

INTEGRATED
ANNUAL REPORT
2021



The
responsibility to
support others

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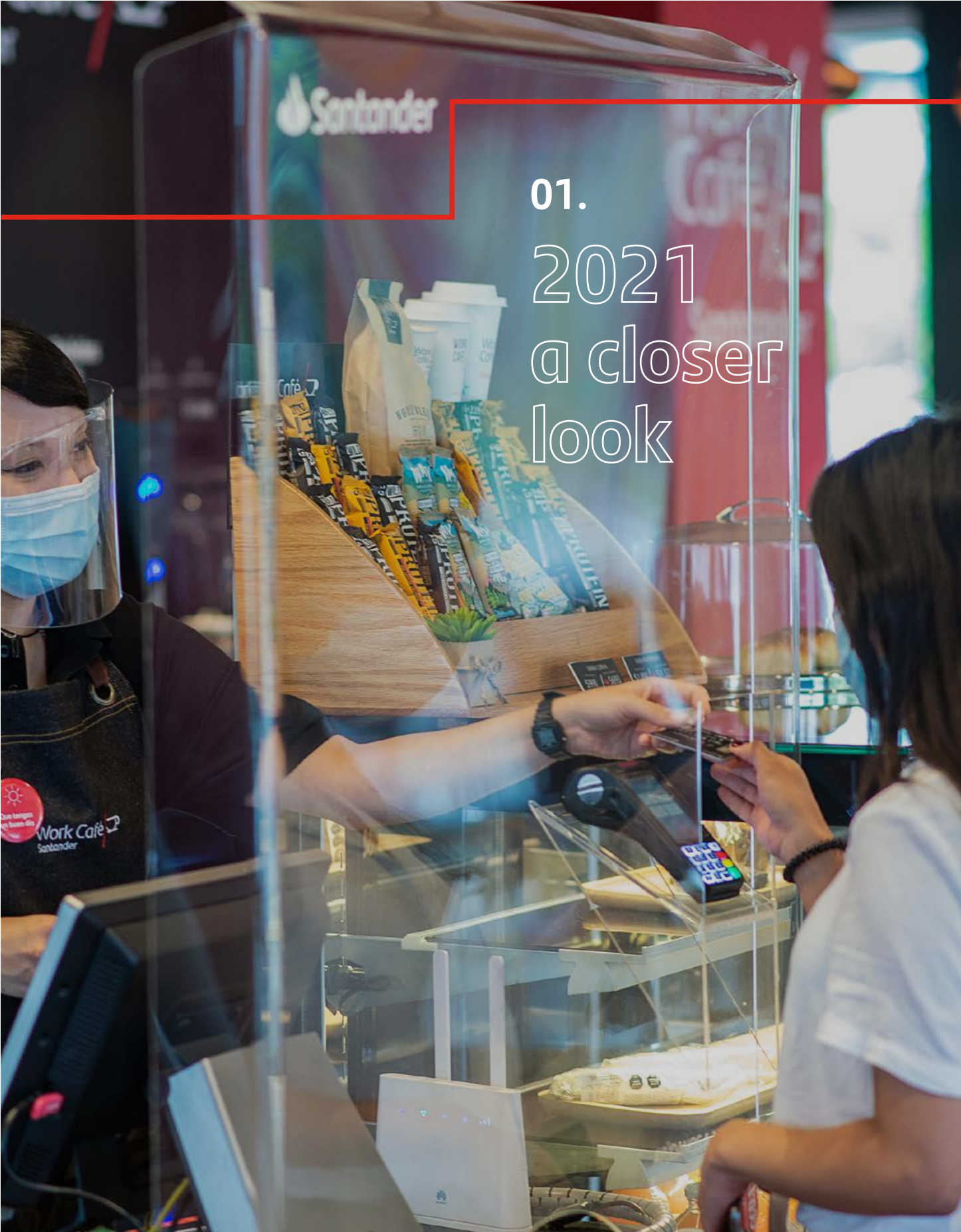
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This annual report is also available at
www.santander.cl



01.
2021
a closer
look

Letter from the President of the Board

Claudio Melandri Hinojosa
[GRI 2-22]

We have sought to articulate a value offer consistent with the relevant issues for today's society including to the sustainable development of communities and the protection of the planet. In this area, over the past year we not only substantially expanded our Santander Verde retail offer, but also strengthened the menu of financial solutions linked to ESG criteria that we deliver to companies.



Dear Shareholders:

It is for me a motive of great satisfaction and pride to present to you Banco Santander Chile's Integrated Annual Report and the Financial Statements for the year 2021, a period where we consolidated and expanded our leadership in the national financial system, with a value added offer of excellence, sustainability and responsibility. All of this is leveraged in the commitment of every person that is part of our teams.

The year 2021 was one in which, as a leading bank, we made all the necessary efforts to provide the best possible responses to each of our stakeholders, since we are convinced that as long as we forge solid and trusting relationships with our customers, collaborators and communities, we will be able to ensure good results for our shareholders. This in fact occurred and our CEO will go into further detail in the following pages, thus contributing sustainably to society through our purpose of helping people to prosper.

From a global perspective, 2021 was a complex year, clearly marked by the persistence of the pandemic. After the shock of the first months of contingency in 2020, confinement measures hit activity and disrupted supply chains and global trade. However, with the advance of vaccination, the stimulus measures and the progressive decrease in confinement, last year the bulk of the countries began a gradual recovery that translated into an expansion of world GDP close to 6%.

In the case of Chile, in 2021 the economy had a historic growth of 11.7% and three quarters of the jobs lost due to the pandemic were recovered. All in all, excess spending, due to state aid and pension fund withdrawals, and the effects of disruptions in supply chains that impacted price levels at the international level, contributed to the year ending with a high inflation, reaching 7.2%.

Going forward, restoring macroeconomic balances, with an orderly moderation of spending will be one of the main short-term challenges of the new government. This will be key for the country to get back on the path of sustainable growth and, with it, have the resources to meet the needs of Chileans in the long term.

The international context of uncertainty, as well as the possible prolongation of the pandemic, indicate that 2022 will impose on us as a country the need to be even more responsible than that which was already been necessary the previous year, with special care in the control of inflation and fiscal consolidation, key inputs for the credit evaluation of the country and the analysis of international investors.

I cannot ignore at this point the importance that as a country we should be capable of giving synchronized responses to the enormous challenges that lie ahead, since a low capacity for dialogue or a lesser willingness to seek and reach agreements can divert us from the path of progress and impose costs on the country as a whole.

In this context, it is essential that the debates that are taking place and those that are foreseen for the coming months (such as the one that is advancing in the Constitutional Convention and those that are being inaugurated with the installation of a new government and a new Parliament) seek to capitalize on the enormous opportunities that this great country has. Despite setbacks, Chile has managed in recent decades to register substantive progress in practically all the dimensions, and should continue down this path.

Banco Santander has accompanied Chile and Chileans along this road and we are willing to continue contributing to the progress of companies and people, who, with their effort and work, together with public policies aimed at the common good, will be able to continue building a better country.

As you know, our mission is to help people and companies to progress and our way of doing this is by carrying out our activity responsibly and with a Simple, Personal and Fair style. These great definitions are what have guided us in the long term and allowed us to build relationships of trust and loyalty with all our stakeholders, particularly with our customers, who in 2021 continued to distinguish us as the best bank in service quality and the most recommended in the country in NPS.

Last year was also one in which our vocation to serve customers with the best solutions on the market was endorsed by the powerful expansion of Life, whose evolution towards a 100% digitally- contracted current account, highly competitive in costs, safety and quality, allowed us to register in 2021 the highest growth rate in the number of loyal customers in the entire industry, consolidating our leadership as the bank with the largest number of account holders in Chile.

Another relevant milestone in 2021 was the launch of Getnet in February, which, as you well know, is a structural part of our strategy to expand competition in the digital payment market. At the end of last year, this new POS platform already had 68,000 adhered clients, of which 92% are SMEs, for whom the solvency of our technological platform, the simplification of processes and access to daily subscriptions of their sales, have represented a change of great relevance. Our objective, of course, is to continue growing in this market, in order to achieve a 15% share in the first three years of operation and thus continue to make a substantial contribution to the financial inclusion of companies and individuals.

At this point, I think it is important to point out that the interchange fee regulations that the panel of experts is designing has a fundamental responsibility, in the sense that the regulation that is established must lay the foundations for greater competition in the acquiring network, and also generate an optimal balance that allows more and more people to access and use digital means of payment. The benefits for society of a deeper market are varied and range from issues as diverse as the growth opportunities that small businesses and entrepreneurs manage to capitalize on, to considerations of social scope, such as the greater public safety that exists in an economy where there is less cash on the streets.

Another dimension I would like to dwell has to do with human resource management, where today Santander Chile holds a prominent position in the national corporate world. Indeed, last year we not only revalidated for the fourth consecutive year the demanding Top Employer seal conferred by the Top Employer Institute (which accredits us as a reference company in talent management), but last March we were officially informed that in 2020 our collaborators chose us as the Best Company to Work for in Chile with more than 1,000 employees. To these achievements we proudly add that we were the first bank in the country to obtain the Iguala Conciliación Seal from the Ministry of Women and Gender Equity, which certifies that our internal policies are benchmark in terms of gender equity and reconciliation of personal, family and work life.

Another dimension in which we have sought to articulate a value offer consistent with the relevant issues for today's society including the sustainable development of communities and the protection of the planet. In this area, over the past year we not only substantially expanded our Santander Verde retail offer, but also strengthened the menu of financial solutions linked to ESG criteria that we deliver to companies: solutions where the interest rate on their financing is associated with the fulfillment of KPIs in environmental, social or governance dimensions. Last year we accompanied shipping company Ultrana, Enel Chile and Casaldeas, among others, in the issuance of their first credits of this type.

Likewise, and as another way to support and encourage more companies to deepen their commitment to sustainability, last May we joined with Sistema B Chile to invite our SME clients to be part of the "Measure what matters" program for free, hoping to support them in identifying their social and environmental performance, as well as the risks and opportunities for improvement.

This ESG strategy was widely recognized in 2021 by independent external evaluators. This is how last year we established ourselves again as the only bank in the country that meets all the necessary standards to integrate the Dow Jones Sustainability Index of Emerging Markets, in addition to the DJSI Chile and MILA indices. Likewise, we were recognized as the ALAS20 Companies of the Year and once again highlighted as one of the three firms with the best corporate governance in Chile according to the "La Voz del Mercado" survey.

For all these reasons, and to highlight the authenticity of our commitment to environmental and sustainability challenges, last November we held a virtual event for investors called "Santander Chile ESG Talk", which was focused on showing our progress in environmental, social and governance matters. Among the different announcements that we mentioned on that occasion, there is one that fills us with pride: the construction of six solar panel plants that will provide the Bank with its own energy, which shows that we are making decisive progress in reducing our impact on the environment, leading the local industry with these alternatives.

In terms of innovations in our financial management, I would like to highlight that despite the highly volatile conditions that the markets faced last year, at Santander we continue to expand our sources of financing through successful placements that not only captured the interest of investors, but at the same time marked true milestones at the

local level. In fact, in February we issued the first sustainable bond with ESG criteria for the female SME segment, which allowed us to finance this segment, fundamental in our objective of promoting the country's financial inclusion. In October, we also successfully placed a bond in Swiss francs equivalent to US\$205 million in the public market for a term of five years, which ratified the excellent reception of our credit abroad. Additionally, in 2021 Banco Santander marked a very important milestone in the local market, with the issuance of a perpetual bond, the first transaction of this type by Chilean issuers, which reflects our rapid response to regulatory changes and the commitment to follow the best practice standards of Basel III and the amendments to the General Banking Law.

Finally, I would like to record that during the past year we continued to develop in a dynamic environment in legislative matters. Indeed, during 2021 various regulations were published with an impact on the banking sector, related, on the one hand, to policies to support people and companies in the face of the consequences derived from the persistence of the pandemic and, on the other, to the relationship that banks maintain with their consumers. Within the first set of regulations, the creation of the so-called "Deferral Credit" (aimed at delaying the payment of installments owed for mortgage loans during the crisis period) and the "Fogape Reactiva" program, which provided for an extension of the facilities of access to credit for small and medium entrepreneurs until December 31 of last year.

In terms of regulations associated with the relationship between banks and their customers at different levels, the initiatives issued in 2021 cover a wide range of issues ranging from establishing limitations on judicial and extrajudicial collection actions, to a set of rules within the "Pro Consumer" law, which sets new parameters for the terms of contracts, information that must be provided to consumers, as well as limitations on the offer of exclusive benefits linked to means of payment and the management of customer data .

I close this by reiterating my deepest gratitude to all the people who give life to Banco Santander Chile. Dedication, ability to adapt, commitment and sense of excellence are at the base of the achievements reached and are a seal of guarantee that allow us to look with confidence at this challenging year 2022, in which we are all called to make the best possible effort to rebuild the foundations for Chile's progress and to agree on the rules that allow us to achieve as a country the level of development that we need and deserve.



Claudio Melandri Hinojosa
President of the Board

Letter from the CEO

Miguel Mata Huerta

In the last Great Place to Work ranking, we scored 92 points, 5 points higher than the year before, which crowned us as the best place to work in the country for companies with over 1,000 employees. Furthermore, in July, we were the first bank to receive the Sello Igualdad Conciliación (Conciliation Equality Seal), bestowed by the Ministry of Women and Gender Equality in Chile, which ratifies the Bank's commitment to gender equality and the conciliation of work, personal and family life.

Dear stakeholders,

2021 was a year in which we made enormous progress in our mission to be the best bank in Chile by acting responsibly and earning the loyalty of our customers, stakeholders, people, and communities, always aligning to our Simple, Personal and Fair style.

In terms of results, the profits attributable to the Bank's equity holders amounted to \$774,959 million in 2021, marking a 49.8% growth over 2020. This is mainly ascribed to the excellent results we achieved in our different endeavours, the positive evolution of our risk indicators, highly efficient management, and the impact of higher inflation levels on our financial margin. These results allowed us to achieve a 22.7% ROE by the end of the year, which compared to the 15.3% of the system without Santander ratifies our position as leaders in the Chilean industry.

In 2021, Santander Chile also ended the year as a leader among its main competitors in various domains. The Bank's efficiency ratio stands out, reaching 36.6% compared with 2020's 39.8% figure alongside the net interest margin, an indicator of our average spread, which improved from 4.0% in 2020 to 4.2% in 2021.

We have once again finished the year as the financial institution with the largest market share in loans amounting to 17.9%. Our loan portfolio grew by 6.5%, driven by car, mortgage, and commercial loans to big companies. The FOGAPE Reactiva program also influenced this growth, in which we once again enacted a relevant role given our leading position in funding SMEs in Chile. In total, we recorded \$2.0 billion in Fogape loans by the end of December, of which \$877 billion corresponded to Fogape Reactiva loans.

Regarding customer capture, I wish to highlight what a great year we again experienced in terms of current accounts. Total deposits grew by 11.5% in 2021, with substantial progress in all segments and led by demand deposits, which rose by 22.9%. In terms of account openings, we continue to exceed expectations and again achieved a record year. Compared to our competitors, per the last information made available by the Financial Market Commission (CMF), Santander has opened 551,692 net current accounts in comparison to 789,588 accounts included by the entire system excluding us. With this, our market participation grew from 25.9% to 28.9% in one year, while our market share of demand deposits strengthened, reaching 21.6% by the end of 2021.

In terms of business segments, I wish to underline the positive results in our Retail, Middle-Market and CIB banking. The net contribution of our business segments to the Bank's results rose by 26.2% in 2021, amounting to \$934,575 million. The highest revenue came from Commercial Banking, which considers our individual and SMEs customers. This segment amounted to \$536,302 million in 2021, 21.5% higher than 2020's result. Loans grew by 6.5% in the year, driven by low-risk mortgages, while deposits rose 11.5%, boosted by the growth of demand deposits. Fees was the line that stood out the most after being more pressured in 2020. There was solid growth in card use,

our customer base and in newly launched features and products, which translated into a 24.5% surge for this line during the year.

I also wish to highlight the year's positive results in terms of risks. Compared to 2020, loan risk provisions shrank 20.6%, as the economic activity recovered and thanks to the constant concern of our teams to manage risks conservatively. Furthermore, during the year, our clients had a better payment behaviour than before the pandemic due to the high liquidity in the system derived from the pension fund withdrawals and state aid, compounded with the Emergency Family Income. The past-due portfolio ratio improved from 1.4% in 2020 to 1.2% by 2021's end. Despite this improvement, the Bank's Board and Senior Management approved the constitution of \$132 billion in additional provisions in light of the still high uncertainty existing due to the pandemic. This is why the coverage ratio, measured as on-balance sheet provisions of loan-risk losses over the non-performing portfolio, reached 270.5% by the end of the year, which compares to last year's 226.7% figure.

Despite the short-term effects of the pension fund withdrawals on growth and our clients' payment behaviour, there were also negative consequences on capital markets. This was reflected in the hike in both short and long-term interest rates, which raised the funding costs for individuals and companies in Chile. To tackle this situation and capitalizing on the Bank's excellent risk ratings (Moody's: A1 y S&P: A-), the Bank reactivated its debt issuances in the international market. As a result, we issued approximately US\$1,283 million total in the US, Japanese and Swiss markets at lower interest rates than if we had undertaken these issuances in the local market.

Another significant milestone of the year was the Basil III implementation, starting in December 2021. Santander Chile has been working for several years implementing this very relevant standard which will allow a better and more highly capitalized financial system. Because Santander Chile has been preparing for this transition for years, the impact on our capital ratios was minimal. Under this new law, risk-weighted assets determined by loans are added to those of market and operational risk. In general, the BIS III model in Chile is similar to international standards. The only exception are market-risks models, where we believe it is essential to continue to develop the option of using internal models that are more coherent to the depth of our capital market, thus preventing overestimating such risk. In this Basil III adoption process, we became the first Chilean bank in issuing a perpetual bond for US\$700 million, which operates as Additional Tier 1 under the new Basil III standards that were enacted in 2021 in Chile. As of December 2021, our core capital ratio ended the year at 9.6%, and the total Basel ratio settled at 15.7%. With this, we amply met the capital requirements demanded in Chile.

These positive financial results also reflect the great year we had in reaching new strategic goals related to all our stakeholders. I wish to highlight several milestones with special pride, particularly our relationship with customers. We once again obtained first place in the Net Promoter Score (NPS) for 2021 in local banking, with a score of 60 and a gap of 7 points above our closest competitor. Thus, we continue to solidify our leadership in quality of service. This is the product of our hard work and development in several areas so that Banco Santander Chile truly embodies a Simple, Fair and Personal Bank.

The progress has turned into tangible accomplishments, which translated into the milestone of surpassing the 4 million customer threshold in the year, with a 14.1% annual growth in our whole customer base. A significant portion of this figure consists of digital customers, which grew by 30.4% and amounted to over 2 million, reflecting the success of our digital platforms. The majority of the Bank's new customers not only entered via digital platforms but also through the creation of current accounts. Thus, the total amount of customers with a current account, including debit, grew by 37.8% in 2021, which became a record year since opening this product in the Bank's recent history. Our market share in current accounts rose by 300 bps in 2021, reaching 28.9%. From every two current accounts opened within the financial system during 2021, one belonged to Santander.

Our platform Santander Life has also been vital for this development. From the start of the pandemic, the popularity of this account of digital affiliation has skyrocketed. In 2021 the Life account openings grew by 85.6% yearly, reaching above 900,000 customers. This success stems from its impeccable digital onboarding while wholly acting as a current account, without income restrictions or minimum balance. As a result, Life customers had over US\$ 1 billion credited to their current accounts by the end of 2021, which exceeds by far the average balance in the platforms of our competitors.

I also would like to call attention to the success of Getnet, our acquiring business, which was launched in 2021. This company quickly exceeded our most optimistic expectations, ending the year with over 68,000 sales in POS, of which 92% were retained by SMEs. Getnet reached an NPS of 73 points in the year, corroborating how extended assimilation into commerce goes in hand with an excellent perception of quality of service.

In the years to come, we will continue to innovate in our digital platforms alongside our WorkCafe branches, which reached 63 by the end of last year. With the team, we are implementing an investment plan of US\$260 million for the next three years to solidify our leadership in innovation, growth, and quality of service in the finance industry.

This success also goes in hand with the gains we have achieved in our Social sphere, starting with the progress accomplished with our collaborators. Santander Chile is focused on attracting the best talent and encouraging its employees' development, so they can achieve their peak potential and contribute to our organization's sustainability. We are one of the largest companies in Chile, with almost 10,000 collaborators throughout the country, and we wholly respect the freedom of association. 75% of Santander's collaborators are unionized today, while 100% of them are covered by the collective bargaining agreements negotiated every three years. In 2021 a new agreement was arranged and enacted last September, which includes the best benefits a company can offer in Chile. Among changes made, compensations and flexible days were increased.

In the last Great Place to Work ranking, we scored 92 points, 5 points higher than the year before, which crowned us as the best place to work in the country for companies with over 1,000 employees. Furthermore, in July, we were the first bank to receive the Sello Iguala Conciliación (Conciliation Equality Seal), bestowed by the Ministry of Women and Gender Equality in Chile, which ratifies the Bank's commitment to gender equality and the conciliation of work, personal and family life.

Furthermore, 2021 was a year in which we solidified the path we have taken to be a responsible bank. We are proud of the gains we have had in recent years and how we have incorporated sustainability in all of the Bank's endeavours. The market and investors are acknowledging our progress in these issues, proof of which are the several positive assessments we have scored in several indices measuring ESG matters. I can say with pride that in the Dow Jones Sustainability Index, we are ranked the best Chilean bank, while also the only one present in the Chile, MILA, and Emerging Markets indices. In the MSCI index, we currently score an A, and the Vigeo Eiris classified as Advanced, with 62 points and a global ranking of third among 89 retail banks worldwide.

Nevertheless, we believe that there is still ample space to continue to grow. Therefore, we have announced ten commitments in regard to being a responsible bank that we wish to accomplish by 2025. These are:

1. To be the best company to work in Chile: We are currently the number 1 company in the Great Place to Work ranking for companies over a thousand collaborators, with a Top Employer Certification. We seek to maintain this leadership.
2. To increase the percentage of women in executive positions: Currently, 28% of the Bank's directors are women. Our target is to reach 30% in 2025.
3. To eliminate the gender pay gap: We currently have a 2.5% gender pay gap, with our goal set to eliminate it by 2025. The Sello Igualdad Conciliación bestowed by the Ministry of Women and Gender Equality in Chile offers us a path to follow and an official commitment to advance in this matter.
4. To provide financial empowerment to people: We contributed to financially empowering 1,693,277 people between 2019 and 2021. Through our finance products such as Life, we seek to financially empower above 4 million people by 2025.
5. To provide our customers with green funding: We have a goal set for 2025 to fund ours and our customer's projects for at least US\$1.5 billion through our ESG framework.
6. To increase energy from renewable sources: 28% of our energy emanates from this type of source. Furthermore, we commit ourselves to ensure 100% of the electric energy we use originates from renewable sources.
7. To 100% offset our carbon footprint and progressively reduce it: Since 2019, we have reduced 100% of our carbon footprint. We will continue to progress in measuring our loan portfolio's carbon footprint, and we support the Group's goal to become carbon neutral by 2050. Based on our own operations, our objective is to achieve carbon neutrality by 2025, without the need to compensate for the footprint by purchasing carbon bonds.
8. To eliminate single-use plastic waste in our operation: During 2021 we eliminated 100% of single-use plastic waste.
9. To grant scholarships, internships, and programs for entrepreneurs: During 2020, we awarded 2,951 education and entrepreneur scholarships at a local level. Our goal is to grant 13,541 scholarships between 2019 and 2024.
10. To support people through our community contribution programs: During 2020, we supported 108,476 people through education programs and other support measures that benefited individuals in vulnerability. In social matters, between 2019 and 2024, we expect to help more than 500,000 people through our community programs.

Finally, our shareholders can also be contented. 2021 was not an easy year for the Chilean stock market. The Local Stock Index IPSA, in fact, suffered a 1.8% contraction. By contrast, the total revenue of Banco Santander Chile's assets was +0.4% in 2021 and 4.4%, including dividends, not only surpassing the IPSA but also all of our competitors trading in the stock market.

We know we have a challenging road ahead, but I am sure that we will meet and surpass these goals. The results of 2021 demonstrate our dedication to the Bank's development, and I wish to thank the trust the Board and all stakeholders placed in the Bank and its people. The progress in our strategy allows us to deepen our commitment to creating value for our shareholders, customers, collaborators, suppliers, and society as a whole.



Regards,
Miguel Mata
CEO

2021 at a glance

Highlighted figures

Assets (\$)

63,671,025
million

Total loans (\$)

36,634,768
million

Total liabilities (\$)

60,176,445
million

Total deposits (\$)

28,031,993
million

Consolidated net income (\$)

784,920
million

Equity (\$)

3,494,580
million

Shareholders



+6.5%
Loan growth

22.7%
ROAE

1.3%
ROAA

US\$7,674
million
Market capitalisation

5.0%
Return on dividends
paid in 2021

Customers



4,116,301
Total n° of customers

↑ 44.8%
2,184,012
N° of current accounts

↑ 85.6%
900,065
N° of Life customers

60
NPS

↑ 8.9%
832,405
N° of loyal customers

↑ 30.4%
2,016,947
N° of digital customers

Collaborators



9,988
N° total
collaborators

55%
Women

28%
Women in executive
positions

73%
unionisation

Suppliers



849
N° of SMEs suppliers

2,364
Local suppliers (%)

99.2%
N° of Award-winning
suppliers

95%
bills paid in <30 days

Society



\$3,297,283,093
Total community contribution

1,693,277
people financially
empowered since 2019

108,476
N° beneficiaries

Environment



486
tonnes
of paper
consumption

94%
of waste
recycled

23,536
MWh of power
consumption

100,573
m³ of water
consumption

8,969.6
tCO₂e
Total emissions

Milestones in our history

The complete history of Santander can be found on the website: <https://banco.santander.cl/nuestro-banco/informacion-corporativa/nuestra-historia>

[CMF 2.2]

1978

The Banco Santander Chile branch is founded as a subsidiary dedicated mainly to foreign trade operations of Banco Santander in Spain.

