from 10.75% to 11.25%. We estimate that the cycle of increases in the MPR has ended. This rate increase had a direct impact on our funding mix. The Bank's total deposits decreased 4.3% QoQ and 3.4% compared to December 31, 2021. Also, demand deposits decreased 2.9% QoQ and 21.3% compared to December 31, 2021, due to the fact that the increase in rates led our clients to switch to more attractive time deposits that grew 28.1% compared to December 31, 2021. In the last quarter, the Bank actively sought to lower time deposit costs and increase other longer-term funding sources as the yield curve currently has a negative slope. This affected time deposits which decreased 5.8% QoQ mainly in the SCIB segment and other wholesale time deposits.

BIS ratio at 17.8%. Core capital ratio reaches 11.1% and ROE of 21.6% in 12M22

Total equity reached Ch\$4,238,372 million as of December 31, 2022, an increase of 6.8% QoQ and 13.7% compared to December 31, 2021. Our total CET1 increased 20.6% compared to a 0% rise in RWA. As a result, our CET1 ratio reached 11.1% and the total BIS III ratio reached 17.8% at the end of December 2022.

NIM at 3.3% in 2022

Net interest income and readjustments (NII) as of December 2022 decreased by 11.1% compared to the same period in 2021. This decrease in NII was mainly due to higher funding costs due to the higher MPR and a lower carry earned over our fixed rate financial investments. This was partially offset by a higher rate earned over average generating assets due to higher inflation and higher spread earned over deposits. As a result, the Bank's net interest margin reached 3.3%.

Non-NII increases 34% YoY driven by client growth and greater product usage

Total non-net interest income revenues (fees plus treasury) increased 34% YoY in 12M22. This was due to a 16.0% increase in fees and a 87.8% rise in treasury income. Both results were driven by growth of the client base and greater usage of the Bank's products.

Banco Santander Chile is the largest bank in the Chilean market in terms of loans and assets. As of December 31, 2022, the Bank had total assets of US\$ 79.7 billion, loans net of provisions of US\$ 44.1 billion, deposits of US\$ 31.7 billion, and total equity of US\$ 5.0 billion. The BIS capital ratio was 17.8%, with a core capital ratio of 11.1%. Banco Santander Chile is one of the companies with the highest risk classifications in Latin America with an A2 rating from Moody's, A- from Standard and Poor's, A+ from Japan Credit Rating Agency, AA- from HR Ratings and A from KBRA.

CONTACT INFORMATION

Robert Moreno
Investor Relations
Banco Santander Chile
Bandera 140, Floor 20
Santiago, Chile
Tel: (562) 2320-8284
Email: irelations@santander.cl
Website: www.santander.cl

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).