1984

A network of 30 ATMs (Telebanco TB) is implemented, complemented by services such as Computer Home Banking. At the time, it is the only bank to offer them in Chile.

1989

The portfolio sold to the Central Bank in Chile is bought back and the name is changed to Banco Santander Chile.

1993

Santander reaches over 100 branches open nationwide and acquires Fincard.

1995

Acquisition of Financiera Fusa and merger with Fincard. With the merger of both companies, Banefe is born, with over 600 thousand customers in the middle-income segment

1996

Merger with Banco Osorno and La Unión, becoming the largest bank in the country with leadership in all business segments.

2001

The Universia portal is created in Chile, with the support of Santander Group and the country's leading universities

2002

Merger with Banco Santiago, solidifying its position as the largest bank in the country, with a total of 347 branches nationwide.

2007

Santander Chile becomes the first financial institution to receive certification under Sarbanes Oxley, a standard that establishes rigorous internal control requirements for companies listed on the New York Stock Exchange. The Banco Santander Chile website is launched.

2009

Santander opens the first branch of private banking on Easter Island.

2012

A commercial transformation begins, centred on innovating, simplifying products and procedures, and effective multi-channelling.

2014

Santander Trade is launched, a corporate digital platform to provide SMEs and corporate clients with everything they need to open their business abroad.

2015

Alliance with LATAMPASS, with work undertaken to make LATAMPASS kilometres benefit tangible.

2016

-Launching the new Work/Café branches model, which seeks to change how banking is done based on a new relationship with teams, customers, and society.

-20 years since it began trading shares in the United States at the New York Stock Exchange (NYSE).

2017

Santander Life is launched, a service model that rewards good financial behaviour through exclusive recognitions such as discounts, interest-free instalments, flexibility in paying loan instalments or their reductions. The digital banking revolution begins in Chile.

2019

-Further development into the payment methods industry towards greater openness, migrating its card fleet from the old three-part model to the new four-part model.

-Klare is born, the first 100% digital insurance broker in Chile.

-Adherence to principles of Responsible Banking.

2020

-Year marked by the Covid-19 pandemic, with focus on customer support through multiple strategies and the protection of collaborators through protocols.

-In this context, Superdigital 100% digital account is officially launched.

-Ranked first within the financial industry in terms of Customer Recommendation measured in NPS.

-Best in the Great Place to Work in companies with over a thousand collaborators.

-With the launching of Compensa tu huella (Offset your carbon footprint), Santander begins its Santander Verde (Green Santander) value offer, to which further proposals such as green loans and green mortgage, among others, were added. Santander Chile Digital Talk 2021 with investors.

2021

-Solid technological and digital progress such as the Getnet POS platform launch.

-Further development into ESG matters with sustainable funding, alongside a solid financial position.

-Santander Chile ESG Talk 2021, an online event for investors, is carried out with top management participating. Santander Chile Digital Talk 2021 with investors.

A year in Santander Chile

[CMF 2.2]

FIRTS SEMESTER



Launching of the One Trade Tracker digital platform

In February, we launched the One Trade Tracker digital platform, which allows the status of foreign payments and those received abroad to be tracked in real-time.

Additionally, users - from SME customers to large corporations - will be able to visualise the costs intervening banks abroad apply and whether any inconvenience impedes the payment.

Issuance of the first sustainable bond funding the female SMEs segment.

In February, we issued our first sustainable bond incorporating the ESG criteria to fund the SME segment led by women, which is fundamental for our financial inclusion strategy.

This operation is rooted in our effort to contribute to the enhancement and growth of businesses operated by women. The issuance was in the order of US\$ 50 million, with a 0.71% rate in three years. This bond was followed by another private placement for US\$100 million, for three years at similar rate

Betterfly platform

We are the first bank in the country to make the Betterfly platform available for our collaborators, aiming to help them improve healthy habits and increase physical activity while contributing to TECHO-Chile.

In detail, collaborators through this platform

can collect points every time they do physical exercise and use Instafit applications (virtual training), Purely(meditation) and The Big Know (education and wellbeing). These points can be exchanged for products in the catalogue or destined to support charity initiatives. They can also access medical appointments and psychological support cost-free

Welcome GetNet

In March, we began operating GetNet, our payment network and new POS (Point of Sale) platform. By the end of the year, it reached over 68,000 affiliated customers, of which 92% were SMEs, helping them digitalise their business and help them grow based on agility and simplicity.

One of our aims is to expand this payment system to achieve a 15% market share within three years.

→ [If you wish to know more details, check chapter 4.](#)

Founding member of the Net Zero Banking Alliance

At the start of April, the Santander Group became founding members of the Net Zero Banking Alliance (NZBA). This is led by the United Nations Environmental Program Financial Initiative (UNEP FI), as part of the Glasgow Financial Alliance for Net Zero (GFANZ), which brings together banks worldwide committed to aligning their loans and investments to the zero net emissions by 2050.

This ambitious alliance foresees that the 43 pioneering signatory banks hasten the implementation of decarbonisation strategies, providing a coherent framework at an international level, supported by the learning between banks.

Alongside this, Santander Asset Management (SAM) came to form part of the Net Zero Asset Managers, an initiative contemplating over 200 managers worldwide seeking to reduce GHG emissions by 50%

Measure what Matters Program (Mide lo que Importa)

Starting May, we have come together with Sistema B Chile to invite our SME customers to be part of the Mide lo que Importa program (Measure What Matters). The aim is to identify businesses' social and environmental performance and risk and opportunities for improvement.

The businesses participating in this virtual and free program can measure their economic, social, and environmental impact through the Impact B Assessment, which contemplates several of the companies' areas such as governance, workers, community, environment, and customers.

We support our customers with ESG loans

Financial solutions linked to the ESG criteria have become one of our distinctive features for businesses seeking to improve their sustainability. Through these financing alternatives, we have underpinned the market at a local level through loans with rates linked to KPIs in environmental, social and governance criteria.

We helped the shipping line Ultrana, Enel Chile, and Casaldeas to issue their first ESG loans during June and July, with interest rates subject to their adherence to indicators linked to reducing greenhouse gas emissions, the accident rate of their workers, waste reduction and value growth, among other indicators.

Financial Education for all

In August, we made available to the public the second version of our free and virtual course, 'Financial Education for all', alongside UC's Centre of Public Policies.

This course offers twelve videos to learn about different financial matters to anyone interested. It also provides information for personal and family decisions based on the database and current market news, such as different types of loans, saving and pension options.

→ [More details on financial education in chapter 6.](#)

Return to the Swiss market

In October, we successfully issued a bond in Swiss francs for CHF 190 million, equivalent to US\$ 205 million in the public market in five years, achieving a 60 bps spread over the reference rate.

This issue confirms the excellent reception of our credit in the foreign market in moments of local uncertainty. This transaction fostered great interest and demand by investors and represents the second in this market in the year. With this new instrument, the Swiss market solidifies its position as the second most relevant among the Bank's strategy to diversifying financing, reaching approximately 30% of the total foreign debt.

We celebrated 5 years of Work/Café

In October, we celebrated five years of Work Café, our digital and physical space for customers and non-customers.

This modern office model is one more example of our commitment to the progress of people, businesses, innovation, and technology, by creating new experiences when attending a bank subsidiary.

This milestone coincided with the launching of Work/Café in the Chilean Patagonia. We are betting on the gradual return to on-site working through coworking spaces where people can both work and relate to other professionals. By the end of 2021, we reached 63 Work Café nationwide.

→ [More information of Work/Café in chapter 4.](#)

First Chilean bank to issue a perpetual bond

We privately placed a perpetual bond in the international market to an entity of the Santander Group, amounting to US\$ 700 million at an annual 4.625% rate, which represents 343.3 bps over the five-year US Treasury bond rate. The bond does not have a fixed maturity date and is not redeemable until five years after its issue date.

This transaction is the first of its kind to be undertaken by Chilean issuers, reflecting our quick answer to regulatory changes and the commitment to follow both the Basel III best practice standards and the modifications to the General Banking Law. This is a loan for general corporate purposes, which will allow us to strengthen the Bank's capital base.

Santander Chile ESG Talk

For the second year in a row, we organised an online event for investors in November to present Santander's progress.

The session of 2021 centred upon showcasing our gains in environmental, social and governance matters, called Santander Chile ESG Talk 2022.

The focus was Santander Chile's efforts in helping its clients to move into a greener economy, alongside its own process in reducing its impact on the planet.

Additionally, we announced the building of six solar panel plants to create our own renewable energy of 300 kW of power each, which will become operative in 2022 and be located in Coquimbo, Valparaíso and Metropolitan regions. Thus, Santander continues to lead on its commitment to carry out more environmentally responsible operations.

→ [More information on the ESG Talk in chapter 2.](#)

All of the milestones of Santander for 2021 can be found in: <https://saladecomunicacion.santander.cl/?ga=2.240228675.1357718255.1648476937-820066773.1560871049>

Awards



Financial rankings

Distinction by the financial magazine Euromoney

- Euromoney bestowed us with the award 'Best Bank at Financial Inclusion in the World', highlighting our work to financially empower individuals and entrepreneurs.
- For the ninth time, the magazine recognised us as the 'Best Bank in the Country' in their annual awards, which places us as leaders in the banking industry.

Santander Asset Management is ranked the best national asset manager according to Rankia Chile

- Santander's fund manager was recognised as the best nationwide manager in the second edition of the Rankia Chile awards. This event distinguishes the best financial entities to operate in the stock market, investment funds, and business.

#1 in all local categories of the Institutional Investor 2021 ranking

- Institutional Investor, one of the most prestigious publications globally for investors and analysts, placed us first in all seven categories of its ranking in mid-cap and large-cap companies in the country.

Santander is recognised as Bank of the Year by The Banker

- The English magazine recognised our permanent commitment and highlighted that the company has participated in diverse credit loans with ESG characteristics. This award was also received by other countries where the Group has a footprint like Brazil, Argentina and Portugal, as well as in the Latin American region.

Santander Asset Management receives Morningstar award

- The 2021 version of the Morningstar Fund Awards distinguished our mutual fund 'Santander Select Income Global Series', in the category of best medium-term fixed income fund in CLP, in recognition of this investment instrument's performance compared to our peers in the same category.

The most awarded asset manager of the Premios Salmón 2021

- The Premios Salmón, an initiative of Diario Financiero (Financial Journal) and LVA Indexes, is one of the most important recognitions bestowed to Chile's mutual funds' industry each year. Santander Asset Management was the most distinguished manager in this award focused on the asset fund manager and voluntary pension savings categories.



Innovation & digitization

Best digital bank in Chile according to Global Banking and Finance

→ We have been recognised as the 'Best Digital Bank' by the English magazine Global Banking and Finance. Furthermore, the publication distinguished us as the banking entity with 'Greatest Digital Growth in Chile'.

Best Branding Awards: two awards for Santander Chile

→ We accomplished two awards in the Best Branding Awards competition, organised by Valora. This company, which is also behind the most important professional recognition programs in the marketing industry in Chile, recognised us as leaders in brand experience and strategy.

Best bank according to Creativity and Innovation C3 Ranking

→ The C3 ranking developed by the Brinca Global Consultancy and the Universidad del Desarrollo recognised us as the most innovative business nationwide in the financial industry, highlighting the areas of domestic openness, strategic commitment, resources, and incentives.



Environment

Leaders in sustainable finance according to Global Finance

→ Global Finance recognised our management in terms of sustainability, in the category 'outstanding leadership in sustainable finances' in Latin America, for developing initiatives that support our customers in transitioning towards a greener economy and thus fight against climate change.

'Zero Waste' Seal by the Ministry of Environment

→ In Santander Chile, we obtained the 'Zero Waste to Sanitary Landfills' seal, bestowed by the country's Ministry of Environment, and that recognises the business establishments that quantify and manage the waste they produce.



Social

Top Employer certification

→ The Top Employer Institute, a global organisation with over 30 years of experience that recognises excellence in human resources management and the best companies to work in, bestowed us with this certification for the third consecutive year.

First bank in Chile to obtain the seal 'Iguala Conciliación' by the Ministry of Women

→ We obtained the Seal 'Iguala Conciliación', granted by the Ministry of Women, concerning gender equality and conciliation between working, personal and family life, which allows us to be internationally renowned for achieving specific standards in the promotion of these matters.

EIKON 2021: three awards for Santander Chile

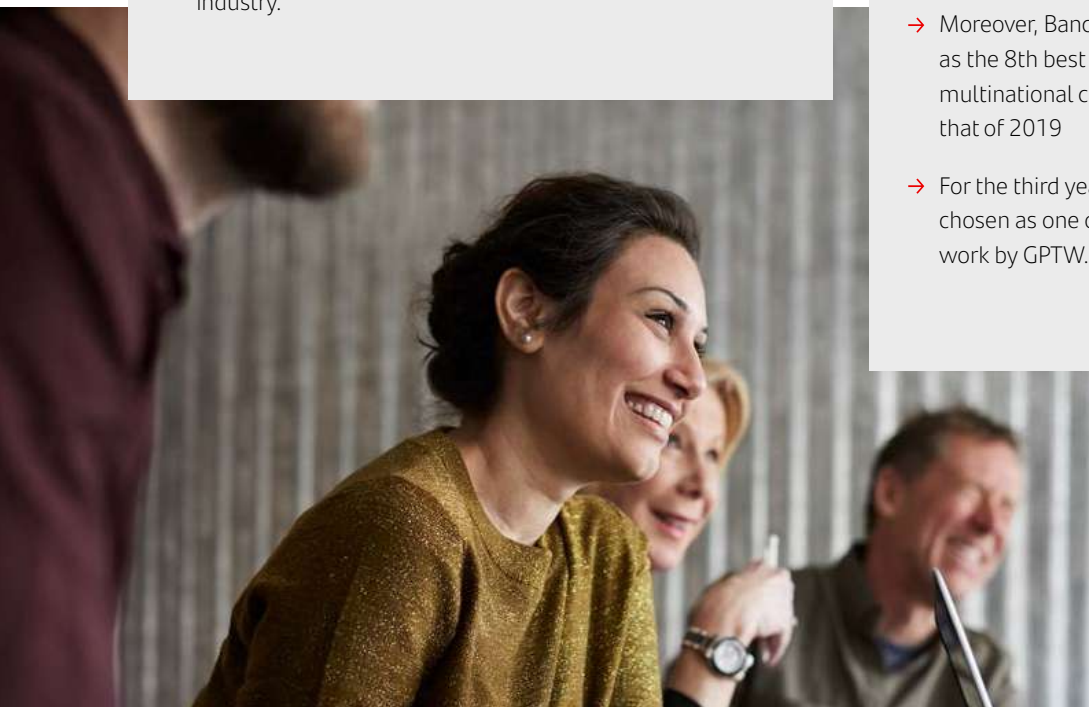
→ The EIKON awards, which distinguish excellence in institutional communication, bestowed us three awards: the first place in Corporate Identity Communication, a second place in the Events category, and a third place in the Sustainability/Education category.

First place in the NPS customer recommendation in Chile.

→ For the second year in a row, the Activa Research survey has positioned us as the leading bank in customer recommendation (NPS), obtaining first place by ample margin against the primary competitors of the local industry.

Great Place to Work Rankings

- For the first time in 2021, the prestigious work ranking positioned Santander as the first among Chilean companies to work in, recognising the management undertaken in 2020 in terms of organisational climate and culture.
- Moreover, Banco Santander has been distinguished as the 8th best place to work in Latin America in the multinational category, climbing one place above that of 2019
- For the third year in a row, Banco Santander has been chosen as one of the 25 best companies worldwide to work by GPTW. It is the only bank included in the list.





Governance

Corporate governance is recognised by 'La Voz del Mercado.'

→ For the third year, Santander Chile was distinguished with the award 'La Voz del Mercado' handed by EY, in conjunction with the Santiago Stock Exchange and the Institute of Directors of Chile to companies with the best corporate governances in the country.

ALAS20 Awards: Sustainable Leaders Agenda

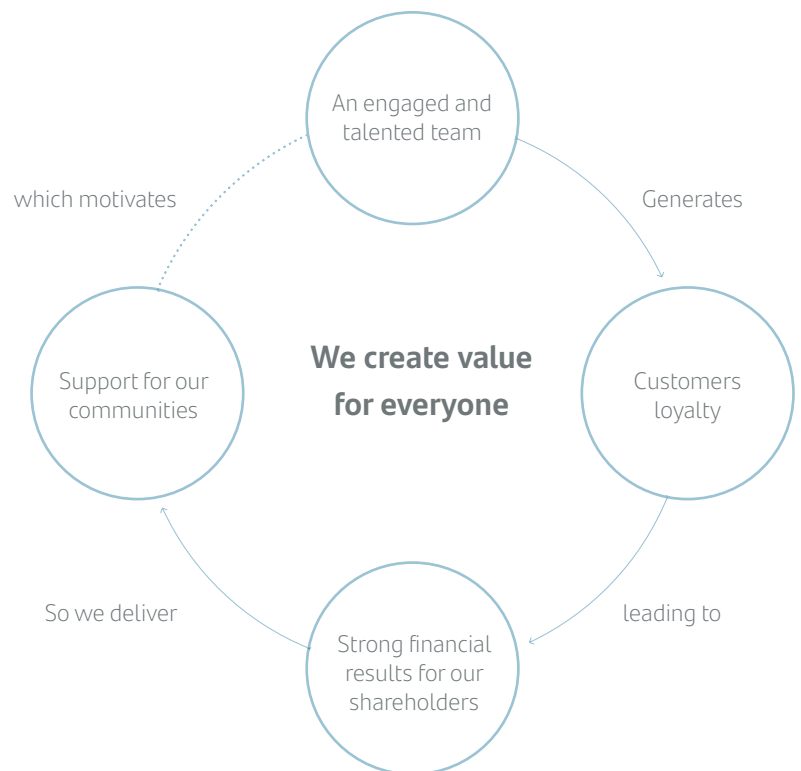
→ We were distinguished as the ALAS20 Leading Company in the Chilean market, the highest distinction to which a company can aspire in the Sustainable Leaders Agenda, organised by Govenart, which is handed to companies demonstrating leadership, consistency, and excellence in the spread of public information



Santander Group

Santander Chile is part of the Santander Group, one of the world's leading financial institutions. It offers point-of-sale consumer funding services to more than 19 million customers through a network of over 63,000 branches on three continents.

Its headquarters are located in the same place as its foundation, in the city of Santander, while its central offices are in Madrid (Spain).



The Santander Way

Our purpose



To help **people and businesses prosper**

Aim



To be the best open financial services platform, by acting responsibly and earning the lasting loyalty of our people, customers, shareholders and communities

Our aim



Everything we do should be **Simple, Personal and Fair**

A strong and inclusive culture: our foundation for building a more responsible bank.

Two main focal points

Customer

At the heart of our strategy is our customer. We want to earn their loyalty by being Simple, Personal and Fair in everything we do and by offering the best customer experience.



153 million customers worldwide (+5 million over 2020)

Top 3 at the NPS in 8 out of 9 markets

€2MM/year technology investment to transform business

76% digital transactions from our banks (vs 55% in 2019)

A responsible bank that integrates ESG criteria (Environmental, Social and Governance)

We aim to achieve net-zero carbon emissions by 2050, supporting our customers' transition to a low-carbon economy while encouraging inclusive and sustainable growth.



Nº 1 Bank in the Bloomberg Gender-Equality Index

Nº 1 financial advisor in renewable energy Project Finance

Among the **25** best companies in the world to work for

€66 million in green financing since 2019 (SCIB business only)

7.5 million financially empowered people since 2019

>€550 million of loans granted to micro-entrepreneurs



1. Euromoney recognised Santander as the World's Best Bank for SMEs in their 2020 rendition of the Excellence in Leadership awards. This is the third time Santander has won the award for its SMEs services in five years. Euromoney noted that "covid-19 has allowed the Spanish bank to demonstrate the advantages of a global SMEs franchise, even to clients without international operations".

Business model

Our business model is based on three solid foundations to generate value:

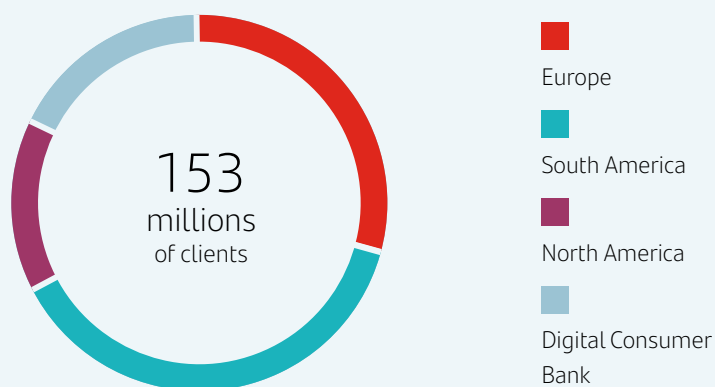
Customer focus

Focused on establishing unique personal relationships that strengthen customer bonding. Santander has 153 million customers and more than 100,000 employees who interact directly with them daily through an extensive network of branches and customer services. Digital sales comprise 44% of the total, increasing the use of digital channels.

Scale

Focused on three geographic regions where it maintains a leading position in the primary markets. Its global format allows for greater collaboration within the Group to generate higher revenues and efficiencies.

2021 Distribution of clients by market



Top 3 NPS in 8 of 9 markets



Market share

United States

Loans 3%
Deposits 2%
Santander Bank's market share as of June 2021. All states in which Santander Bank operates are considered.

Mexico

Loans 13%
Deposits 13%
Market share as of September 2021.

Brazil

Loans 10%
Deposits 10%
Market share as of September 2021.
Debentures, LCAs (agricultural bills of credit), LCIs (real estate bills of credit), LFs (financial statements) and COEs (structured transaction certificates) are included in deposits.

Chile

Loans 18%
Deposits 18%
Market share as of December 2021.

United Kingdom
Loans 10% / Deposits 8%
Market share as of September 2021. This includes the London branch and the SFC business in the UK

Digital Consumer Bank

1st European Consumer Bank
In car loans in most European markets in which it operates (source: information from local car associations and market information reported by SCF authorities).

Poland

Loans 12% / Deposits 11%
Market share as of September 2021.
The SFC business in Poland is included.

Spain

Loans 17% / Deposits 18%
Market share as of September 2021.
Santander Spain (public criteria) + Hub Madrid + SCF Spain + Openbank, and other resident deposit sectors are included.

Portugal

Loans 18%
Deposits 14%
Market share as of September 2021.

Argentina

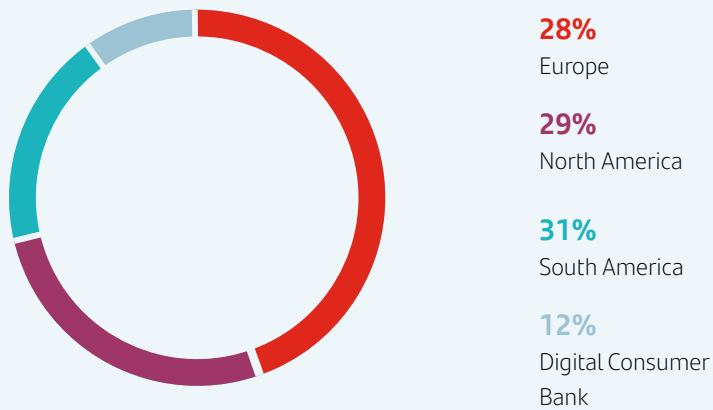
Loans 11%
Deposits 11%
Market share as of December 2021.

Diversification

We aim for geographic, and business diversification balanced between mature and emerging markets in Europe and North and South America. Furthermore, it is well diversified in the different customer segments (individuals, SMEs, corporates and large companies).

Geographical diversification and main markets

Underlying attributable profit by region 2021¹



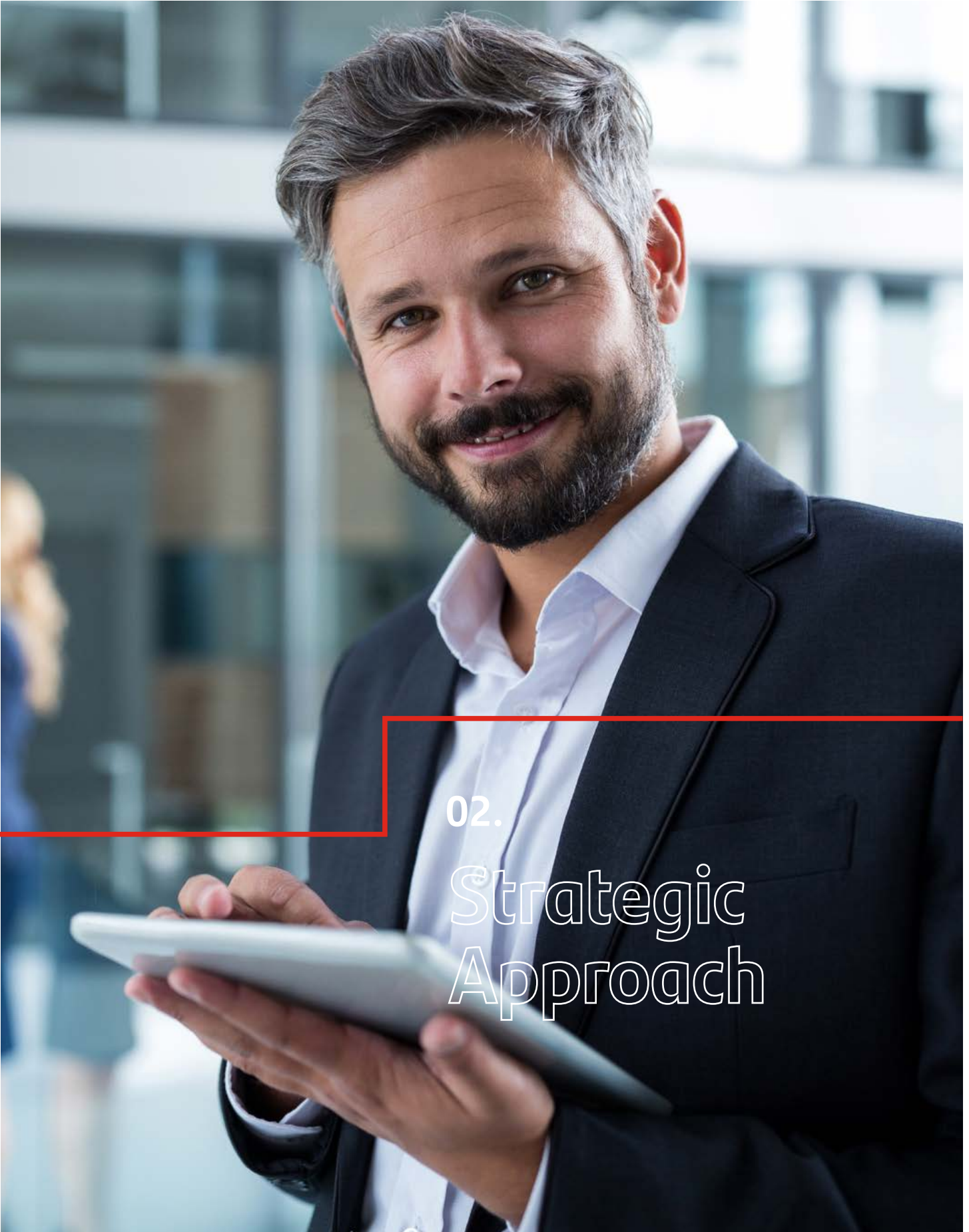
Find out more about Santander Group:

Website: <https://www.santander.com/es/home>

Integrated annual reports: <https://santandercl.gcs-web.com/es/reportes-anuales>

1. Contribution to ordinary profit as a percentage of operating tasks excluding the Corporate Centre





02.

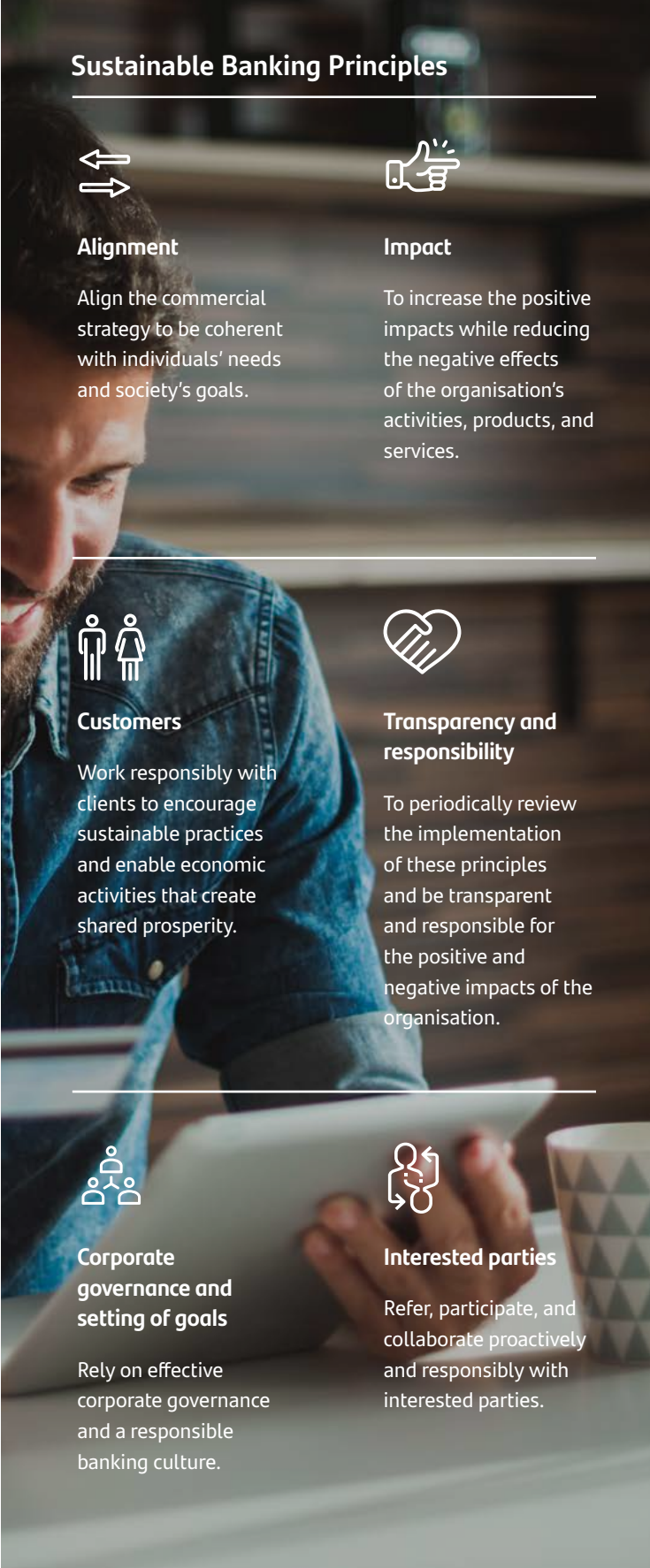
Strategic Approach

Responsible Banking and sustainability


Responsible Banking

Santander Group is one of the signatory founding members of the Sustainable Banking Principles promoted by the United Nations Environmental Program's Financial Initiative (UNEP-FI), created in 1992. The Group signed their adherence to these six principles and publicly stated their firm conviction that responsibility and transparency within the financial sector foster trust, which creates value for their groups of interest and society in general.

Furthermore, it has adopted the Climate Action Collective Commitment to expedite the financial sector's transition to a low carbon economy




Sustainable Banking Principles




Alignment

Align the commercial strategy to be coherent with individuals' needs and society's goals.




Impact

To increase the positive impacts while reducing the negative effects of the organisation's activities, products, and services.




Customers

Work responsibly with clients to encourage sustainable practices and enable economic activities that create shared prosperity.




Transparency and responsibility

To periodically review the implementation of these principles and be transparent and responsible for the positive and negative impacts of the organisation.



Corporate governance and setting of goals

Rely on effective corporate governance and a responsible banking culture.



Interested parties

Refer, participate, and collaborate proactively and responsibly with interested parties.

Santander Group has determined two fundamental challenges concerning responsible banking

1.

New business environment



The development of responsible banking requires a solid and well-founded culture that can counter the new demands of an increasingly changing and competitive business environment that can foster trust and support from the groups of interest. Accordingly, Santander has learned to assemble these various aspects into a work culture that can be summarised in three words: Simple, Personal and Fair.



1. To be the best company to work for in Chile.
2. To increase the number of women in executive positions
3. To eliminate the gender salary gap.

2.

Inclusive and Sustainable growth



Santander acknowledges that inclusive growth is more than just satisfying customers' needs. Accordingly, it has always strived to help entrepreneurs create businesses and jobs, strengthen local markets, advance financial inclusion, contribute to people's education, promote individual and collective progress, and develop social investment programs. Likewise, its sustainable growth contributes to environmental care and climate change mitigation, promoting sustainable financing while considering the environment's risks and opportunities.



4. To work to financially empower people
5. To offer green funding
6. Increase energy derived from renewable sources
7. To become carbon neutral
8. To eliminate single-use plastic in corporate buildings and branches
9. To offer scholarships, internships, and programs for entrepreneurs
10. To support people through community aid programs

To meet these challenges, the Bank has established

10 commitments

that will enable it to be a Responsible Bank

Sustainability Approach

[CMF 4.2]; [GRI 2-22, 2-23, 2-24]

Santander understands sustainability as the ability to adapt to new demands by using creativity and innovation, creating value for the groups of interest. This paves the path for social and economic progress while also mitigating the environmental impact in the areas of operation within the frame of a solid corporate governance.

The sustainability approach is inherent to the Bank's business and corporate culture, which manifests in its products, services and business management, and is reflected in the Bank's massive, digital, and individual communication.

It includes the General Sustainability Policy, which sets a comprehensive reference of principles concerning corporate social responsibility and social and environmental risks management. It is based on the best international practices in these matters, the Group's guidelines, and the United Nations Sustainable Development Goals (SDGs).

This policy sets the framework for Banco Santander's relationship with its interest groups. It also reflects its commitment to Human Rights, responsible taxation, the environment, and the Equator Principles.

Santander Chile is committed to two targets through this policy:



Groups of interest

With special attention to collaborators, customers, shareholders, the community, and suppliers; nurturing bonds, meeting their expectations, and creating long-term value for them.



Environment

It primarily concerns the development of solutions to climate change. With this goal, the Bank is committed to acknowledging the environmental impact of its facilities, internal operations, and banking and financial activity.

Lastly, Santander Bank promotes business under the current national and international legal frameworks regulating banking activity. Moreover, it has internal policies and principles that guide its collaborators' actions in line with its purpose, vision, and culture.

This framework, comprising documents elaborated by the Group and approved by the Group and approved by the corresponding local government bodies, is adapted and applied by Santander Chile to the local reality. Furthermore, it generates internal policies validated by the local corporate government.



Responsible Banking and Sustainability governance

Santander has a specific Responsible Banking and Sustainability governance structure, both at the Group's level and within countries in which the Bank operates. In Chile, the Bank has established a Responsible Banking, Sustainability and Culture Committee, which is led by the Chief Executive Officer and comprised of members in senior management. The committee aims to promote and integrate the Responsible Banking and Sustainability framework.



Goals of Sustainable Development – 2030 agenda

Santander has the certainty that responsible management contributes to the sustainability of the environment and society, which is a necessary condition for its activity in the long term. In this context, the Bank outlines its commitment under the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, which seek to end poverty, protect the planet, and ensure peace and prosperity for the people.




↓
Learn about Santander's contribution to SDGs throughout this Report.

1. More information of all the Group's policies in the webpage and in each of the material issues within this report

The Bank undertook an analysis of the contribution of the local agenda to the SDGs. This has allowed the identification of the organisation's most relevant goals in terms of their activity, commitment and strategic approach, and external factors.

Strategic pillars

The Bank's implementation of this approach is based on five strategic pillars: Shareholders, Customers, Collaborators, Society and Excellence in Execution. Each of these has its own specific goals and performance indicators, enabling monitoring their evolution and accomplishment of the set target. The indicators mentioned are also considered to calculate senior management payments, with each pillar having a specific ponderation. These indicators, along with others of the Bank, are presented to the Board quarterly to demonstrate progress and discuss the inclusion of new challenges.

 Clients		WEIGHT 32 %	We want to offer innovative, sustainable financial solutions that have purpose and excellence while providing the best experience, earning our clients' loyalty.	Focal Points: Experience / Consultancy / Digital / Scale
Key metrics	Description	2020	2021	
NPS	This indicator measures customers' answers to whether they would recommend the Bank on a 1 to 10 scale. The percentage of those who answered with a 1 through 6 on the scale is subtracted from the percentage of those who indicated 9 to 10.	51% Top 1 (Gap of 3 points above second place)	60% Top 1 (Gap of 7 points above second place)	
Digital Clients	A digital client is defined as one who has accessed the organisation's App or website in the last 30 days.	1,546,524 (+24%)	2,016,947 (+30%)	
Digital sales growth	It considers several digital operations such as current accounts, investments, insurances, payments, factoring, among others	38% growth in the number of digital operations on the Internet (Website and Mobile App)	120% growth in the number of digital operations on the Internet (Website and Mobile App) Solid growth in current accounts, insurances, and investments.	
League tables	CIB performance ranking within the Peer Group		Nº2 in M&A Nº1 in Project Finance Nº3 in DCM	
Loyal clients	A loyal client is an active client where the Bank covers the majority of its financial needs (a family of products)	764,104 (+8.5%)	832,405 (+8.9%)	



WEIGHT
22%



Employees

We want to be the best company to work in Chile, committed to our SPF culture.

Focus: Empathetic, committed, and flexible culture / Leadership at the service of culture / Cultivate the vocation to learn

Key metrics	Description	2020	2021
Commitment index	Index measuring collaborators' commitment to the Bank through a survey undertaken by People Management.	87% in 2019. In 2020 the survey was not undertaken due to the pandemic.	94%
Leadership index	An index comprising all indicators of the immediate senior's success, based on how the team perceives them.	87% in 2019. In 2020 the survey was not undertaken due to the pandemic.	89%
Diversity	It tracks the number of women in executive positions alongside people with disabilities.	21.5% of women in leadership positions 1.2% of workforce with disability	28% of women in leadership positions 1.32% of workforce with disability
Agile cell productivity	Measures the evolution of agile cell productivity and/or improvements in the Agile methodology.	2,009 releases under the Agile methodology. (+180%)	3,133 releases under the Agile methodology. (+56%)

WEIGHT
26%



Shareholders

We want to be a more profitable and sustainable bank with solid capital levels and optimal management of all risks.

Focus: Profitability and sustainability / Risks and capital

Key metrics	Description	2020	2021
ROE	We aim to always be among the most profitable and sustainable banks within our peer group	14.5% (Top 1)	22.7% (Top 1)
Efficiency	We aim at always procuring our leadership and efficiency, maintaining a gap between our peers and us.	40% (Top1)	37% (Top1)
Solvency	It measures the Bank's financial health. We aim to end the year with a core capital above 10%.	10.7%	9.6%
Cybersecurity	Measured through three indicators: (1) Holistic: Reflects the level of compliance with cybersecurity policies. (2) Benchmark: Includes Bitsight that seeks to increase safety measures through observable and measurable data, and Security Score. (3) Ethical Phishing: used to train and educate about cyberattacks and cybersecurity, with techniques like the sending of suspicious emails, inviting them to click	NA	(1) Nuevo (2) IB=810 (3) SC= new 0.28%

WEIGHT
20%

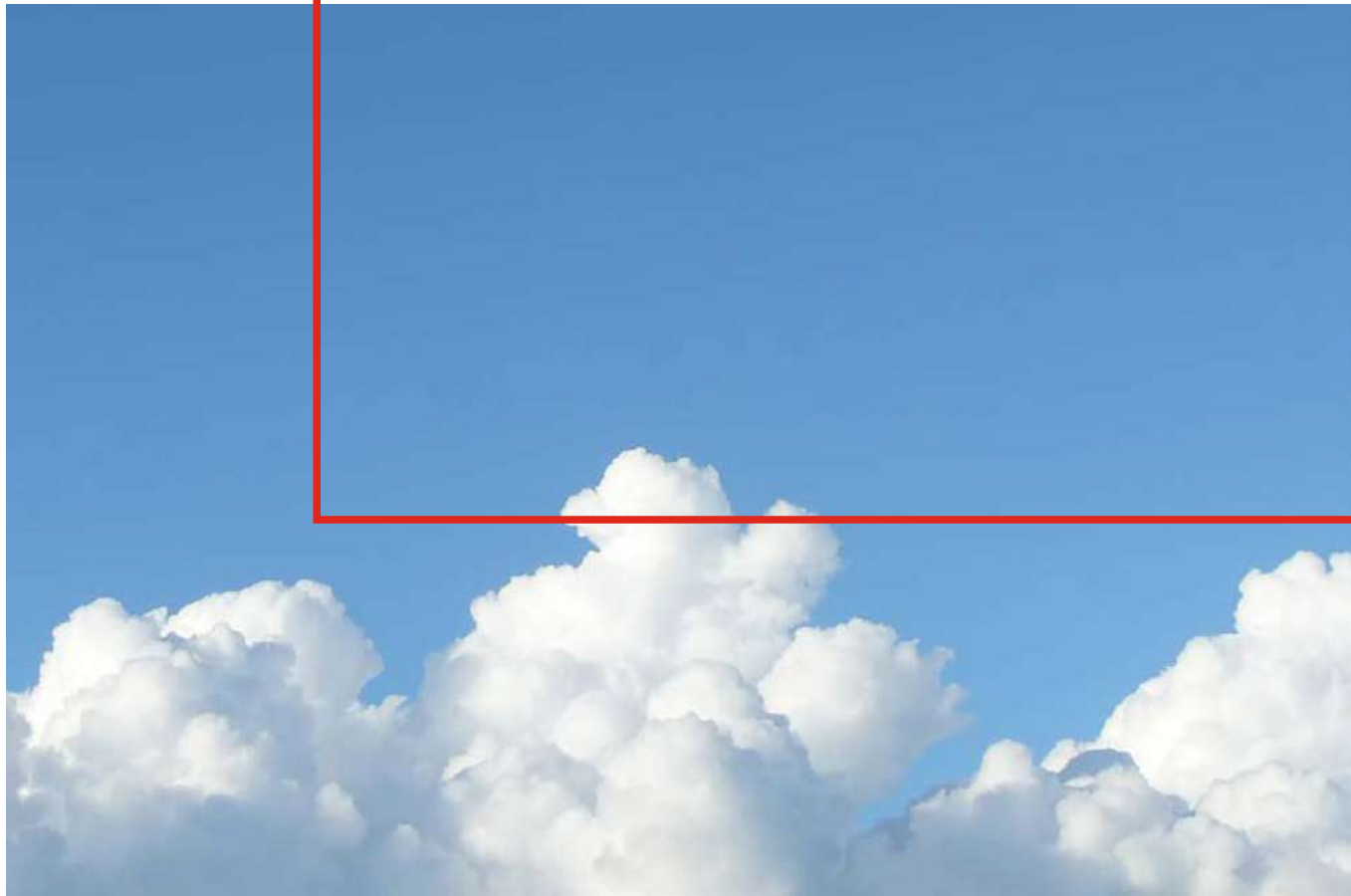


Community

We want to be recognised as a responsible bank committed to our community's well-being, encouraging environmental care and sustainable social development.

Focus: Environment / Social / Corporate Governance

Key metrics	Description	2020	2021
Sustainability Index	We measure sustainability through our participation in the Dow Jones Sustainability Index. With this, we can compare ourselves to our local and international peers in environmental, social and Governance terms	90th percentile in DJSI Chile, MILA, and Emerging Markets	91st percentile y DJSI Chile, MILA, and Emerging Markets.
Carbon footprint reduction	Electric consumption of central offices and branches	24,307 MW	23,536 KW
Sustainable financing	This indicator measures the amount of sustainable financing during the year. This considers operations qualified as green or sustainable in SCIB, Middle Market and Retail segments	US\$37.3 million	US\$230 million



Responsible Banking and Sustainability goals

[GRI 2-25]

Additionally, starting 2019 Santander set goals associated to responsible banking, aligned with people and the community.

Objetives	Goals	2021	Progress	SDG
Employees				
Be the best company to work for in Chile	Achieve the N°1 place as the best company to work for ²	Complete	100%	 8.5
Increase the percentage of women in executive positions	Achieve that 30% of women are in managerial positions by 2025.	28%	93%	 5.5
Gender pay equality	To eliminate the gender pay gap by 2025 (3.1% in 2020).	2.5%	19%	 5.5
Community				
Work to financially empower people	Empower four million people by 2025	1,693,277 people	42%	 1.4
Grant green and social funding	Grant green funding to clients amounting to 1.5 billion dollars by 2025 ³	US\$ 267.3 million	19%	 8.4
To increase energy from renewable sources	Procure that 100% of energy comes from non-conventional renewable energy (NCRE) by 2025.	25.6%	25.6%	 7.3
Be carbon neutral	To 100% offset carbon footprint	Complete	100%	 13.3
	Become carbon neutral by 2050	Commitment starting 2021		
Eliminate single-use plastic waste in corporate buildings and branches.	0 single-use plastic waste	Complete	100%	 12.5
Bestow scholarships, internships, and programs for entrepreneurs.	To grant 13,500 scholarships, internships, and entrepreneur programs between 2019 and 2024.	5,569	41%	 4.1 – 4.4
To support people through community aid programs.	To support 500,000 people through community support programs between 2019 and 2024.	281,212	56%	 17.17

2. In 2020 this was measured through the GPTW and in 2021 through Top Employer ratings.

3. This funding will be given through the ESG Bond framework which will be approved during 2022.

Materiality

[GRI 2-2, 2-3, 2-4, 2-5, 3-1, 3-2, 3-3]

In 2021 Santander Chile undertook a Materiality analysis, which determined the report's priorities and outlined a general internal and external overview regarding the Bank's material issues. The most relevant topics for the groups of interest and the organisation were identified in economic, environmental, and social terms through this process.

From the result of this methodology, 15 material topics corresponding to 2021 were identified for Santander

The materiality process consisted of three stages: identification of topics, selection, and, finally, prioritisation.



1. Identification

The first stage consisted of a secondary review of information, which includes an analysis of the industry through benchmarking (national and international), an exhaustive review of the year's press, and a materiality analysis of 2020 and Santander Group. A list of 35 topics to prioritise was created from this process through an internal query and the groups of interest.



2. Selection

The second stage consisted of a quantitative and a qualitative review through a query to leaders in different corporate areas and the key groups of interest related to Santander Chile.

Interviews

- 2 directors
- 15 executives
- 2 foundations
- 12 clients

Surveys

- Investors
- Suppliers

Finally, Santander Group's query to collaborators, customers and non-customers in Chile was considered.

With the development of this query, we obtained:

- Quantitative ranking of prioritisation of the aspects most valued by investors and suppliers
- Qualitative frequency of the number of mentions and reiterations of the topics most valued by customers and non-customers, foundations, and collaborators.

List of material topics

The topics are divided into three groups according to their relevance:

Relevant topics	Central topics	Crucial topics
<p>→ Issues that are the minimum required for the operation,</p> <hr/> <ul style="list-style-type: none"> Operational eco-efficiency Responsible supply chain Responsibility, ethics, and compliance 	<p>→ Central issues that mobilise the organisation internally and externally.</p> <hr/> <ul style="list-style-type: none"> Commitment to social development Financial empowerment Health and well-being Sustainability of results Corporate Governance 	<p>→ Crucial topics that contribute to the sustainable development of the industry</p> <hr/> <ul style="list-style-type: none"> Clients' experience Cybersecurity and data protection Solid culture and talent management Transformation and digital innovation Diversity and inclusion Sustainable financing

TM Material topics 2020 v/s 2021

2020		2021
Solid and committed internal culture	→	Solid culture and talent management
Digital transformation	→	Digital transformation and innovation
Commitment to social progress and development of communities	→	Commitment to social development
Cybersecurity and data protection	→	Cybersecurity and data protection
Sustainability of results	→	Sustainability of results
Customer satisfaction	→	Customer experience
Risk management	→	ESG risk management
Products and transparency	→	Corporate Governance
Corporate governance	→	Responsibility, ethics and compliance
Attraction and talent retention	→	Sustainable financing
Ethical behaviour	→	Health and well-being
Sustainable financing	→	Diversity and inclusion
Care for people's health	→	Financial empowerment
Indirect environmental impact	→	Responsible supply chain
Diversity	→	Operational eco-efficiency
Financial empowerment of people	→	Diversity and inclusion
Responsible management of suppliers	→	Sustainable financing
Regulatory adaptation and contribution to public debate	→	
Internal environmental footprint	→	

Groups of interest

[CMF 6.3, GRI 2-25]

For Santander, people are the core of the Bank's purpose and vision. Collaborators, customers, shareholders, suppliers, and society as a whole all comprise the groups of interest identified by the Bank. Santander works with each of them to build a relationship of trust and loyalty constant through time.

Groups of interest	Subgroup	Santander Chile material topics
Shareholders and investors	<ul style="list-style-type: none"> Financial rating agencies Shareholders Investors 	<ul style="list-style-type: none"> Corporate governance Ethical behaviour ESG risk management Sustainability of results
Clients	<ul style="list-style-type: none"> Individual Clients SMEs clients Corporate Clients Institutional Clients 	<ul style="list-style-type: none"> Cybersecurity and data protection Digital transformation Customer experience Sustainable financing
Collaborators	<ul style="list-style-type: none"> Executive and senior management Managers, assistant managers, and supervisors Permanent technical and administrative staff Unions 	<ul style="list-style-type: none"> Solid internal culture Diversity and inclusion Health and well-being
Contractors	<ul style="list-style-type: none"> Contractors (external staff) 	<ul style="list-style-type: none"> Diversity and inclusion Solid internal culture Responsible management of suppliers
Suppliers	<ul style="list-style-type: none"> Technology suppliers Information suppliers Agencies of corporate services 	<ul style="list-style-type: none"> Diversity and inclusion Solid internal culture Responsible management of suppliers
Public and International Organisations	<ul style="list-style-type: none"> Ministries Congress International Organisations 	<ul style="list-style-type: none"> Sustainable finance Operational eco-efficiency
Regulatory entities and associations	<ul style="list-style-type: none"> Financial Market Commission (CMF) Sernac Conadecus / - ODECU 	<ul style="list-style-type: none"> Corporate governance Ethical behaviour Sustainability of results
Civil society	<ul style="list-style-type: none"> NGOs Associations (e.g., ABIF) Academy and think tanks 	<ul style="list-style-type: none"> Ethical behaviour ESG risk management Sustainability of results Operational Eco-efficiency
Mass communication media	<ul style="list-style-type: none"> International media Local media Specialist press Social Networks 	<ul style="list-style-type: none"> Ethical behaviour ESG risk management Sustainability of results Health and well-being (Covid-19)
Local communities	<ul style="list-style-type: none"> Project beneficiaries Citizens residing near offices/branches 	<ul style="list-style-type: none"> Ethical behaviour Financial empowerment of people Commitment to social progress and development

Santander Bank sets a series of principles and commitments centred upon the long-term creation of value for its key groups of interests

→ **Collaborators** Santander works to attract, retain and engage the best professionals, always ensuring that they offer their best service to clients.

- Communication channel**
- Global commitment survey
 - Virtual and Onsite Attention Centres
 - Bulk e-mails
 - Complaints' box
 - Corporate Intranet with two-way communication
 - Quarterly reports of results
 - 'Somos Santander' App

→ **Clients** Santander seeks to build long-term relationships with clients based on trust, thus earning their fidelity while adapting to their needs and improving their satisfaction.

- Communication channel**
- Commercial channels
 - Satisfaction surveys
 - Profiles on social networks: Facebook, Twitter, YouTube, Instagram, and LinkedIn
 - Corporate website and its sections
 - Complaint features on App and website, with traceability of the solution status
 - Campaigns on social networks, Santander App and Contact Centre

→ **Shareholders** The creation of long-term value and the highest level of information transparency are fundamental cornerstones in the relationship between Santander and its shareholder base.

- Communication channel**
- Shareholders' meeting
 - Conference calls and webcasts
 - Meetings and visits to branches
 - 20-F Report
 - Quarterly reports of results
 - Investor Relations website
 - Investor conferences
 - Virtual meetings with local investors and minority shareholders
 - Communication via e-mail

→ **Community** Santander also contributes to economic and social progress through its community investment programs, with education at the forefront of its actions.

- Communication channel**
- Pressroom
 - 'Santander Comprometidos': A bi-monthly digital newsletter that relays actions concerning commitments to sustainability
 - Website on sustainability
 - Bank's social networks: Instagram, Facebook, and Twitter

→ **Suppliers** Santander maintains relationships with its suppliers based on ethics and transparency, ensuring compliance with the responsible banking principles throughout the supply chain.

- Communication channel**
- Homologation process (monitoring services)
 - Services manager
 - Rewards to suppliers
 - Corporate complaints channel
 - Seminars

Membership and affiliations

[CMF 6.1.iv] [GRI 2-28]



Association of Banks and Financial Institutions (ABIF)

Trade association that allows the strengthening of ties between the associated financial institutions and sustaining bonds with international bodies. Additionally, it contributes to the coordination of measures preventing malpractices in the industry, thus improving efficacy at increasing national prosperity.



Acción Empresas

Santander Chile has taken part in this network since 2005, seeking to improve the life of people and the planet through business sustainability. For this, the companies in the network are engaged and monitored through permanent work structured around six specific themes to accelerate Chile's sustainable development.



Pacto Global
Red Chile

Global Compact

Network of companies seeking to meet the ten universal standards on human rights, labour relationships, environment, and anticorruption through their compliance to the Sustainable Development Goals (SDGs). Santander Chile has been part of this network since 2003.



Chamber of Commerce of Santiago

Trade association bringing together relevant economic sectors in Chile with the aim to relay its associates' concerns to the country's authorities, participating in legislative activities and in the promotion of the national companies' endeavours and interests.

Sustainability Indexes

Due to the Bank's solid commitment to the progress of individuals, environmental respect, and good corporate governance – which reflects its alignment to the central initiatives of sustainable development and responsible banking– Santander was distinguished as Chile's most sustainable bank in the Dow Jones Sustainability Index (DJSI) 2021. This international benchmark assesses the sustainability performance of companies in economic, social, and environmental domains.

For the second year in a row, Santander Chile was the only Chilean bank forming part of the three DJSI indexes: Chile, MILA, and Emerging Markets. It obtained 77 points and achieved a place in the 90th percentile in the universe of companies participating in this index, showing the Bank's strengths in sustainability matters.

Vigeo Eiris also updated the Bank's rating during 2021, improving its overall score from 58 to 62 points and upgrading its status from robust to advanced. Vigeo Eiris is an agency that assesses companies incorporating the ESG criteria into their strategies, operations, and management, which are committed to promoting economic development, responsible investment, and sustainable value creation. Thus, at the level of retail banking specialised in emerging markets, we achieved a ranking of 3 out of 89 in the sector, and 9 out of 854 in the region.

In the MSCI index, Santander Chile is also rated A in the ESG area, with strengths in human capital development and funding with environmental impact. Furthermore, Santander Chile is one of 19 companies in Chile to take part in the stock exchange FTSE4Good Emerging Markets and Latin America, with a very positive evaluation in environmental and social matters compared to other banks in the index.

In early 2021, the Santiago Stock Exchange launched a new S&P IPSA ESG index. We are the third Latin American country to have an index incorporating these matters and using the same methodology as the DJSI. Of the 30 companies that comprise the IPSA, 26 companies were included in this index, with Santander having the third-highest ponderation.

These achievements reflect the constant and systematic work that the organisation has been undertaking throughout the last few years in terms of sustainability, while also presenting the opportunity to continue improving and contributing to the inclusive and sustainable growth that the world currently requires.

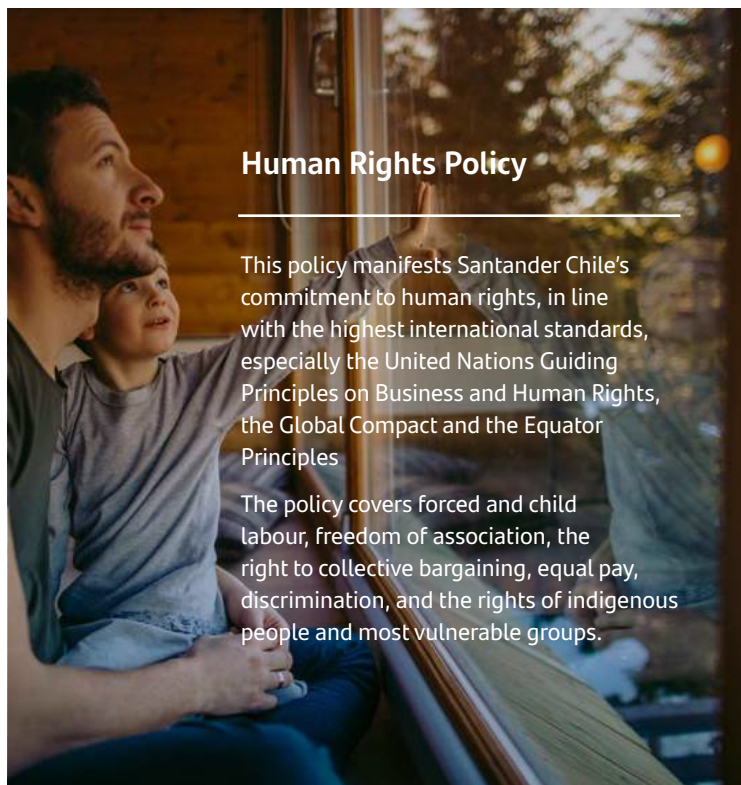


Name	Score 2020	Score 2021
DJSI Chile	79 points DJSI Chile, MILA and Emerging Markets	77 points DJSI Chile, MILA and Emerging Markets 1st in Banking Sector
MSCI	A	A
ESG VIGEO Eiris Assessment	58/100 points	62/100 points (advanced)
S&P IPSA ESG	Third highest weight in the index	Third highest weight in the index
FTSE4Good	FTSE4Good Latin America and Emerging Markets	FTSE4Good Latin America and Emerging Markets

Human Rights

In line with its corporate culture, Santander Group is committed to respecting and promoting human rights in its entire scope of action while preventing or mitigating any violation caused by its activity.

Santander always aims to respect and promote human rights. This is reflected, for example, in the certifying of the Chilean Standard N° 3262 concerning gender equality, the conciliation of working, personal, and family life, and the process of homologation of its suppliers.⁴



Human Rights Policy

This policy manifests Santander Chile's commitment to human rights, in line with the highest international standards, especially the United Nations Guiding Principles on Business and Human Rights, the Global Compact and the Equator Principles

The policy covers forced and child labour, freedom of association, the right to collective bargaining, equal pay, discrimination, and the rights of indigenous people and most vulnerable groups.



Employees

Collaborators have a right to enjoy dignified working conditions, for which Santander promotes equal access to labour and professional promotion. The Group commits to maintaining a working environment free of harassment, abuse, intimidation, or violence. Furthermore, all collaborators are responsible for reporting human rights violations.



Suppliers

Santander promotes the respect of human rights throughout its supply chain. It encourages its suppliers to adhere to these practices and includes in all contracts a clause that addresses, among other aspects, the area of human rights. The Bank's procurement model determines the process of selecting, homologating, and evaluating its suppliers, ensuring they meet ethical criteria, including human rights.



Communities

Santander commits to promoting human rights in the communities in which it undertakes its activity (in cooperation with government bodies, international and civil organisations, and other institutions) and to control the impact of all operations in the communities where it conducts its activity.

This policy supplements other policies and codes that ensure the protection and respect of human rights:

- General Code of Conduct.
- Human Resources Policies
- Health and Safety Policy.
- Labour Harassment Policy.
- Diversity and Inclusion Policy.
- Occupational Inclusion of Disabled People Policies.
- Clauses for suppliers that demand compliance with the United Nations Global Compact Ten Principles.

⁴ For more details of these initiatives, review chapter 6

Integrated value creation



PURPOSE

Help people and companies prosper



MISSION

To be the best bank, acting responsibly and earning the loyalty of our customers, shareholders, people and communities.



VALUES

Leadership / Talent / Ethics / Excellence in management / Customer assistance / Commitment to society

→ Inputs

FINANCIAL CAPITAL

Ch\$36,634,340 million
Loans
-
Ch\$ 3,494,580 million
Equity

MANUFACTURED CAPITAL

326 branches
63 Work/Café

INTELLECTUAL CAPITAL

300 Work Ideas

HUMAN CAPITAL

9,988 employees
5,527 women
2,345 contractors

NATURAL CAPITAL

100,573 m³
water consumption
23,536 MWh
energy consumption
486
tons of paper

SOCIAL CAPITAL

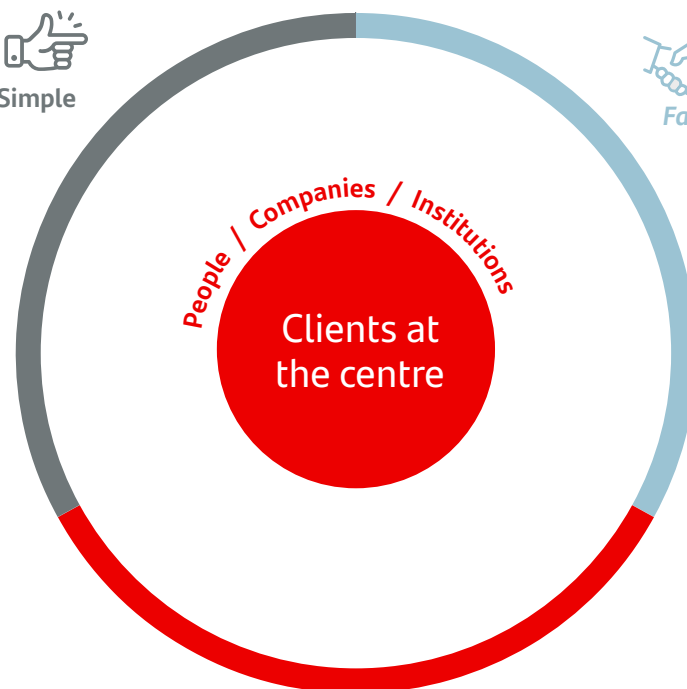
Ch\$3,298 million
investment in social projects
2,364 suppliers
4,116,301 clients
2,016,947 digital clients



Simple



Fair



Personal

RISKS/ OPPORTUNITIES

Credit risk / Market risk / Operational risk / Reputational risk / Liquidity risk / Technological and cybersecurity risk / Environmental risk / Regulatory compliance risk

EXTERNAL CONTEXT

Macroeconomic
Technological and digital
Pandemic
Climate change
Sustainable Financing

Outputs →

FINANCIAL CAPITAL

Profit or loss attributable to equity holders
22,7% ROE
1,3% ROA

MANUFACTURED CAPITAL

22 sustainable financing products
+145,000 members of the Work/Café community

INTELLECTUAL CAPITAL

4 innovative projects during 2021

HUMAN CAPITAL

11,071 trained employees
13.4% turnover
94% work satisfaction

NATURAL CAPITAL

912.9 tons of waste
11,408 tCO₂ GHG Emissions
28% non-conventional renewable energy

0 one-use plastic use in the office

SOCIAL CAPITAL

28 volunteer initiatives
Over 50 thousand benefitted from social projects
60 points in NPS



03.

Management of Santander Chile

MATERIAL TOPICS IN THIS CHAPTER:

Material Topic:	Groups of Interest
Corporate Governance	<ul style="list-style-type: none">• Shareholders• Investors• Board• Senior Management
Responsibility, ethics, and compliance	<ul style="list-style-type: none">• Collaborators• Suppliers

Corporate Governance

Our Corporate Government is structured in three levels: Shareholders' Meeting, the Board, and Senior Management, led by the Chief Executive Officer or General Manager, and the supporting committees.

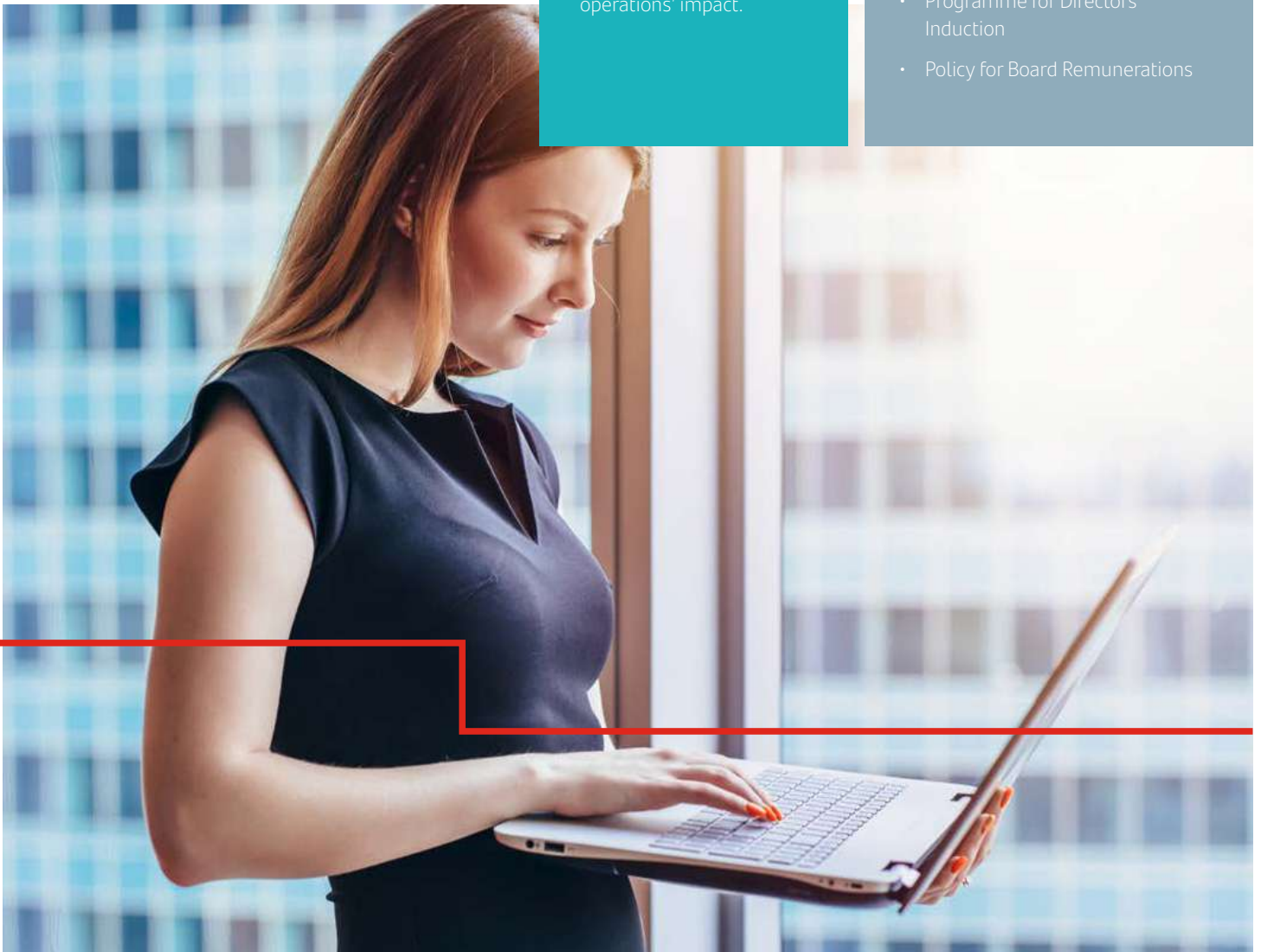
MI

Why is this a material issue?

Upholding high governance standards is essential for the development of and adherence to strategic planning and the institution's long-term success while displaying efficient monitoring and control in all the Group. Under these principles, we structure a transparent and ethical management that ensures social progress, respects human rights and reduces our operations' impact.

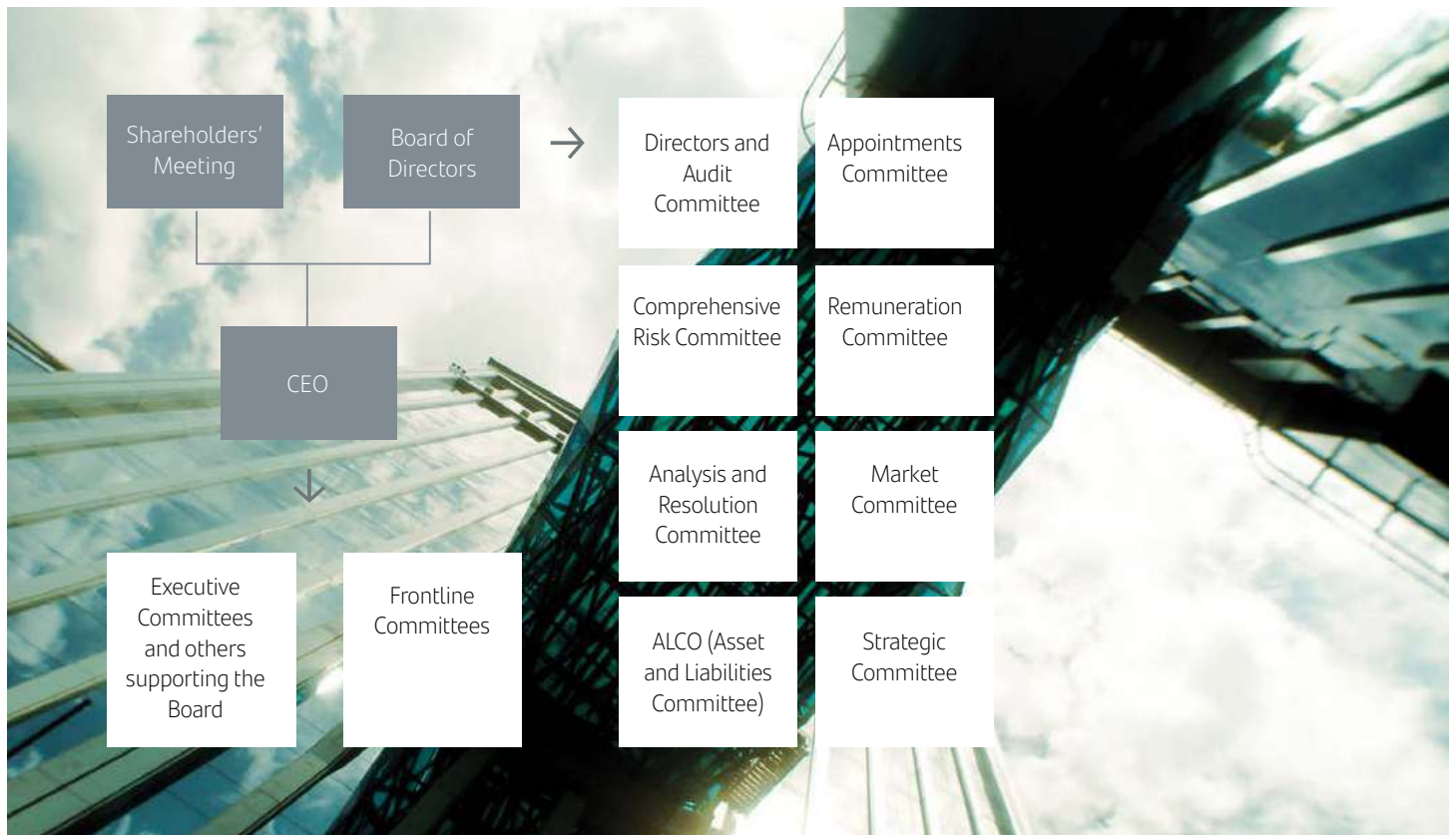
Policy Framework of the Topic

- Santander Group's Capital Framework
- Santander Group's Corporate Framework for Agreements with Third Parties and Suppliers' Control
- Corporate Framework for the Prevention of Financial Crime
- Santander Chile's Board Regulations
- Policy of selection, assessment, suitability, and succession of directors
- Programme for Directors' Induction
- Policy for Board Remunerations



Governance Structure

[GRI 2-9]










The Ordinary Shareholders Meeting is held within four months following the balance sheet date, in accordance with the requirements of the Financial Market Commission (FMC). The Extraordinary Shareholders Meeting is held when deemed necessary in terms of social interest, when matters the law consigns to this capacity are addressed, when the FMC so requires, or when requested by one or more shareholders representing 10% or more of the shares, as long as they have expressed the matters to be discussed at the meeting. Such sessions must be summoned by the Board.

Corporate Governance Operation

[CMF 3.1, 3.5]

Santander Chile has outlined several parameters to support the management of Corporate Governance, such as: close supervision from Senior Management, a simple and straightforward organisational structure, a robust internal control system, permanent determination and monitoring of risks, independent internal and external audit, supervision of subsidiaries and finally, a compensation plan for executives with long-term planning.

These parameters and their respective adherence are based upon:

 <p>Independence</p> <p>Six of the Board members are independent (55%).</p>	 <p>Independent Audit</p> <p>There is an autonomous area within the Bank in charge of monitoring and controlling activities.</p>	 <p>Ethics</p> <p>All collaborators adhere to Santander Chile's General Code of Conduct. Furthermore, employees directly related to markets sign an additional Code of Conduct specially designed for this capacity.</p>	
 <p>Compliance</p> <p>The compliance area oversees specifically the application of the Bank's Codes of Ethics, the Basel criteria concerning them, Chile's Corporate Governance regulations and the United States Sarbanes-Oxley Law.</p>	 <p>Participation</p> <p>Active participation from the directors in the supporting committees as part of the administration management.</p>	 <p>Separation of functions</p> <p>Effective risk management via the separation of commercial areas from support areas.</p>	 <p>Supervision</p> <p>The Bank is supervised by the Financial Markets Commission (FMC) and the US Securities and Exchange Commission (SEC). As part of Santander Group, we also must comply with some regulations from the European Central Bank.</p>

Santander Chile also follows Santander Group's guidelines, which are collected in an Internal Governance Model governed by the best practices in the matter according to the regulations of several countries¹.

Additionally, it compiles the principles of several international agreements addressing these matters, such as Basel Standards on Corporate Governance Principles for banks, from the Basel Committee on Banking Supervision (BCBS); CRR or Capital Requirements Regulator / CRD IV or Capital Requirements Directive IV, from the European Commission; and the 10/2014 Law of the 26th of June, concerning management, monitoring, and solvency of credit entities.

1 (i) United Kingdom: Corporate Governance Code de la Financial Reporting Council (FRC); (ii) US: Key Agreed Principles to strengthen Corporate Governance for US publicly traded companies, from the National Association of Corporate Directors (NACD); (iii) Brazil: Código das Melhores Práticas de Governança Corporativa, from the Instituto Brasileiro de Governança Corporativa (IBGC); (iv) Spain: Governance code for listed companies, from the National Securities Market (CNMV); (v) Mexico: Code of Good Corporate Practices, from the Business Coordinating Council (CCE); (vi) Germany: Deutscher Corporate Governance Kodex, of the Regierungskommission; (vii) Chile: Regulation concerning corporate governance stemming from various legal bodies and standards issued by the Financial Markets Commission (CMF).

Board of Directors

The Board is our highest corporate governance body and represents the interests of shareholders and investors. It comprises eleven directors: nine directors and two alternate directors, as established in the By-laws of the Bank.

Two directors are also executive members of Santander Group, and six are independent members.

[GRI 2-9, 2-11] [CMF 3.2]

Independent Director

An independent Director does not have any link or relationship with the controlling shareholder as described in Art. 50 of Law 18.046 of Sociedades Anónimas (Chilean Corporation Law). Santander does not have a pre-set quota regarding Independent Directors.

Per Article 50 of the SA Law 18,046, public corporations must nominate at least one independent director when their market equity equals or exceeds UF 1,500,000 (Unidades de Fomento), and at least 12.5% of their outstanding voting shares are held by holders who individually control or hold less than 10% of such shares.



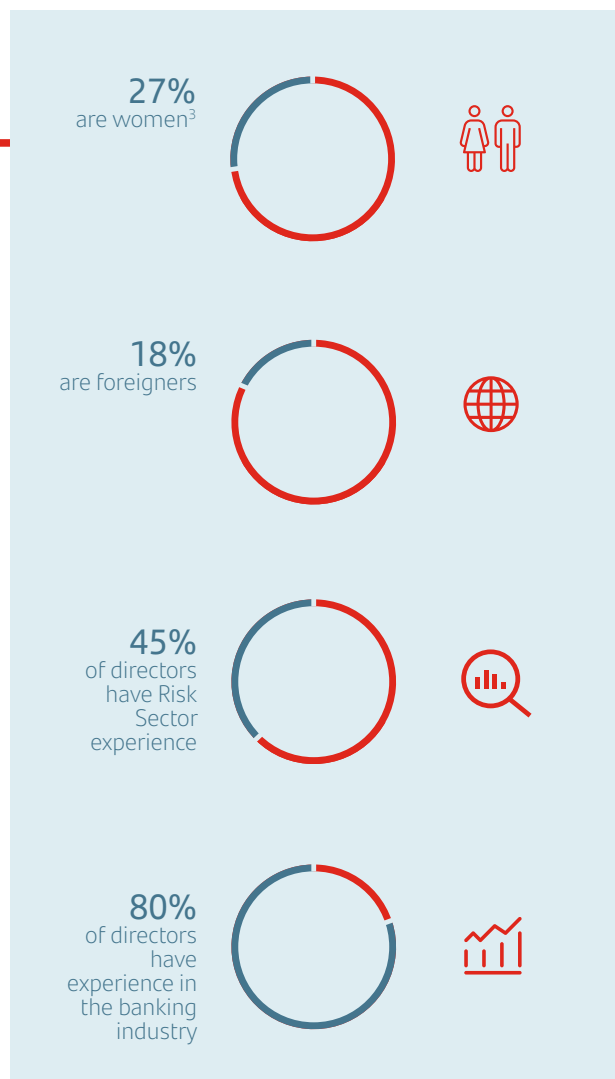
Board of Directors



- 1. Claudio Melandri Hinojosa**
President
Chilean
RUT: 9.250.706-8
- 2. Rodrigo Vergara Montes**
First Vice-president
(Independent)
Chilean
RUT: 7.980.977-2
- 3. Orlando Poblete Iturrate**
Second Vice-president
(Independent)
Chilean
RUT: 6.949.187-1
- 4. Félix de Vicente Mingo**
Director
(Independent)
Chilean
RUT: 9.359.341-3
- 5. Alfonso Gómez Morales**
Director
(Independent)
Chilean
RUT: 5.478.723-5
- 6. Ana Dorrego de Carlos**
Director
Spanish
DNI: 06564205M
- 7. Rodrigo Echenique Gordillo**
Director
Spanish
DNI: 01616234R
- 8. Lucía Santa Cruz Sutil**
Director
Chilean
RUT: 7.117.816-1
- 9. Juan Pedro Santa María Pérez**
Director
(Independent)
Chilean
RUT: 5.059.188-3
- 10. Blanca Bustamante Bravo**
Alternate Director
(Independent)
Chilean
RUT: 9.218.218-5
- 11. Óscar von Chrismar Carvajal**
Alternate Director
Chilean
RUT: 6.926.511-1

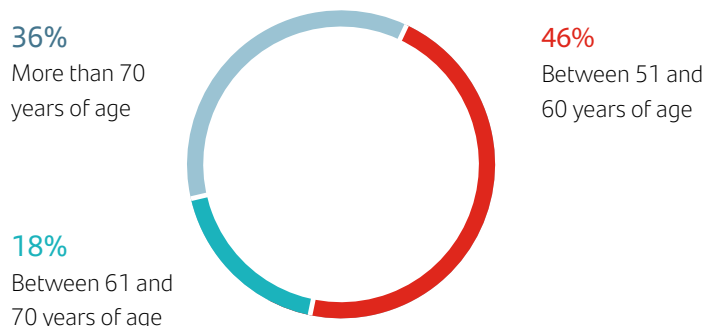
Diversity in the Board

In Santander, we value diversity, knowing it enriches decision-making, which is why one of our challenges is to increase the percentage of women to reach at least a third of all members.



The selection procedure of Board members must favour diversity in candidates, considering both their international experience and diversity in gender, age, geographical provenance, and knowledge. It also must be free from any implicit bias that could entail any form of discrimination, such as by age, disability, race, or ethnic origin.²

Age of Board member



Board Members Seniority



2. No director presents a disability
3. Percentage includes alternate members



Board Procedure

Designation and selection processes

[GRI 2-10]

The members of the Board are appointed and chosen in accordance with the Chilean Corporation Law N° 18,046 and the General Banking Law and other applicable regulations, as well as the Santander Group's guidelines on the Selection Policy, which concerns the selection, assessment of suitability, and succession of directors. Those who integrate the Board are highly qualified professionals with international and national experience both in the financial sector and in other areas related to the banking business that are relevant to the Bank's administration.

Regarding the eligibility criteria for independent directors, candidates must be nominated by those shareholders representing 1% or more of the company's shares. Such nomination must take place at least 10 days before the scheduled date for the Shareholders' Meeting summoned for the election of directors.

The present Board members were elected in the Ordinary Shareholders Meeting of 2020 and will remain in this capacity for three years. This process was carried out through secret online voting and was immediately announced after the vote-counting ended in that same session.

Board induction and training

[GRI 2-17]

Santander Chile has an Induction Programme for new directors. It considers, among other things, the presentation of all information pertaining to the post (principal applicable regulations, the Bank's statutes, the Board's internal rules, among others), and an interview

which each of the Bank's division managers, so that the latter can describe the structure and main responsibilities of their areas.

Concerning the training of Board members, a new plan was created in 2021, which included: i) a presentation from executives of Santander Chile concerning relevant topics like incentives, cybersecurity and digital transformation; ii) new technologies, models and products, with the assistance of expert presenters to address technological trends and models impacting the industry.

Additionally, the Bank's Sustainability area organised a presentation to the Board in April, aimed at enabling directors in matters pertaining to Responsible Banking (which directly involves CSR) and report the main milestones corresponding to the related targets.

Self-Assessment of the Board

[GRI 2-18]

The Board conducts a self-assessment process annually in adherence to the regulations dictated by the Chilean banking authority and the Group's guidelines. This process can be done internally or externally by commissioning a third party.

The self-assessment is undertaken through questionnaires and surveys, which consider questions regarding the members' suitability, ability in different areas, assessment of committees' composition, evaluation of the president, etc. Results are then analysed to compile a report which is presented to the same body. In it, strengths and improvements are analysed and plans to cover possible gaps are designed where needed.

This process is undertaken by a third party at least every three years. In periods in which this does not occur, the information analysis is undertaken by Strategy Management. In 2021, the assessment was developed by an independent third party, AMROP Consultancy Chile.



Board

Skills Matrix

Our directors contribute to meeting goals with their knowledge and previous experiences; furthermore, they form part of different working committees that inform them of the Bank's management. As a Corporate Governance practice, we pursue diversity in the Board's composition through criteria addressing gender, professional experience, skills, and aptitude, among others. Board members have remained in this position for an average of 6.5 years.

[GRI 2-17]

Name	Profession	Key skills & ESG			Relevant Experience
		E	S	G	
Claudio Melandri Hinojosa President	An auditor accountant and commercial engineer. He also has an MBA from Universidad Adolfo Ibáñez.	●	●	●	With over 30 years of professional experience in the financial industry, he was Chief Executive Officer of Santander Chile from January 2010 to March 2018. His professional career began at Banco Concepcion, joining Santander Group in 1990. Here, he has held several positions of responsibility, including Regional Manager, Branch Network Manager, Human Resources Manager and Commercial Banking Manager. He was also Executive Vice President of Santander Venezuela, where he worked for three years and oversaw the creation of the commercial area of this country's institution. Currently, he is the country head of the Santander Group in Chile, President of Santander Chile Holding and President of Universia Chile SA.
Rodrigo Vergara Montes First Vice-president (Independent)	He has a business degree from the Pontificia Universidad Católica de Chile and a PhD in Economy from Harvard University.	●	●		He is an associate researcher at the Public Studies Centre (CEP) and Harvard's Kennedy School of Government. He has authored numerous articles published in professional journals and has edited several books. Additionally, he is an Economy Professor at Universidad Católica de Chile, a financial consultant and a member of the directive board of several companies. He began working for the Central Bank of Chile in 1985 and years later became part of its Council, where he held the position of President between 2011 and 2016. Furthermore, he has been the economic adviser to central banks and governments of various countries and an external consultant for the World Bank, the International Monetary Fund, the Inter-American Development Bank, and the United Nations.
Orlando Poblete Iturrate Second Vice-president (Independent)	A lawyer from Universidad de Chile, he has a Master's in law from the same university. Additionally, he graduated from the Senior Management Business Program PADE of ESE Business School at Universidad de Los Andes.			●	Since 1991 he has been a Procedural Law Professor at Universidad de Los Andes. He was the Faculty of Law's Dean at that university between 1997 and 2004 and then became its Rector, a position he held until 2014. Before this, between 1979 and 1991, he worked as a Procedural Law teacher at Universidad de Chile. He is a partner of the law firm Orlando Poblete and Company and a member of the Arbitration and Mediation Centre of the Chamber of Commerce of Santiago.

Name	Profession	Key skills y ESG			Relevant Experience
		E	S	G	
Félix de Vicente Mingo General Director (Independent)	He has a business degree with a specialisation in Economics from the Universidad de Chile.	●	●	●	Between 2013 and 2014, he was the Minister of Economy, Development and Tourism. He previously worked as the Director of Exports Promotion (ProChile), an entity dependent on the Ministry of Foreign Affairs. He has been president and partner of several companies in Chile and abroad in his professional career. He has also been distinguished with the following awards: 'Public Man of the Year in the Wine Industry (2011)'; 'Outstanding Character in the Salmon Industry (2012)'; 'Member of Universidad de Chile's Circle of Honour (2013)'; 'Man of the Year of Software Companies Association (2013)' and 'Public Character of Engineering Consulting Firms (2013)'. Furthermore, in 1999 he was nominated as 'Businessman of the Year' in the youth category of Universidad del Desarrollo.
Alfonso Gómez Morales General Director (Independent)	Civil engineer from Pontificia Universidad Católica de Chile with a PhD from the Royal College of Art of London.	●	●		He has been the director of numerous organisations, including the National Council for the Arts and Culture and Pais Digital Foundation. He has also been an adviser for Innovation National Council for Development and the UC's Innovation Centre Anacleto Angelini. He began his professional career as an academic at the Industrial Engineering and Systems Department of Universidad Católica de Chile. He became a founding member of companies such as Apple Chile, Unlimited and Virtualia, the first social network developed in Latin America. He was Dean of the Engineering Faculty and the Business School at Universidad Adolfo Ibáñez.
Ana Dorrego de Carlos General Director	She has a bachelor's degree in Business Administration from Universidad Pontificia de Comillas ICAI-CADE. She also has an International MBA in Business Administration from Universidad de Deusto and Universidad Adolfo Ibáñez.				She entered Santander Group in 2005 and has since held various positions, primarily in the areas of Financial Planning and Corporate Development, coordinating the organisation's planning process and monitoring multiple units and projects. Likewise, she was Santander's Director of E-Business Development, with experience as a corporate clients' relation manager and as the commercial director of Transactional Banking at Bankinter.
Rodrigo Echenique Gordillo General Director	Bachelor's degree in law from the Universidad Complutense de Madrid.	●	●	●	He is vice-president and an executive director in Santander Spain and a Board member of Santander Mexico. He has ample and relevant experience in international banking. In 1976 he joined the Banco Exterior de España as deputy general manager and head of Legal Services. He was subsequently appointed as deputy general director and member of the Executive Committee and became executive director in Banco Santander from 1988 to 1994. Additionally, he was a board member of various industrial and financial companies
Lucía Santa Cruz Sutil General Director	Historian with an MPhil at Oxford University. She obtained a Doctor Honoris Causa in Social Sciences at King's College, University of London.	●	●	●	She is a member of the Governing Board at Universidad Adolfo Ibáñez as well as the Director of the Chilena Consolidada General and Life Insurance Company, and the Director of the Advisor Council at Nestle Chile. She is also a member of the Self-regulatory Council of Insurance Companies.
Juan Pedro Santa María Pérez General Director (Independent)	Lawyer from Pontificia Universidad Católica de Chile.	●	●		He has been the Legal Corporate Director of Chile's Santander Group and General Counsel for Santander Chile, Banco O' Higgins and Banco Santiago. He was president of the Legal Committee of the Banking and Finance Commission for over 20 years and a temporary chair at the Financial Law Committee of the Latin-American Banking Federation (FELABAN). He is a Member of the Arbitration and Mediation Centre of the Chamber of Commerce of Santiago.

Name	Profession	Key skills y ESG			Relevant Experience
		E	S	G	
Blanca Bustamante Bravo Alternate Director (Independent)	Commercial Engineer with a Major in Economics at Universidad Católica de Chile.	●	●	●	In 1998 she entered Viña Concha y Toro as the Head of Investor Relations, a position she held until 2010. In 2001 she additionally became the Assistant Director of Corporate Communications. Currently, she is the director of Corporate Affairs, overseeing the area of corporate communications and investors relations. Since 2013, she has participated as a member of the governing board at the Centre for Research & Innovation for Concha y Toro.
Óscar von Chrismar Carvajal Alternate Director	Civil engineer from Universidad de Santiago with specialised studies in the United States and Europe.	●	●		He has been the Director of Sinacofi and of the Santiago Stock Exchange since April 2012 and has 25 years of experience in banking activity. He joined Banco Santander in 1990 as General Assistant Manager in the Financial Division. He later was the General Manager of Santander Perú between 1995 and 1996. In 1997 he became General Manager in Santander Chile, a position he abandoned in December 2009 to join the Board of Directors. Likewise, he is director of Santander Argentina and Peru.

Note: In terms of the ESG classification, 'E' corresponds to experience in responsible and sustainable business, 'S' corresponds to human resources, culture, talent and remunerations, and 'G' corresponds to control and governance.



Roles and Activities of the Board

[GRI 2-12, 2-13, 2-14, 2-15, 2-16]

The primary role of our Board is to undertake the strategic planning and to carry out timely and in due form the commitments we have set ourselves to accomplish both in the short, medium, and long-term. To achieve this goal, the Board performs several functions that ensure the organisation's sustainability:

- Approving policies, general strategic guidelines, corporate values, and lines of responsibility with their respective reporting channels, in addition to monitoring their application.
- Approving the individual and consolidated Financial Statements of the Bank and its subsidiaries and presenting them to the Shareholders' Meeting.
- Summoning the Shareholders' Meeting, whether ordinary or extraordinary, preparing the discussion agenda and proposing agreements. The Board incorporates in their agenda all matters that the law or the Bank's by-laws raise to the Shareholders meeting decision.
- Monitoring, controlling and evaluating the effectiveness of the Corporate Governance, the Internal Governance, and the Compliance

Policies as a system, as well as assessing the frameworks, policies, codes, and manuals that regulate them, along with establishing confidential reporting channels for those working in the organisation to inform of conducts contravening the corporate values.

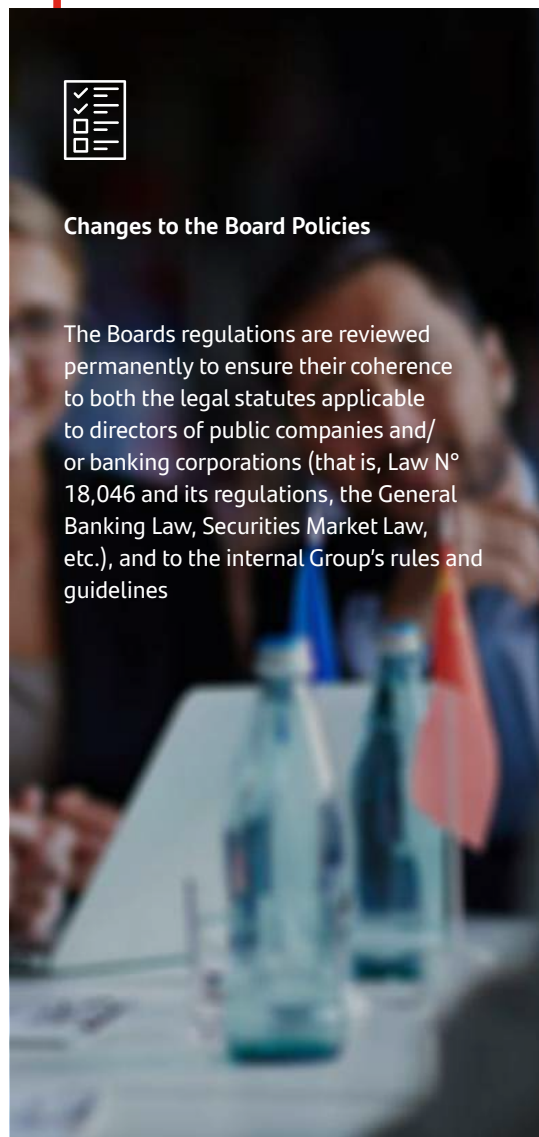
- Approving transactions undertaken with related companies.
- Carrying out self-assessments of the Board's execution, evaluating general managers and the Senior Management's performances, and assessing the adherence to Board policies, added to all other tasks that laws or statutes raise to their attention.
- Approving both the materiality and content of the Annual Integrated Report.
- Monitoring the Bank's ESG impact on the environment and the latter's effects on the Bank.

Critical communication and concerns have a system of information escalation, which is received by the different committees supporting the Board or through Compliance, Risks and Auditing.



Changes to the Board Policies

The Boards regulations are reviewed permanently to ensure their coherence to both the legal statutes applicable to directors of public companies and/or banking corporations (that is, Law N° 18,046 and its regulations, the General Banking Law, Securities Market Law, etc.), and to the internal Group's rules and guidelines



Board's

Activity



Banco Santander holds ordinary sessions of the Board of Directors on a monthly basis, in 2021 the twelve corresponding ordinary sessions, which are scheduled annually in the last sessions of the preceding year, and they had an average duration of three hours and 30 minutes. In addition, two extraordinary sessions were held.

Each meeting is prepared with minutes summarising the issues being addressed in the session and any background information that will be presented. All this information is made available to Directors within five days before the meeting. Likewise, sessions are finalised with a formal report in which agreements are recorded. These procedures allow for an adequate information system for the parties involved.

Furthermore, by the year's end, the Board agrees on a thematic agenda and an activity schedule for the coming year.

Assistance to meetings	2020	2021
Number of sessions	15	14
Percentage of assistance	99.3%	97.4%
Minimum assistance required	75%	75%
Average duration of meetings	3.3 hours	3.3 hours

Note 1: 75% is the annual minimum assistance required from the Bank's directors. This requirement is self-imposed by the Board's regulations.

Virtual Shareholders' Meeting

The Bank's Shareholders' Meeting was held digitally for a second consecutive year in April 2021 through a secure external provider. Local investors could participate directly in meetings with their national ID card and simple steps through the platform, while other investors gave power of attorney to third parties that connected.

EVoting Chile SpA was contracted to oversee participants' platform and technical support, which guaranteed and protected each session while completely adhering to the highest standards of information security, transparency, and continuity.

All voting was done in real-time through the platform, which automatically calculated results and displayed a summary as soon as the voting period ended.

Several topics were put to the vote on the 29th of April, including the dividend distribution of 60% of profits was approved in 2020, with the remaining 40% allocated to reserves, increasing the Bank's capital base.

→ For more information, see [Acta de la Junta Ordinaria de Accionistas 2021](#).



The Board contracted the following consultancy services during 2021:

Consultancy Services	Type of service contracted	Amount paid (Ch\$)	Frequency of meetings
Accounting Consultancy	Implementation of the FMC new compendium of accounting regulations	\$117,015,000	Monthly
Tax Consultancy	Tax advisory concerning income tax and others	\$658,692,609	Monthly
Auditor for the assessment of the Financial Statements	Auditing	\$973,489,712	Monthly

The directors did not carry out the usual on-site visits to the departments and facilities to meet and monitor their functioning due to the sanitary contingencies related to Covid-19.

Note 1: There was no information regarding legal consultancy in 2021. In terms of sustainability, the Responsible Banking area conducted consultancy for \$28,669,663, with results presented to the Board.

Note 2: the amount paid corresponds to the amount budgeted for the period.

Board remunerations

[GRI 2-19, 2-20]

Our Shareholders' Meetings determine the remuneration of Board members annually. In 2021, the payment scheme agreed upon by the Shareholders' Meeting of 2020 was maintained, which has been in effect since 2017. It includes monthly fees of UF 250 for directors, UF 500 for the Board's president and UF 375 for the vice-presidents.

Concerning the Directors and Audit Committee, according to Article 50 bis of the Chilean Corporation Law, members must receive an additional remuneration no less than one-third of the fee they receive as directors. In compliance with the Law, the president's fee amounts to UF 230, while the other directors of the Board receive UF 115 for each session in attendance.

Similarly, it was proposed that for being part of one or more committees, excluding the Directors and Audit Committee, directors receive a fee of UF 30 for each session they attend, with the exception of the Comprehensive Risk Committee— in which they earn UF 15 for holding meetings twice a month. For the president of each committee, it is stated that fees be doubled for the amounts mentioned.

Board Remunerations in 2021 (UF)	Members of the Board	Directors and Audit Committee	Appointments Committee	Comprehensive Risk Committee	Remuneration Committee	ARC	Market Committee	ALCO	Strategic Committee
Claudio Melandri Hinojosa	500		30	15	30		30	30	60
Rodrigo Vergara Montes	375	115	30				30	60	30
Orlando Poblete Iturrate	375	230			60				
Félix de Vicente Mingo	250	115		15				30	30
Lucía Santa Cruz Sutil	250			15		30	30		30
Alfonso Gómez Morales	250			30	30		30	30	30
Juan Pedro Santa María Pérez	250			15		60			
Rodrigo Echenique Gordillo	250								
Blanca Bustamante Bravo	250		60	30					30
Óscar von Chrismar Carvajal	250			15		30	60	30	30

Note 1: Rodrigo Echenique is not part of any Committee of Directors.

Note 2: Ana Dorrego is not part of any Committee of Directors and does not receive compensation as she is an executive member of Santander Group (Spain)

Nota 3: Remuneration is earned for every meeting the directors attend, and their frequency depends on each committee.

In 2021 the Board's Remuneration Policy, which is a document approved by the same body, was established. It aims to perfect the provisions of said remunerations without contravening the local regulations.

Members of the Board	Fixed income (Ch\$)
Claudio Melandri Hinojosa	222.095.351
Rodrigo Vergara Montes	215.032.446
Orlando Poblete Iturrate	227.548.079
Félix de Vicente Mingo	150.621.388
Alfonso Gómez Morales	140.706.358
Ana Dorrego de Carlos	--
Rodrigo Echenique Gordillo	89.512.761
Lucía Santa Cruz Sutil	124.040.386
Juan Pedro Santa María Pérez	132.082.817
Blanca Bustamante Bravo	120.520.655
Óscar von Chrismar Carvajal	151.349.484

Note: there is no variable income for Santander directors.



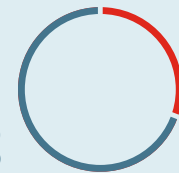
Wage Gap in the Board

Average

Men
166,118,586

74%
Gap

Women
122,280,521

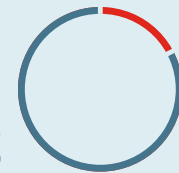


Median

Men
150,985,436

81%
Gap

Women
122,280,521



Note 1: Differences in wages do not correspond to sex but to their participation in governance instances.

Note 2: The value refers to the percentage of income that women have compared to men.



Board Committees

[GRI 2-13] [CMF 3.3]

We have eight committees, all created and modified by the Board as deemed necessary. Likewise, they have subrogation schemes, statutes, formal minutes, and monitoring bodies, periodically reporting their activity to the Board.

The committees supporting the Board are responsible for decisions taken in financial, environmental, and social areas, among others.

→ **Directors and Audit Committee**

President: Orlando Poblete
Members: Félix de Vicente, Rodrigo Vergara y Juan Pedro Santa María (secretary)
Frequency: Monthly

Role

To oversee the elaboration process of the Bank's financial statements and the corresponding management of internal and external auditors, aiming for the institution to provide adequate information to shareholders, investors, and the general public.

→ **Appointment Committee**

President: Blanca Bustamante
Members: Claudio Melandri y Rodrigo Vergara
Frequency: Quarterly

Role

Constant review and application of appointment policies and processes of key positions and the revision of these provisions concerning other organisation members in general.

→ **Comprehensive Risk Committee**

President: Alfonso Gómez
Members: Óscar von Chrismar, Félix de Vicente, Blanca Bustamante, Juan Pedro Santa María, Claudio Melandri y Lucía Santa Cruz
Frequency: Bimonthly

Role

To propose the risk framework and the general policies necessary for defining the Bank's risk appetite and supervise the correct identification, measurement, and control of all risks the company faces.

→ **Remuneration Committee**

President: Orlando Poblete
Members: Alfonso Gómez y Claudio Melandri
Frequency: Quarterly

Role

To constantly review the regulatory documents regarding the evaluation and remuneration of key positions and other organisation members in general.

→ **Analysis and Resolution Committee (ARC) Prevention of Money Laundering**

President: Juan Pedro Santa María
Members: Óscar von Chrismar y Lucía Santa Cruz
Frequency: Monthly

Role To outline and control the adherence to the general and specific policies, regulations and objectives concerning the prevention of money laundering and funding terrorism under local laws and regulations, as well as those of Santander Group.

→ **Market Committee**

President: Óscar von Chrismar
Members: Rodrigo Vergara, Lucía Santa Cruz, Claudio Melandri y Alfonso Gómez
Frequency: Monthly

Role To inspect the results of trading investment portfolios; to make estimates of both the national and international situation that can be used for taking stances; to review with business managers the Bank's risk appetite and approve the risk limits established on an annual basis.

→ **ALCO (Asset and Liabilities Committee)**

President: Rodrigo Vergara
Members: Claudio Melandri, Óscar von Chrismar, Félix de Vicente y Alfonso Gómez
Frequency: Monthly

Role Depending on the case, to inspect and approve the risks and stances adopted and managed by the Financial Management Area of the Bank and its subsidiaries in Chile.

→ **Strategic Committee**

President: Claudio Melandri
Members: Rodrigo Vergara, Félix de Vicente, Alfonso Gómez, Lucía Santa Cruz, Blanca Bustamante y Óscar von Chrismar
Frequency: Quarterly

Role To assess and define the main goals and guidelines for elaborating the Group's strategic plan. To approve the plan determined by Senior Management for the Group as a whole and for the different business units and to regularly monitor their progress.





Directors and Audit Committee

[CMF 3.3]

The committee's primary goal is to monitor Santander Chile and its subsidiaries in:

- i. The elaboration process of the financial statements of the institution.
- ii. The management of internal and external auditors in said process, aiming for the institution to provide adequate information to shareholders, investors, and the public in general, and
- iii. To oversee the efficiency of the institution's internal control system and adherence to the applicable standards and regulations. Their role is described in section 6.1 (Permanent) and section 6.2 (non-permanent) of the RAN 15-1.

The contracting of consultancy services for the Directors and Audit Committee has not been necessary to date, but if ever this

may change, the Committee would ensure the professional competence and the independence of the advisor. In 2021, no expenditure was undertaken in this regard.

The Committee has monthly meetings with:

- i) The Auditing Unit, instance in which the progress of the annual audit plan is reported.
- ii) The Risk Unit, with monthly presentations organised by the Supervision, Consolidation and Compliance area regarding the Volcker Rule Report, the confidential reporting channels, and other matters related to their role. The sustainability area does not meet with this committee since they report to the Board directly.



Committee Remunerations

Member	2020	2021	Variation
Rodrigo Vergara Montes (President)	UF 230	UF 230	0
Orlando Poblete Iturrate	UF 115	UF 115	0
Félix de Vicente Mingo	UF 115	UF 115	0

Senior Management

[CMF 3.4]



1. **Miguel Mata Huerta**
CEO
2. **Óscar Gómez Llorente**
Audit Division Manager
3. **Pedro Orellana Piñero**
Director of Retail Banking
4. **Luis Araya Martínez**
Director of Middle-Market Banking
5. **Andrés Trautmann Buc**
Director of Santander Corporate & Investment Banking
6. **Cristián Peirano Novoa**
Director of Corporate Products
7. **María Eugenia de la Fuente Núñez**
Director of Human Resources Communications and Sustainability
8. **Emiliano Muratore Raccio**
Chief Financial Officer
9. **Ricardo Bartel Jeffery**
Director of Technology and Operations
10. **Franco Rizza**
Director of Risk
11. **Carlos Volante Neira**
Director of Client Service and Quality
12. **Sergio Ávila Salas**
Director of Administration and Costs
13. **Cristián Florence Kauer**
General Counsel
14. **Guillermo Sabater Maroto**
Financial Controller

Information regarding the biography of our Senior Management members can be found at: <https://santander.cl/gcs-web.com/about-us/executive-bios>

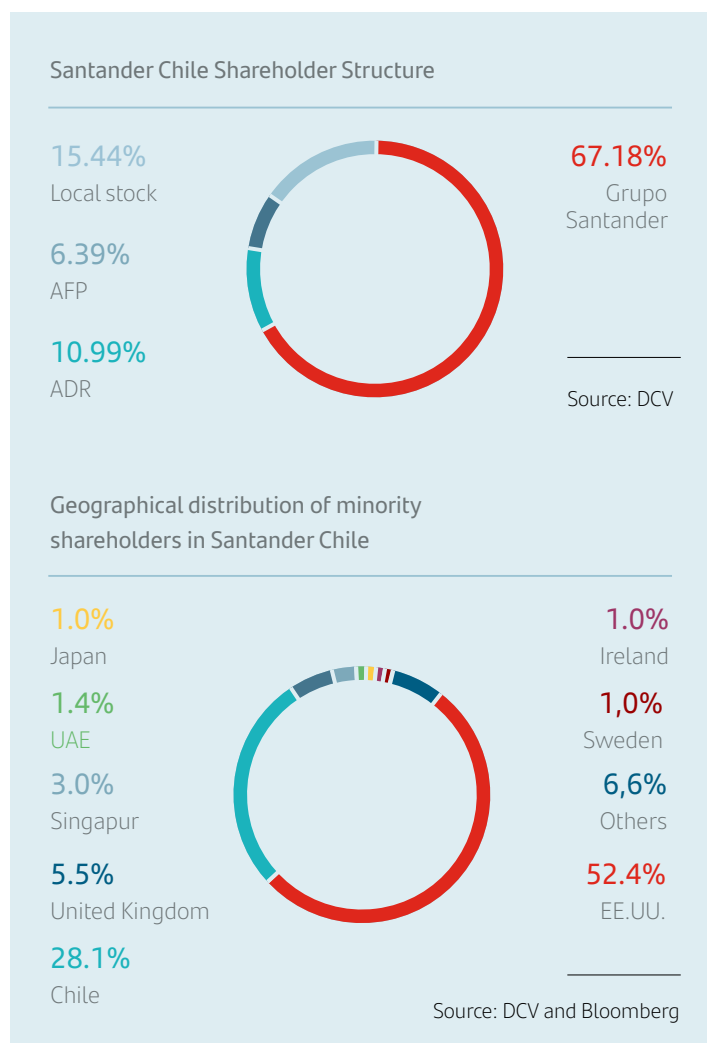
Ownership

[CMF 2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5]

The Bank's shares are traded on the Santiago Stock Exchange and the New York Stock Exchange (NYSE) as American Depositary Receipts (ADRs).

The primary shareholder is Santander Group, which controls 67.18% of the ownership through the companies Santander Chile Holding SA and Teatinos Siglo XXI Ltda. The remaining shareholders include Administradora de Fondos de Pensiones (AFP) -who held a total of 6.37% of the shares as of the 31st of December 2021- and other minority shareholders. Among the latter are included investors who are ADRs holders and represent 10.99% of ownership. Relevant ADR holders featured are large global pension funds and sovereign wealth funds in the United Kingdom, the United States, Canada, the Middle East, and Asia.

→ As of the 31st of December 2021, our capital was divided into 188,446,126,794 single-series shares without preference of any kind.

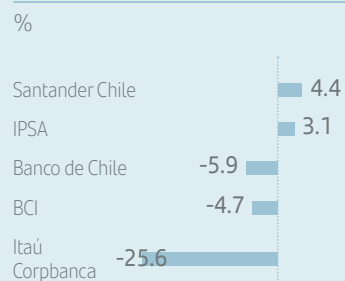


Business or shareholder name	N° Shares	% Over Total
Santander Chile Holding S.A.	66,822,519,695	35.5%
Teatinos Siglo XXI Inversiones S.A.	59,770,481,573	31.7%
Grupo Santander	126,593,001,268	67.2%
Banco de Chile Por Cuenta de Terceros Ca.	11,780,481,085	6.3%
T Rowe Price Group Inc*	4,985,688,400	2.6%
Banco Santander Por Cuenta de Inversionistas Extranjeros	4,960,185,206	2.6%
A F P Habitat S.A.	3,330,127,515	1.8%
Schroders PLC*	2,644,069,200	1.4%
A F P Provida S.A.	2,621,480,724	1.4%
A F P Capital S.A.	2,619,068,746	1.4%
A F P Cuprum S.A.	2,288,277,168	1.2%
Banchile Corredores de Bolsa S.A .	1,626,125,260	0.9%
BlackRock Inc*	1,612,594,400	0.9%
Wells Fargo & Co*	1,187,247,600	0.6%
JPMorgan Chase & Co*	1,114,319,200	0.6%
Santander Corredores de Bolsa Limitada	858,758,953	0.5%
B.C.I. Corredor de Bolsa S.A.	849,345,483	0.5%
Harding Loevner LP*	832,234,400	0.4%
Vanguard Group Inc/The*	748,025,600	0.4%
A F P Modelo S.A.	659,221,483	0.3%
Itau Corpbanca Por Cuenta de Inversionistas	589,561,926	0.3%
Btg Pactual Chile S.A. Corredores de Bolsa	557,152,530	0.3%
Larrain Vial S.A. Corredora de Bolsa	453,291,501	0.2%
Renaissance Technologies LLC*	440,850,800	0.2%
Ariel Investments LLC*	427,873,200	0.2%
A F P Planvital S.A.	419,862,180	0.2%
Wellington Management Group LLP*	400,896,400	0.2%
Morgan Stanley*	374,647,200	0.2%
Acadian Asset Management LLC*	363,176,800	0.2%
Goldman Sachs Group Inc/The*	352,628,800	0.2%
NS Partners Ltd*	324,624,800	0.2%
Valores Security S.A. Corredores de Bolsa	308,208,348	0.2%
Others 12,156 shareholders	12,123,100,618	6.4%
	188,446,126,794	100.0%

Source: DCV and Bloomberg.

Note (*): Shareholders through BNY Mellon through ADRs in the New York stock exchange.

Total return including dividends



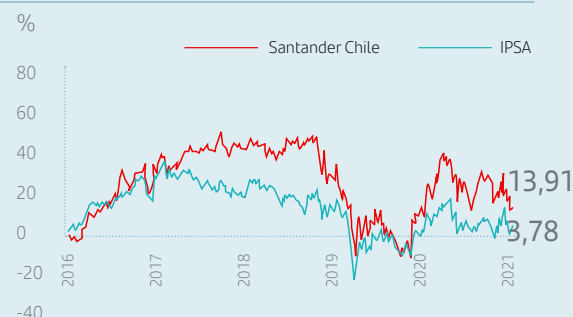
Source: Bloomberg

Comparative Evolution 2021 Total Return



Source: Bloomberg

Comparative Evolution 2016-2021 Total Return



Source: Bloomberg

Stock Market Indicators	2021	2020	2019	Var. (%) 21/20
Share price (\$)	34.25	34.10	43.00	0.44%
Highest share price (\$)	46.52	45.84	53.99	1.48%
Lowest share price (\$)	33.60	24.63	42.00	36.42%
ADR price (US\$)	16.29	18.99	23.07	-14.22%
Highest ADR price (\$)	25.87	23.74	32.62	8.97%
Lowest ADR price (\$)	15.83	11.14	20.84	42.10%
Shares (MCh\$)	188,466.1	188,466.1	188,466.1	n.a.
ADR Ratio	400	400	400	n.a.
Earnings per share (\$)	4.11	2.75	2.93	49.54%
Earnings per ADR (US\$)	2.11	1.54	1.57	37.04%
Dividends per share (\$)	1.65	1.76	1.88	-6.25%
Dividends per ADR (US\$)	0.94	0.91	1.13	3.43%
Dividend policy	60	60	60	0.00%
Stock price / earnings per share (times)	8.88	14.26	13.52	n.a.
Stock price / book value (times)	1.96	1.80	2.37	n.a.
Stock equity (US\$ millions)	7,674.47	6,426.01	11,179.57	19.43%
Average daily traded volume (US\$ millions)	16.92	14.62	14.94	15.71%
Total return (including dividends) in Pesos	4.40%	-16.53%	-13.62%	n.a.
Total return (including dividends) in dollars	-10.84%	-13.12%	-19.21%	n.a.

Stock price evolution

2021 was a year affected by the pandemic and political noise. Several waves of contagion affected the country, with new virus variants spreading worldwide. Notwithstanding, the massive vaccination rollout against Covid-19 was successful, allowing higher mobility and, therefore, a strong economic recovery. This compounded with markets that were quite volatile due to the political situation. All things considered, the local stock index IPSA declined 1.8% and had a total return, including dividends, of +3.1%.

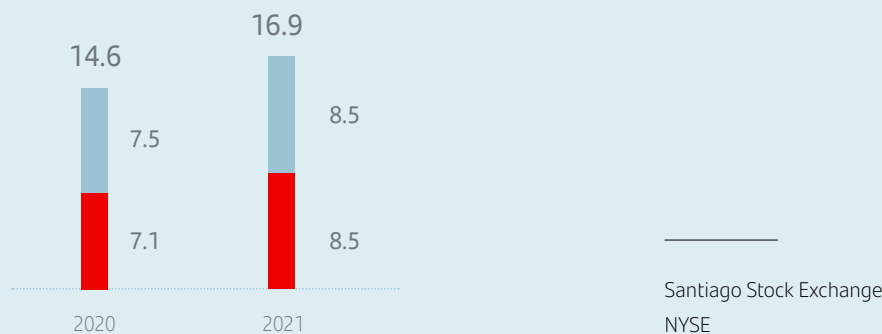
Santander Chile had an annual variation of 0.4%, closing the year with a value of Ch\$ 34.25 (US\$16.29 per ADR). Adding the dividend paid during the year, which corresponds to 60% of the attributable income for 2020 for the amount of \$ 1.64751729 per share, the shareholders' total return for the year amounted to +4.4%, more than the IPSA.

In terms of valuation, the Bank ended 2021 trading at a price-to-book value ratio of 1.96 times, compared to the 1.5 figure of other Chilean Banks in the stock trade. This reflected the optimistic outlook regarding the institution's future performance and the market's acknowledgement and positive assessment of its strategy, and the tremendous financial results achieved. Santander Chile's share is one of the most traded at a national level, considering the transactions on the Santiago Stock Exchange and the NYSE. In 2021, the average daily trading volume reached US\$ 16.9 million, of which US\$ 8.5 million corresponds to the local shares and US\$ 8.5 million to ADRs.



Average daily trading volume

US\$ million.



Dividend Policy

The Bank's dividend policy is governed by the current regulations on dividends outlined in the Chilean Corporation Law and the General Banking Law, which indicate that at least 30% of the assigned profit for the year is to be distributed. Nevertheless, as in previous years, the Bank has distributed dividends of over 30% due to high returns and the excellent results that Santander has achieved.

At the Ordinary Shareholders' Meeting on the 29th of April 2021, shareholders decided that they would distribute 60% of the profits of the financial year, leaving an additional 40% in reserves. In this way, the Bank maintained robust capital levels ensuring business continuity for individuals, SMEs, and companies in general. This entailed a 5.0% return at the payment date.

Year	Dividend (MCh\$)	Percentage of distributed profits	Dividend yield (%)
2017	330,646	70	4.3
2018	423,611	75	4.24
2019	355,141	60	3.68
2020	331,256	60	3.80
2021	310,468	60	5.0



Investors

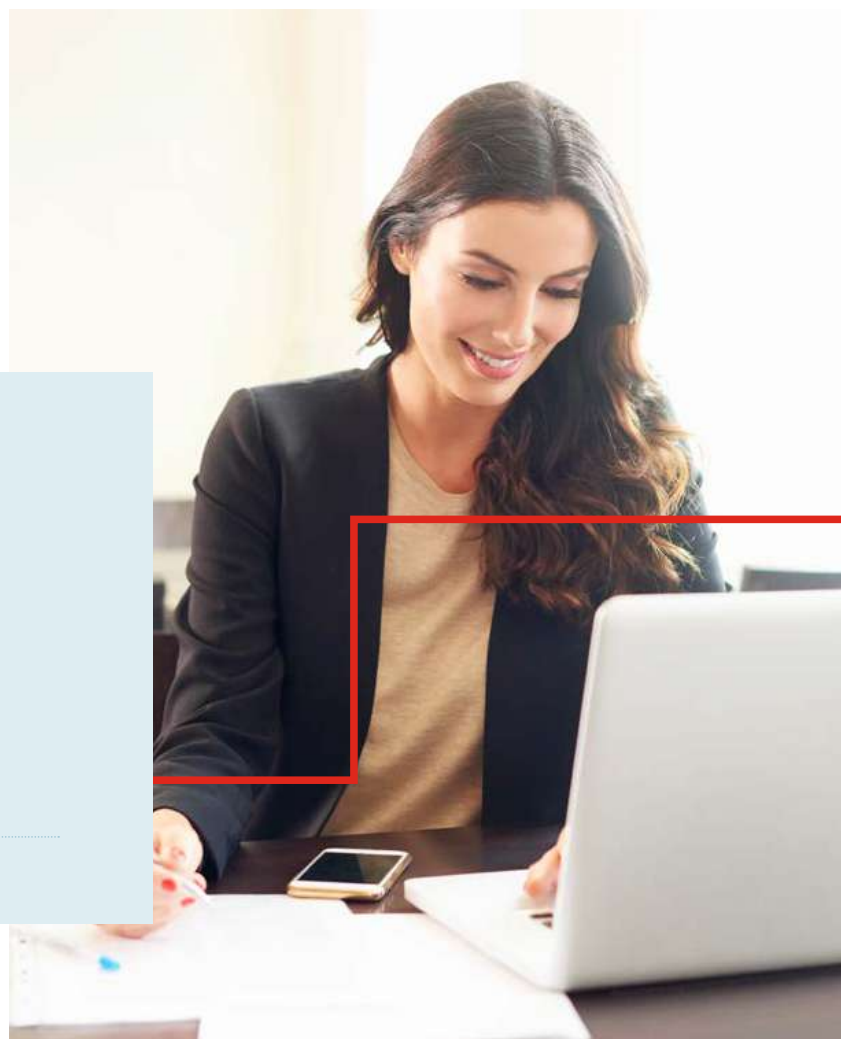
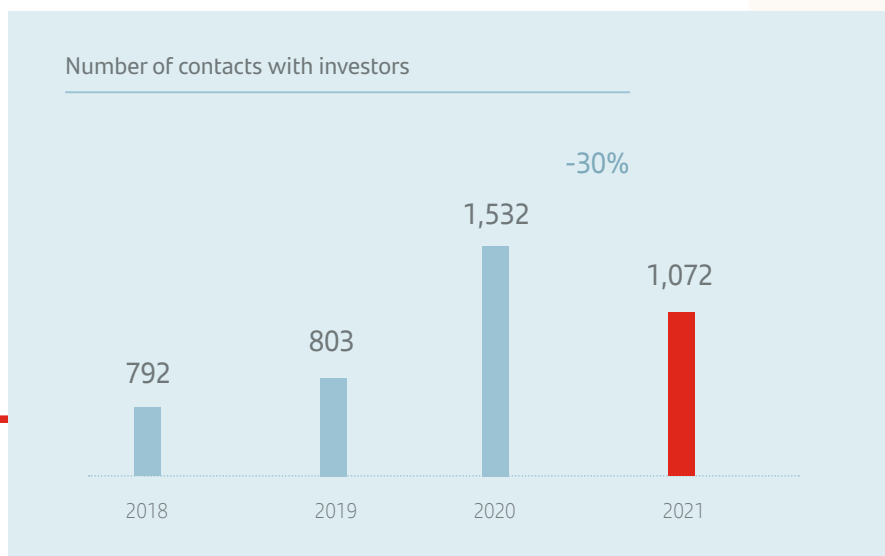
[CMF 3.7]

The Investor Relations area of Santander Chile is responsible for keeping shareholders and investors duly informed of the Bank's progress. For this purpose, a full schedule of activities is organised throughout the year, including the Shareholders' Meeting, quarterly report presentations, phone and digital conferences, the Investor Relations site, national and international investor conferences, and various other outreach instances.

To the above are added several communication channels set up to ensure permanent contact with multiple investors and minority shareholders. More than 1,072 investor contacts of all types were made in more than 20 countries in 2021. This figure decreased compared to the previous year because investors were looking for information and meetings in a higher volume at the beginning of the pandemic.

This is the second year that the Investor Relations team could not travel and therefore remotely participated in more than 20 conferences. Furthermore, several instances were created to keep investors constantly updated, including our second virtual event with the participation of the Board and Senior Management members.

In 2021, Institutional Investor recognised Banco Santander Chile's Investor Relations team as the best IR Team and IR Program in Chile. This institution conducts an annual survey that measures the various Investor Relations programmes in Latin America, considering credibility, knowledge, and responsiveness, among others. Santander was also given the Top 1 in Best Analyst Days, Top 1 in Best ESG Programme, and Top 1 in Best Covid-19 Management for Large-cap and Mid-cap companies (this last ranking corresponding to the first year such management is measured). Moreover, Robert Moreno, our Investor Relations Manager, was recognised as Top 2 Best IR professionals in Chile. Likewise, Institutional Investor also recognised Miguel Mata as Top 1 CEO in Chile for Large-cap and Mid-cap companies and Emiliano Muratore as Top 1 CFO in Chile.



Santander ESG Talk 2021

On the 16th of November 2021, we held a virtual event for investors for the second time. In 2020 we had already held such an event focusing on the digital initiatives that the Bank had developed recently. On this occasion, we highlighted all the initiatives we have undertaken in environmental, social and governance matters (ESG). The event was attended by Claudio Melandri, President of the Bank; Miguel Mata, Chief Executive Officer; Lucía Santa Cruz, Independent Director; María Eugenia de la Fuente, Division Manager of Human Resources, Communication and Sustainability; Camila Herrera, Head of Funding; and Robert Moreno, Manager of Investor Relations. In addition, investors had the opportunity to direct their questions in real-time to the panel by connecting to the event's digital platform.

Claudio Melandri presented the event highlighting how we are leaders among companies in the region in ESG matters, participating through the Group in various alliances such as The United Nations Responsible Banking Principles, the Collective Commitment to Climate Action, UNEP FI, and Net Zero Alliance, among others. All this while we continue to generate 17%-19% ROE with a core capital over 10% under BIS III.

In environmental matters, all of the financial solutions the Bank has offered to the market to move into a greener economy were highlighted. Among these, projects such as Desaladora Spence (Desalination plant), Cerro Dominador, and other projects with ESG criteria that are linked to milestones under the ESG key performance indicators (KPIs) were featured. Furthermore, we have widened our value proposition for our retail clients through Santander Verde (Green Santander)⁴. Also, it was announced that the organisation will become the first local bank to generate its own renewable energy, signing an agreement with Gasco Luz and Fourtrees Capital to build six solar plants of 300kW each in the Coquimbo, Valparaiso, and the Metropolitan region. These will be fully operational by 2022.

In social matters, collaborators are a key stakeholder. In this regard, we accomplished first place in the Great Place to Work in 2020 for companies with over 1000 employees and the Top Employer certification for 2021. In addition, the Bank was the first to receive the Sello Iguale Conciliación (Conciliation Equality Seal), bestowed by the Ministry of Women and Gender Equality. Other relevant stakeholders are communities. In this regard, contributions were made through financial inclusion, education, and entrepreneurship. As a result, our programs have helped over 1.6 million people in the country in total since 2019. The Bank was also noted to provide the best customer service for its over 4-million-customer base, ending the year in first place at the NPS.



Finally, in terms of governance, our three protection layers for highlighted: regulations, our relationship with the Santander Group, and the Board of Directors. In the first one, regulations stemming from the FMC, the Central Bank of Chile, SEC standards for foreign issuers, the Sarbanes-Oxley Act of the United States are abided, and the European Central Bank regulations are monitored. In the second one, the relationship to the Group is key, with a structure that has multiple entry points: they share the best practices, corporate frameworks, and know-how, but with independence in terms of capital, liquidity, and funding. The third layer is the Board, with a total of 11 members, of which six are independent of the biggest shareholder.

The Bank is currently preparing its first ESG Bond Framework, a scheme through which the Bank will issue bonds with an official ESG seal. This will include a Second Party Opinion to ensure the funds are allocated to projects that adhere to the Principles of the International Capital Markets Association. Initially, some US\$1,500 million in initiatives have been identified to be funded through this programme. The ESG bonds will be linked to projects of energy efficiency, renewable energy, pollution reduction and financial and social inclusion.

Miguel Mata closed the event by outlining the 10 commitments of Responsible Banking. The event had a total of 120 assistants, with members of the Group and investors from the US, Hong Kong, Africa, Mexico, Colombia, Brazil, Peru, and Chile participating.

→ To watch the recording of the event, see [Santander ESG Talk 2021](#).

4. For more information on Santander verde please see Chapter 5, Section 5.1

Risk classifications

Banco Santander is one of the companies with the best risk rating in Latin America and emerging markets. The organisation uses the national risk ratings ICR Chile and Feller Rate and the international ratings of Moody's, Standard & Poor's (S&P), JCR and HR Ratings. In 2021, S&P raised the Bank's perception from negative to stable due to an improvement in Santander Group's outlook and solid performance during the pandemic. All the others maintained their outlooks and rating unchanged from the year before.

National Ratings

ICR Chile

Solvency	AAA
Outlook	Stable
Short-term deposits	N1+
Long-term deposits	AAA
Letters of credit	AAA
Bond issues	AAA
Mortgage bonds	AAA
Senior bonds	AAA
Subordinated bonds	AA+
Subordinated bond lines	AA+
Shares	Level 1

Feller Rate

Solvency	AAA
Outlook	Stable
Short-term deposits	N1+
Long-term deposits	AAA
Letters of credit	AAA
Mortgage bonds	AAA
Senior bonds	AAA
Subordinated bonds	AA+
Shares	Level 1

International ratings

Moody's

Bank deposits	A1
Baseline Credit Assessment (BCA)	A3
BCA adjusted	A3
Senior bonds	A1
Commercial paper	P-1
Outlook	Negative

Standard & Poor's

Foreign currency long-term rating	A
Local currency long-term rating	A
Foreign currency short-term rating	A-1
Local currency short-term rating	A-1
Outlook	Stable

JCR

Foreign currency long-term rating	A+
Outlook	Stable

HR Ratings

HR Rating	AA- (G) HR1 (G)
Outlook	Stable

Responsibility, ethics, and compliance

MI

Why is this a material issue?

Adhering to the present regulations offers companies protection of shareholders' interests, the creation of value and the efficient use of resources.

Moreover, ethics and transparency can timely deliver relevant, complete, and veracious information, engendering trust in the market and ensuring long-term value creation.

Policy Framework of the Topic

- General Code of Conduct
- Securities Market Code of Conduct
- Confidential reporting Channel
- Corruption Prevention Policy
- Manual for the Prevention of Money Laundering
- Crime Risk Prevention Policy
- Free Competition Defence Policy



Compliance

[CMF 3.6]

We rely on a robust structure of policies, procedures, and principles that underpin the integration of regulations and requirements of proper conduct. We guide our actions under the General Code of Conduct, a document key to the Compliance Programme compiling the ethical principles and rules of conduct that all Group's collaborators must abide by when relating to other collaborators, our customers, suppliers, and society. In this regard, we highlight the following principles:

1. Equal opportunities and no discrimination
2. Respect for people
3. Conciliation between work and personal life
4. Prevention of work-related risks
5. Environmental protection and social and environmental responsibility policies
6. Collective rights.

The Compliance Management establishes and executes the Compliance Programme, having as principal functions that of:

1. Applying the General Code of Conduct and all other codes and procedures.
2. Determining and monitoring the development of training in compliance matters.
3. Collaborating with investigations regarding possible violations.
4. Advising and providing resolutions to questions concerning the General Code of Conduct and the application of other regulations.
5. Annually assessing any necessary changes to the Compliance Programme and the regulations of proper conduct.



Internal Audit

Our Internal Audit division has the mission to offer the Board and Senior Management an independent guarantee of quality and efficiency of the processes and systems within the internal control, risk management and governance. In addition, it is the body in charge of carrying out the necessary tests and reviews to verify compliance with regulations and procedures stipulated by the Compliance Programme. Finally, it also monitors the sufficiency and effectiveness of the General Compliance Framework, the Code of Conduct, and procedures independently.



The Global Compliance Committee, directly organised by the Compliance Management, has the responsibility to supervise the management of the following risks the Bank is exposed to:



Regulatory compliance risk

It is the risk of the Bank breaching regulations or breaching the regulator body's expectations that could derive into legal or regulatory sanctions.



Prevention of money laundering and funding of terrorism risk

It is the risk Santander, or one of its subsidiaries, has of being used as a vehicle for money laundering or financing terrorist groups.



Reputational risk⁵

It is a transversal risk to that of compliance and is defined as the detriment to the image that public opinion, clients, investors, and other groups of interest have of the Bank.



Conduct Risk

This risk arises from actions, processes, or behaviours from individuals or the Bank that could negatively impact the customer or the markets in which we operate.

⁵ For more information, please see the subchapter of Risks.

Ethics and Conduct

In February, we achieved the Crime Prevention Model certification under Law 20,393, concerning Criminal and Legal Persons Responsibility⁶, valid for two years.

Code of Conduct

[GRI 2-26, 205-1, 205-2, 205-3]

The code of conduct addresses the following topics: corruption and bribery, discrimination, conflicts of interest, money laundering and/or abuse of privileged information, environment, health and security, channels to report wrongdoings, information confidentiality and unfair competition and monopolistic practices.

All collaborators must sign the code of conduct every time it is modified. The Human Resources area is in charge of making it available in each worker's virtual folder. The code of conduct encompasses all collaborators, all of the Group's subsidiaries and joint ventures, and all who digitally accept this procedure.

Moreover, Santander educates on the policies and procedures related to the code of conduct and ethics. As a result, 9,626 collaborators representing 96% of the total people included in this process were trained in 2021.

In Santander, the risk of corruption has not been evaluated, and no reports have been received on this matter.

Confidential Reporting Channel

[SASB FN-CB-510a.2, FN-IB-510a.2]

We have a confidential reporting channel that allows us to detect and act accordingly upon behaviour that supposes a breach of the General Code of Conduct or opposes corporate behaviour.

The channel is open to all of its collaborators and extends to our suppliers. It is managed by an external provider, a leader in this matter at an international level, thus guaranteeing the confidentiality and anonymity of the claim.

Claims are reported directly to the Board. In this instance, decisions are taken regarding who manages the claim, and the autonomy of the investigation is ensured. The type of claims includes those outlined in the Crime Prevention Model and any that could oppose the proper conduct defined by our Bank.

A challenge for us in this regard is to spread these tools' use and foster knowledge of their operation and benefits to improve our actions in this area. Currently, their procedure is taught in all training the organisation offers concerning the General Code of Conduct.

No reports were received through the channel that concerned breaches of Law 20,393, and those typified as opposing Santander's conduct were investigated and penalised accordingly in the corresponding cases.

Discrimination, labour, and sexual harassment

[GRI 406-1], [CMF 5.5]

Among the ethical principles we promote as an organisation which the General Code of Conduct outlines, we recognise: equal opportunity, diversity and non-discrimination, respect for people, conciliation of work and personal life, prevention of work-related risks, environmental protection, social and environmental responsibility policies, and collective rights.

No reports of labour or sexual harassment were received in 2021.

Furthermore, a course concerning NCh3262 was carried out. As informed by the Training Area, 8,052 people had done a course in gender equality and in conciliation of work, family, and personal life by the end of December.

6. Certifying process was undertaken by the external company Prelafit.

Legal and regulatory compliance

[GRI 2-27, 206-1], [CMF 8.1.1, 8.1.2, 8.1.3, 8.1.4, 8.1.5] SASB [FN-CB-510a.1, FN-IB-510a.1]

Its regulatory framework includes: the General Banking Law, The Financial Market Commission regulations, Law N° 18,045 (Securities Market Law) and Law N° 18,046 (Chilean Corporation Law). It is managed by three entities: the Financial Market Commission, the Financial Analysis Unit, and the Internal Revenue Service (SII).

Recent changes to the regulatory frameworks that could affect or are affecting Santander's activity are:

- Data protection law
- FMC's regulation regarding reporting
- Fintech financial innovation law
- Changes to the insurance business

Regarding the penalties administered in the year, 39% belong to 'customers' rights'. The rise of this item is explained by the regulatory change to Law 20,009 that occurred in 2020 concerning those transactions unrecognised by customers. These matters are known to the Local Police Courts under Law 19,496 involving Consumer Rights Protection.

These regulatory changes affect the processes' results, as the new Law lays objective responsibility on banks and financial institutions concerning unrecognised transactions, forcing them to return the unrecognised amount to the customer for up to a legal cap of UF 35. Then, in case of existing wilful misconduct or guilt on the customer's side, a claim is filed to the Local Police for the restitution of the amount given.

As observed above, the jurisprudential tendency orders banks to pay compensations in tax benefits and favour the customer since 2020, with the expectation that once processed cases are duly determined and archived, such amount will decrease substantially.



Penalties Administered (Ch\$)

Type of Penalty	2019	2020	2021
Free competition or unfair trade	\$0	\$0	\$0
Taxing	\$25,006,265	\$5,164,750	\$20,169,062
Occupational	\$49,603,048	\$10,337,448	\$57,361,032
Environmental	\$0	\$0	\$0
Customer Rights	\$0	\$22,538,624	\$53,052,086
Other	\$9,444,132	\$3,258,390	\$6,347,580
Penalty total	\$84,053,445	\$41,299,212	\$136,929,760

Source: Various areas of the Bank, with the only cases controlled by the legal department being those concerning the Consumer Price Law (CPL), Security Law, and penalties for breaches to the General Urban Planning and Constructions Act.

Money laundering prevention

During the year, we updated all our policies related to the prevention of money laundering, giving a more comprehensive approach to financial crime. These seven policies strengthen the prevention framework, control execution and penalties.

Furthermore, according to the demands of the law, we trained all collaborators in these matters along with clients.



04.

The best bank for everyone

MATERIAL TOPICS OF THIS CHAPTER:

Material topics

Interest groups

Digital transformation and innovation

- Shareholders
- Investors
- Board of Directors
- Senior Management

Sustainability of results

- Employees
- Clients

Our business

[GRI 2-6] [CMF 2.1, 6.1, 6.2, 6.4]

Banco Santander wants to be the best open platform for financial services to contribute to the progress of companies and individuals, which we do through a broad range of products with high service quality for our customers.

Santander Chile provides a wide range of commercial and retail banking services to its customers, including loans in Chilean pesos and foreign currencies to fund various commercial transactions, trade, forward contracts, lines of credit and retail banking services, including mortgages and financing. Beyond its traditional banking operations, it offers financial services, including leasing, financial advisory services, mutual fund management, securities brokerage, insurance brokerage and investment management.

The legal framework governing banks is the General Banking Law, and the institution that regulates them is the FMC. Furthermore, because we hold ADRs on the New York Stock Exchange and issue 144A bonds in the US, our organisation is also regulated by the SEC. Lastly, as part of Santander Group, our organisation also complies with the ECB regulatory frameworks. Currently, Santander does not have suppliers that individually account for 10% of purchases.

Purpose



To help people and businesses prosper

Mission



To be the best bank, acting responsibly and gaining the loyalty of its customers, shareholders, employees and communities.

Our style



Simple: To offer customers products that are easy to understand and to be efficient and decisive in providing solutions to their needs. To do this, Santander needs its systems and processes to be simple to operate, enabling its employees to deliver clear answers with the agility that customers require.

Personal: To have differentiated service models, offering each customer a tailor-made service adapted to their individual needs. It is also the commitment with the Bank's collaborators so they can develop their full potential and achieve their professional goals.

Fair: To play fair, respecting and enforcing the rules. It's fairplay. Santander must be transparent in its relations with its stakeholders and fulfil its promises, contributing to the community.

Our seal



Excellence in execution.


The Santander Way

Our guide to a changing world

For six years, The Santander Way has been guiding employees in the organisation. This model comprises mission, vision, values, risk culture, and behaviours.


Companies with a solid internal culture attract and retain talent and perform better. Behaviours have, therefore, 'evolved' in The Santander Way, enabling us to face future challenges marked by our attention to the customer.

The 'evolved' behaviours have been created around a single word: 'T.E.A.M.S'.




Mission:

To contribute to the progress of people and companies



Vision:

To be the best bank, acting responsibly and gaining the loyalty of its customers, shareholders, employees and communities.




Values:

Simple, Personal and Fair



Risk Pro:

Risk culture



Behaviours

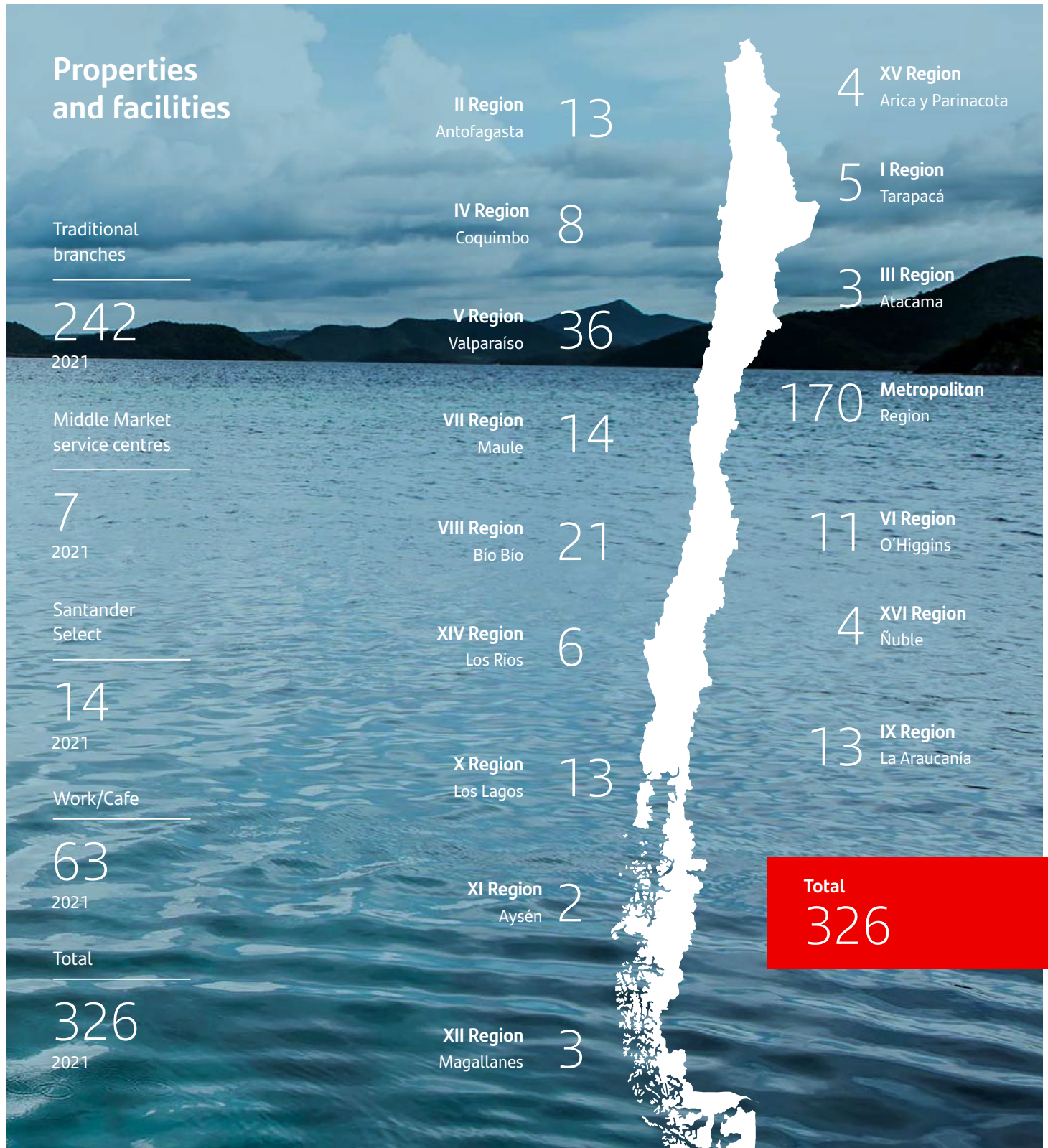
By incorporating 'T.E.A.M.S' into our daily lives, Santander will lead the change in future banking.

<h2>T</h2>	<h2>E</h2>	<h2>A</h2>	<h2>M</h2>	<h2>S</h2>
<p>Think Customer</p> <ul style="list-style-type: none"> • I take care of the relationship with my clients, and I do my best to gain their trust and loyalty. • Keeping the customer in mind means going above and beyond to gain the loyalty and trust of the people we serve. 	<p>Embrace Change</p> <ul style="list-style-type: none"> • I face new challenges and look for new ways of doing things as an opportunity to grow. • Change requires effort and will inevitably meet with some resistance. The challenge is to address it with a mindset focused on opportunity. 	<p>Act Now</p> <ul style="list-style-type: none"> • I take the initiative with responsibility and keep things simple. • Growing companies move as an agile collective, without bureaucracy and complicated processes. That's the way we should be. 	<p>Move together</p> <ul style="list-style-type: none"> • I promote collaboration and work together with my colleagues to achieve common goals. • The best teams make the most of each member's capabilities to achieve their goals. 	<p>Speak up</p> <ul style="list-style-type: none"> • I express my ideas and concerns with respect and no strings attached. Therefore, I feel comfortable receiving and giving feedback. • We all have to express ourselves. If problems, ideas and solutions are not shared, things will never get better.

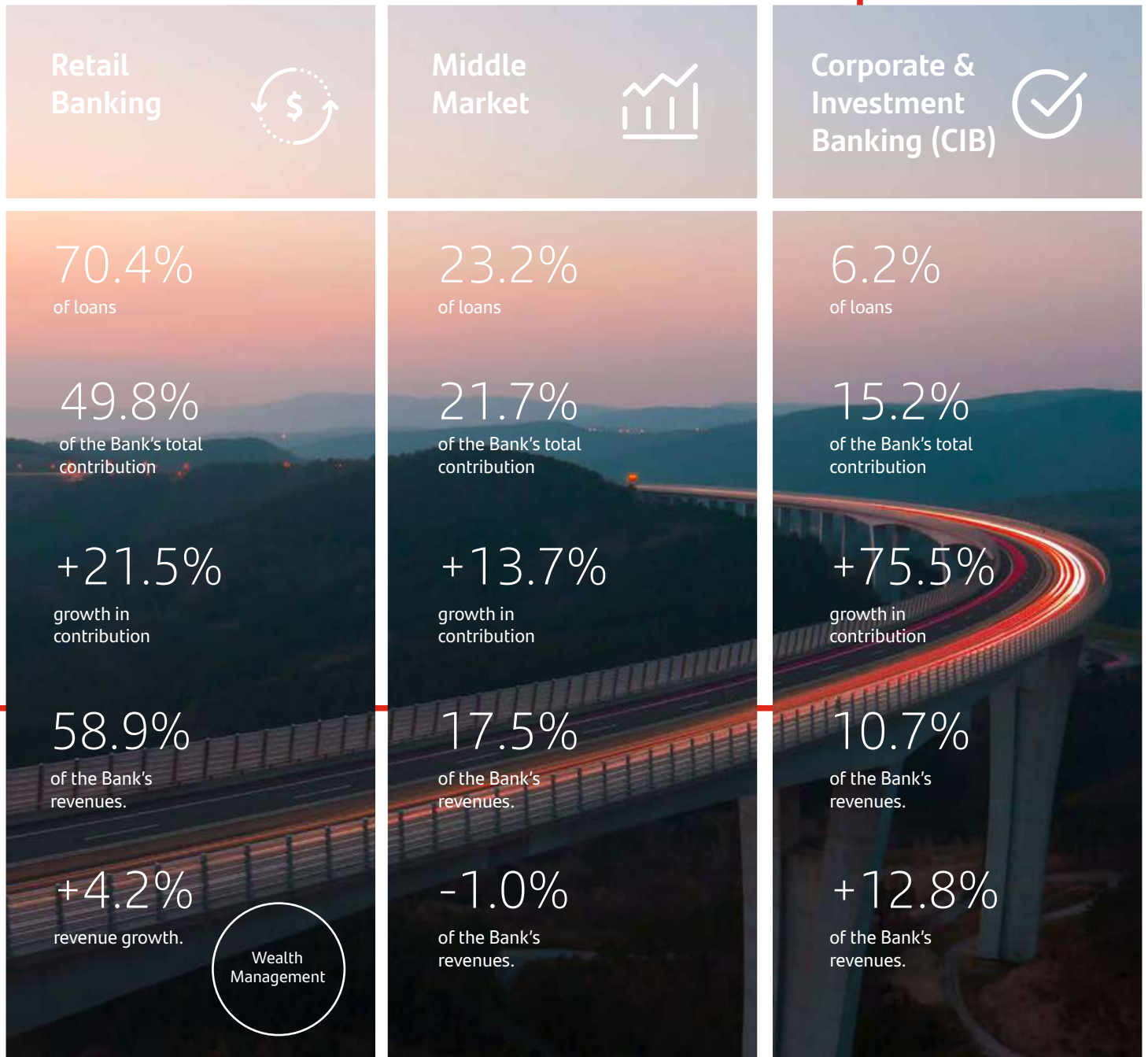
Presence in Chile

Santander Chile is an independent subsidiary of the Santander Group, present across the country.

Five Select branches were closed, and four Work/Cafe branches were opened in 2021.



The Business



Corporate Products



Retail Banking Division

What does the division do?

The purpose of the Retail Banking division is to design, develop and implement a range of products and services to advise customers on the best alternatives, such as consumer and mortgage loans, credit and debit cards, current and demand accounts, savings and investment products and insurance. Furthermore, it offers specialised loans for working capital, investment and foreign trade, state-guaranteed loans, leasing and factoring.

Who are their clients?

It has a differentiated value proposition for high, middle and mass income individuals and small and medium-sized enterprises with sales of less than MCh\$2,000 per year.

One of the purposes of Personal Banking for mass incomes is to help customers into bancarization, avoid over-indebtedness and encourage good financial behaviour.

What are the businesses?



Personal Banking

It targets clients that are high income, medium income and mass income.



SMEs Banking

It has a plan for every stage of small and medium-sized companies. Financing, Credit, Insurance and Investments.



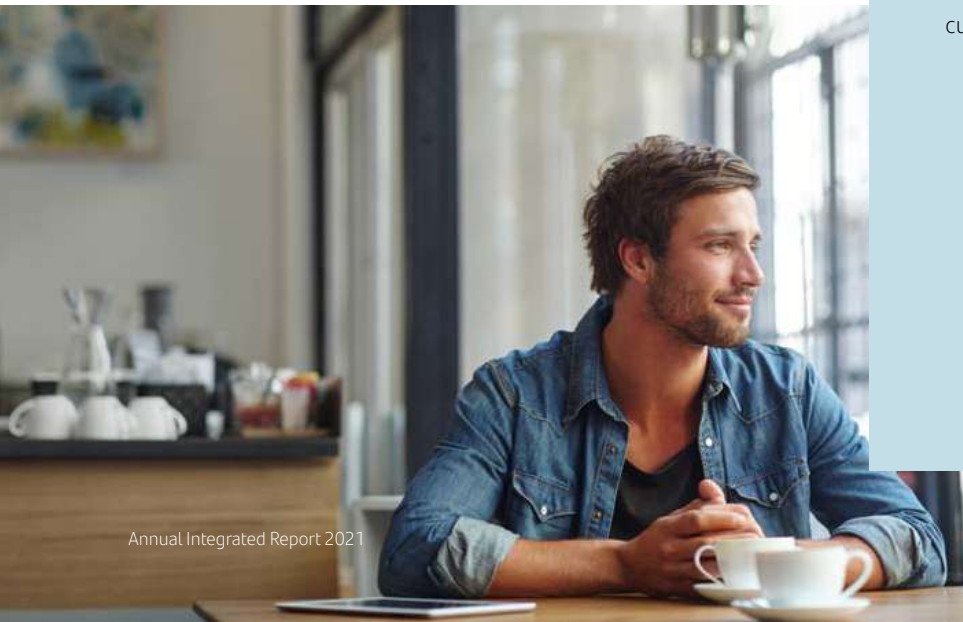
Santander Consumer

Financial solutions for the purchase of vehicles with greater flexibility, adapting to customers' needs.



Select Private Banking

Aimed at high net worth clients. It provides personalised attention through comprehensive service that includes a wealth manager, the support of specialised advisors and a broader and more flexible product offer than the existing at the branch network. Its format focuses on enhancing the offer to those with liquid investments over Ch\$50 million or a positive debt-to-equity balance, minus mortgage, over Ch\$100 million.



What are the highlights of 2021?

- In 2021, the digital platforms launched at the end of 2020 were strengthened, specifically Life and Superdigital Accounts¹, which have grown exponentially in terms of customer numbers.
- Additionally, one of the year's highlights was the launch of Getnet³. The Measure what Matters Most Programme also stands out, in which, together with System B Chile, we invited 300 SMEs to participate in a B Corp certification process⁴.
- Moreover, in the wake of the covid-19 pandemic, Santander Chile supported Fogape loans to SMEs through a digital connection with Banco Estado and the guarantee scheme for small businesses. In two-months it also provided 16,086 refinancing solutions to its customers, including renegotiations and relief to support their financial situation.

The year-on-year growth in current accounts was 520,715² due to the success of the Life current account, added to 105,642 customers with credit and debit cards and 154,767 customers with virtual cards (Superdigital), consolidating the Retail Banking area's leadership in these categories.

Conecta tu Pyme (Connect your SME)

A benefit delivered to the bank's SMEs customers that allows them to create a website free of charge to showcase their products and sell them online. This will enable them to go digital and to be able to grow their sales. In 2021, 2,683 websites were published, reaching a total of 18,014 for the entire programme.

1 See section 6.4 for detailed information on both accounts.

2 Superdigital is not considered in this data

3 To learn more about Getnet, please refer to section 4.2

4 For more information on Measure what Matters Most, see section 5.1.



CONSOLIDATING A COMMUNITY MODEL FOR SANTANDER CUSTOMERS AND NON-CUSTOMERS



Five years of Work/Café

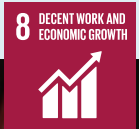
Work/Café is a meeting place for entrepreneurs and individuals – Bank customers and non-customers alike – that provides people with concrete tools to help them boost their businesses. Before the pandemic, they were run in a network of physical branches, and today they have expanded to a digital format.

Thus, the Work/Café community was born, with a unique offer in the market to support entrepreneurs and people who have been forced to start over or reinvent themselves in this pandemic. This was done using a strategy called 'transfusion', in which all of the physical model and the brand's attributes and benefits are taken and adapted into the new context.

Work/Café promotes products and services, such as benefits and discounts to digitalise business, a free platform for finding work, educational scholarship programs, and a market platform for local entrepreneurs, among others.

Therefore, the Work/Café community follows a support strategy, especially for a group of such high relevance and value to the country as entrepreneurs are, helping them migrate to a space of support with information and training available to mitigate as much as possible the uncertainty they live, helping them face difficulties.

The community's primary objective in 2021 was to relaunch the brand and model, publicising its innovations and benefits, and recover the relationship built before the pandemic. To achieve this, it was necessary to migrate the monthly traffic from the physical world (45,000 people per month in the 63 branches) to the digital world, where a value offer is delivered that seeks to complement what was given physically and that relates to the current needs of entrepreneurs and individuals.



8.10

Key figures for Work/Café

+145,000

members in the Work/Café Community

+5,500

thousand enterprises in Work/Café Marketplace.

+4,000

users of the Employability tool.

100,000

customers connected simultaneously in talks in 2021.

+3,000

enrolled in the Work/Café Scholarship - IE - Santander X.

9

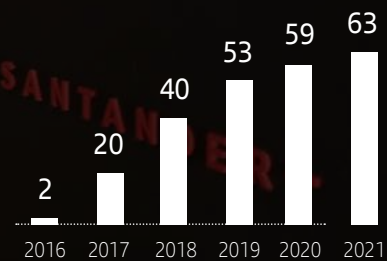
Nine strategic partners in the 'Toolkit for your business' section that support businesses' digitisation and growth.



Access to scholarships, courses and training exclusively for members.



Work/Café Branches



2021 in figures:

Retail Banking

[SASB FN-CB-000.A]
[FN-CB-000.B]



1,747,591 6,363,612

Personal
current accounts

Value (MCh\$)

198,199 3,339,834

Current accounts of
small companies

Value (MCh\$)

400,192 174,715

Personal
savings accounts

Value (MCh\$)

23,809 13,903

Savings accounts of
small companies

Value (MCh\$)

266,056 2,871,622

Personal loans

Value (MCh\$)

75,317 2,821,563

Loans of small
companies

Value (MCh\$)

Note 1: Loans to small companies consider commercial loan residuals (excluding factoring, leasing and comex).

Note 2: The Retail Banking division does not engage in corporate lending, and therefore it cannot apply to complete the SASB standard.

Customers with active accounts and cards

[SASB FN-CF-000.A]
[FN-CF-000.B]



815,123

Number of customers with
active credit card accounts

1,526,656

Number of customers with
an active debit card account

1,029,778

Number of
credit card accounts

1,758,675

Number of
debit card accounts



Mortgage financing

[SASB FN-MF-000.A]
[FN-MF-000.B]



27,334	–
Monthly mortgage originations	Value (MCh\$)
<hr/>	
364,643	13,565,057
Residential mortgage origination (stock)	Value (MCh\$)
<hr/>	
138,691	2,787,631
Commercial mortgage origination (stock)	Value (MCh\$)
<hr/>	
22,571	2,133,592
Acquired residential mortgages (2021 sales)	Value (MCh\$)
<hr/>	
4,773	386,100
Acquired commercial mortgages (2021 sales)	Value (MCh\$)

Note 1: The commercial category is the category that corresponds to general purpose loans.

Note 2: Stock refers to accumulated mortgages, while sale refers to mortgages traded in 2021.

Insurance information



Getnet insurance⁵ and covid-19 insurance⁶ were created in 2021, which is mandatory for companies.

92,895

Automotive insurances sold as of December

3,201

SMEs insurances sold as of December

10,681

Getnet insurances sold as of December

26,829

Covid-19 insurances sold as of December

⁵ Getnet Insurance is a protected billing insurance to cover Getnet's POS billing on days when the business cannot open due to various reasons. Find out more about this insurance at: <https://www.santander.cl/advance/seguros-pyme/facturacion-prottegida.asp>

⁶ Covid-19 insurance provides protection against this disease and covers all hospital and rehabilitation expenses incurred as a result of this pathology. It also incorporates life insurance to give people the peace of mind they need. Find out more about this insurance at: <https://banco.santander.cl/personas/seguros/salud/detalles/seguro-obligatorio-de-salud-covid-19>

Wealth Management Unit

What does this unit do?

The Wealth Management unit was created in October 2021 to unify the customers' investment offer by being more consistent across all segments and delivering smooth and accurate communication regarding products, benefits, and risks.

The above allows the creation of a unique strategy in terms of investments in different customer segments, with a unique digital and communication development plan, as well as a consistent value proposition, products and service models and a more specialised level of consultancy. In addition to fostering synergy and reinforcing the Bank's strategy, this drives a clearer and more robust place in the local market.

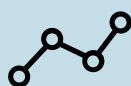
Who are their clients?

Its clients are individuals who wish to make investments. Therefore, a homogeneous and consistent model of products is generated for them, with specific advice and contracting according to the clients' needs.

What are the highlights of 2021?

- The creation of the new Wealth Management structure with supporting organisations and objectives, indicators, and strategic plans for the unit.
- Furthermore, an Alternative Investment Fund (FI), which is a new range of products for the Bank, was launched. It started with the Residential Income Fund and will be adding more products under this category in the short term.
- The Fund's principal goal is to invest indirectly –through one or more companies– in purchasing and operating real estate in Chile for medium and long-term residential rental purposes (mainly flats, warehouses and parking spaces) or to invest in debt securities or promissory notes of such companies.

What are the businesses?



Santander Asset Management (SAM)

A leading fund manager with EUR 9,300 million of assets under management, more than 20 years of experience, and a team of more than 60 professionals with an average of more than ten years of experience in the financial sector.



Client investments

It serves all the customers with bank investments, focusing on Private Banking and Retail Investment segments, offering mutual funds, investment funds, Luxembourg funds and portfolio management, which alongside other products - time deposits, equities, ETFs, AFBs, structured products, derivatives - make up the value proposition.



Wealth Management Indicators

350,000

Number of clients with investments

137,116

Number of clients with investments over USD 1 MM

Note 1: The indicators do not include the Insurance area, which is part of the Commercial Banking division.



Middle Market Division

What does the division do?

It accompanies corporate customers in their development from an advisory role, with a value offer of differentiated financial products and services tailored to their needs and aligned with the Bank's commercial strategy.

This value offering addresses a wide range of products through on-site and digital channels: financial advice (collaboration revenue, ESG and investments), value added (ATM, insurance, acquiring) and traditional products (leasing, confirming, factoring, international business, transactional services and treasury).

Who are their clients?

Middle Market offers products and services to medium and large companies with annual sales of over Ch\$2,000 million.

In the Real Estate segment, projects are developed for third parties and construction companies with annual sales of over Ch\$800 million. This includes organisations such as universities, government agencies, municipalities and regional governments.

What are the businesses?



Companies



Large Companies



Real Estate



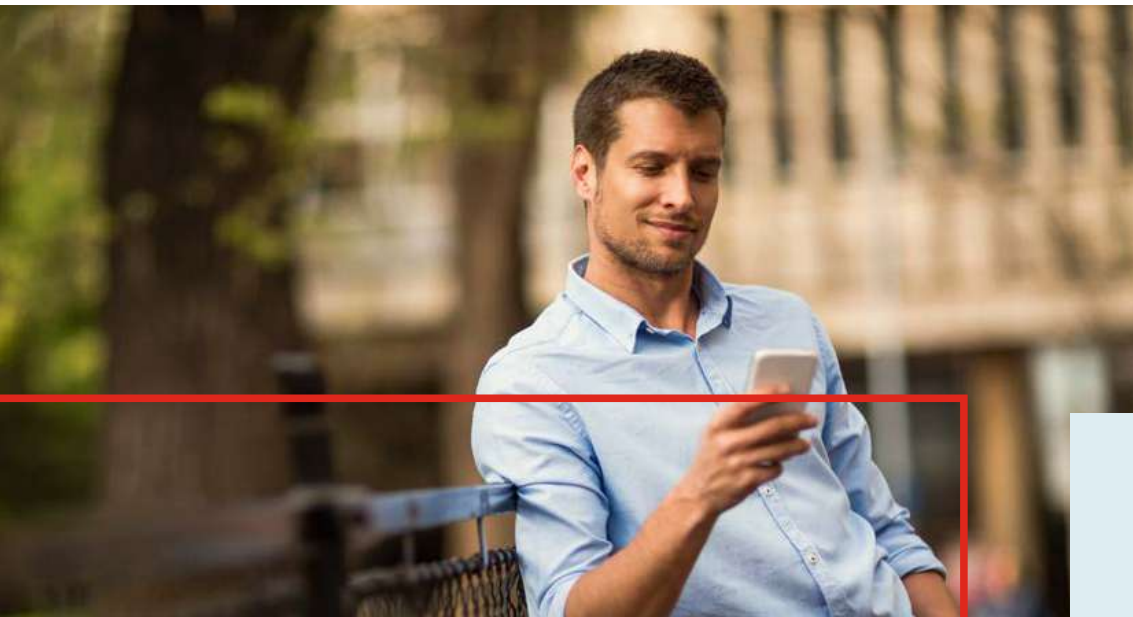
Institutions



What are the highlights of 2021?

The Middle Market has progressed in digitisation, anticipating customers' needs and setting up contracting flows for digital credit products. Moreover, it strengthened its advisory role. Together with MideUC it initiated the commercial teams' certification process, amplifying their knowledge of all the products and services that integrate our value offer. Finally, the aim is to be a key player in the acquiring business in the Corporate Segment.

We were the first private bank to financially support customers with 100% digital state-guaranteed loans; Fogape covid-19, and Fogape Reactiva support schemes.



Middle Market main figures

865

Total Covid-19 (Fogape) credits

553

Covid-19 credits (Fogape) taken via the office banking digital platform

11.5%

Growth in demand-account balances

24.5%

Growth in net commissions

Banco Santander incorporated sustainable financing into the product offer with ESG and green financing⁷. Additionally, Middle Market has continued to contribute to the community through our partnerships with universities and other organisations in the field⁸.

⁷ See more in section 5.1

⁸ For more information on Middle Market community support, see Chapter 6.

Santander Corporate and Investment Banking Division (SCIB)

What does the division do?

The division offers products to corporate and institutional clients that require tailor-made services or high value-added wholesale products, including financing, investment and risk coverage needs due to their size, complexity or sophistication.

SCIB handles global business processes and treasury operations, ensuring an appropriate balance between global and local profitability for its clients.

It has five strategic pillars:

1. To be comprehensive financial advisors, prioritising long-term relationships and value-added business.
2. To be in the top three in all service rankings.
3. Within M&A and Project Finance, to be leaders in infrastructure and energy.
4. To optimise the loan portfolio and efficiency in the use of capital.
5. To optimise transactional business and add a higher degree of intelligence.

What are the businesses?



Corporate & Investment Banking



Global markets



Global Transaction Banking



Financial Solutions & Advisory



Who are their clients?

SCIB offers comprehensive advice to foreign or Chilean multinational companies with sales over Ch\$10,000 million. It is present in 22 countries with a customer base of 463, of which 60 are from Chile, and 423 are multinationals.

What are the highlights of 2021?

SCIB Chile closed the year with a 13% revenue growth, with the Global Markets Unit primarily standing out with 31% over 2020 incomes. Its primary transactions were:

- 1. LatinFinance Cross-Border M&A of the Year:** Consultancy to the State Grid International Development (SGID) on the acquisition of Compañía General de Electricidad SA (CGE), Chile's largest energy distributor, for a value of US\$5,100 million. Santander advised regarding both the M&A and the ECM of the transaction, closing it through a Public Takeover Bid on Shares which included the minority shareholders.
- 2. LatinFinance Private Equity Deal of the Year:** Consultancy to Telefónica Chile on the sale of the 60% stake in its fibre optic network (InfraCo) to KKR for a value of approximately US\$1,000 million. InfraCo is the first neutral wholesale FTTH provider in Chile, transforming the broadband service model and enabling efficient and sustainable expansion and coverage of high-speed Internet. Santander participated in the financing and advisory of its coverage, becoming the first Contingent Swap in Chile in the domestic curve.
- 3. Consultancy on the issuance of 14 international bonds for a total of US\$18,000 million.** Principal advisors to the Republic of Chile and state-owned companies (Metro, EFE, ENAP and Codelco) in this financing.
- 4. Work with IDB Invest and BNP Paribas to structure a solution for six GenCos,** ending in February with an A/B Facility for the purchase of US\$184 million in loans. The structure is a zero-coupon bond with a seven-year maturity, with availability until 2023. This benefitted several Project Finance clients who have a strong focus on renewable energy and transforming the country's power matrix to clean energy.
- 5. Consultancy to Gasco and Copec on the sale of 100% of Gasmar, the leading importer and supplier of LPG in Chile.** Consultancy regarding M&A to both clients in a single coordinated process and under strict rules of handling confidential information between the same partners for competitive reasons. After a highly competitive process, Arroyo Energy Investment finally acquired the company for a value that remains confidential.

Furthermore, and maintaining its leadership in sustainable financing⁹, we highlight loans of US\$13,100 million in ESG format and sustainability-linked loans¹⁰ for a total of US\$102 million.



⁹ To review more about this topic, go to the section 5.1.

¹⁰ Carried out by Collaboration Revenue.



Property investments and loans by sector

(Ch\$ million)

[SASB FN-IB-000.B]



907,917

Banks & Non Bank Finance

694,881

Steel & Mining

578,592

Utilities

448,406

Pulp & paper

314,519

Retail

247,980

Construction

130,529

Structured Finance

108,727

Telecom

98,131

Oil & Gas

39,792

Beverage & Tobacco

37,421

Transport

23,548

Food

18,090

Automotive

304,581

Others

Corporate Products Division

What does the division do?

The mission of the Corporate Product division is to become the leading referenced provider in the financial system for all the products it administers.

Who are their clients?

This division focuses on differentiated commercial management, efficient processes, innovation and development aimed at the Bank's three business areas (Retail Banking, Middle Market Banking and Corporate Investment Banking). It underpins this management through a Specialised Sales area with executives specialised in sales, after-sales and advice for SMEs and Middle Market customers on more complex products.

What are the businesses?



International business

Products and services to streamline, de-risk and increase the scale of foreign currency flows. It includes the following products:

- **Transactional products:** sent and received payment orders in single and mass modalities.
- **Documentary products:** collections, letters of credit and guarantees.
- **Financing:** import, export and general purposes.



Cash Management

Assistance with the comprehensive management of the clients' treasury through high value-added products for collection and payment processes through various onsite and remote channels, both locally and globally.



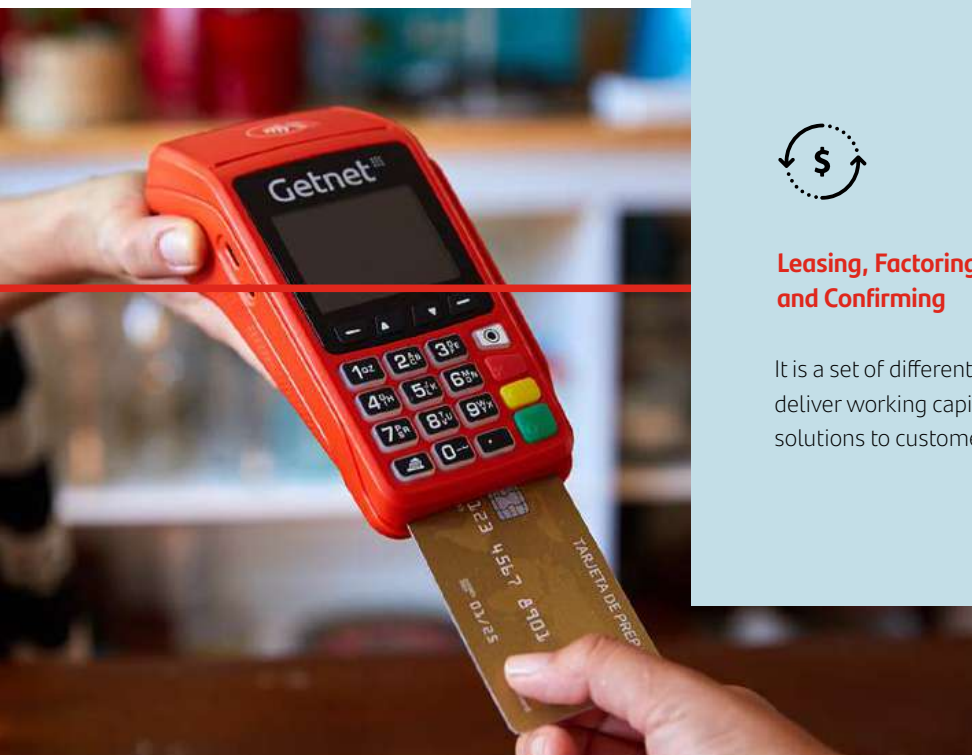
Leasing, Factoring and Confirming

It is a set of differentiated products that deliver working capital and investment solutions to customers.



Getnet

Getnet was commercially launched in the last week of February 2021, consolidating the migration to the four-part model of Chile's payment industry.



What are the highlights of 2021?

- We count the creation of the digital banking unit among the year's milestones, born as a result of the abrupt changes and the urgent need to digitise processes, and which is transversal to the three banking segments: Retail Banking, Middle Market, and SCIB, enabling improved data collection and related management. It measures product quality to maintain and improve business support and management standards.
- Furthermore, it incorporates the dimension of green financing, such as leasing efficient and environmentally friendly cars.
- In International Business, it reached first place in market share and customs flow, with a significant increase in digitisation, climbing from 57% in December 2020 to 73% in December 2021. Furthermore, of particular note is the launch of the One Trade tracker platform¹², which allows real-time monitoring of international payments.

This year, the most important milestone was the creation of Getnet¹¹, which was consolidated as another area within the division, providing support to Retail Banking and Middle Market Banking.

11. For more information on Getnet see section 4.2

12. For more information on One Trade Tracker, see section 1.3.3



International Business Indicators



7.7%

Annual Revenue growth
(Ch\$ million)

1° (18.86%)

Position (Market share)

73%

Growth in digital
operations

Cash Management solidified its leadership in local currency demand balances with a market share of 22.08% at the end of December 2021, offering a complete range of fully digital collection and payment products.

Cash Management Indicators



23%

Stock annual growth in
average demand balances

32.8%

Annual growth
in commissions

In Leasing, Factoring and Confirming, the factoring volume growth was 34%.

Factoring Indicators



20.35%

Factoring market share

78% (1.526)

Variation of customers
with factoring up to
December

34%

Growth in factoring
volumes

Digital transformation and innovation

MI

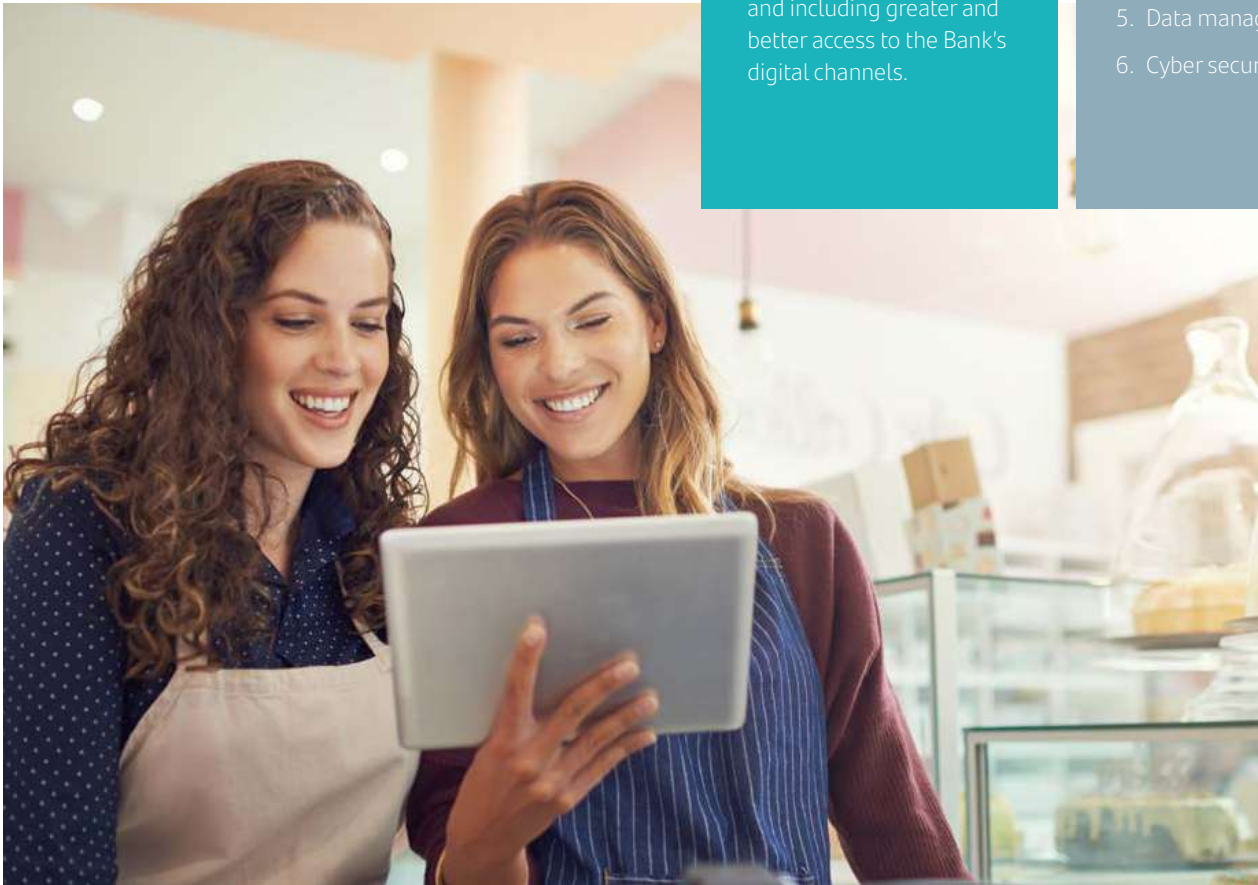
Why is this a material issue?

The digital transformation and innovation leveraged on technology contribute to creating new ways of doing business, adding value to the financial solutions offer, improving efficiency and flexibility, thus optimising the customer experience and including greater and better access to the Bank's digital channels.

Policy framework of the Topic

Technology and innovation strategy with six (6) strategic focuses:

1. Cloud
2. Agile and DevOps
3. Technology (Core evolution)
4. Operational excellence
5. Data management
6. Cyber security



The pandemic has marked the last few years, which has contributed to an acceleration in the transformation of banking to the digital world, already underway before the health emergency. During this period, Banco Santander successfully continued with the digital initiatives launched in previous years, such as the Life Account and Superdigital, seeking to deliver the same experience through any channel.

Technology and innovation strategy

Six strategic focuses that guide Santander in the incorporation of innovation and technology:



1. Cloud

Focus description

To transform the Bank's technology and infrastructure from a traditional on-premise information technology (IT) framework to an IT as a Service model based on cloud platforms.

In line with Santander Group's 2024 technology transformation plan, Santander Chile seeks to move into a full cloud service model. This programme started in 2020 with the enabling of Cloud platforms, lift and shift migrations to private Cloud, integration of Datacentres with AZURE and transformation of applications to IaaS, PaaS, and SaaS models.

Main breakthrough 2021

- Cloud platforms deployed, 70% of services in private cloud and first DEVOPS-enabled projects using automation and infrastructure-as-code capabilities.
- Deployment of solutions using container models to evaluate elasticity and self-repairing of these technologies while generating greater infrastructure efficiency. Development of internal initiatives using collaborative Cloud capabilities (O365).

2. Agile and DevOps

Focus description

To transform the way solutions are developed from a traditional waterfall and silo model to an agile methodology in which technology and business work together. This allows adapting to changes in the market and environment, increasing flexibility, speed and quality of deliveries.

Main breakthrough 2021

- 100% of development teams already work in agile methodology with multidisciplinary teams. This new way of working has led to an increase in the number of releases and a decrease in time to market and has improved employee satisfaction.

3.

Technology

Focus description

To offer a high level of technological services for customers and internal users, with high stability and low occurrence of incidents.

To strengthen the area of IT architecture, which adheres to a cutting-edge plan to support Banco Santander Chile's digital transformation.



Main breakthrough 2021

- Consolidation of the digital platform, with new cloud-native technologies, ready to facilitate the adherence of agile cells work, in charge of software development of Santander's products.
- Decommissioning obsolete infrastructure and delivering technological kits for people with teleworking contracts (notebook, monitor, keyboard, mouse, router) to more than 2,000 employees.

5.

Data management

Descripción del foco

To implement the new Data Management strategy to lead the Bank toward a Data-Driven culture that allows obtaining the maximum value from data and information.



Main breakthrough 2021

- Building a single data ecosystem with cutting-edge technological tools to eliminate redundancy and increase levels of data security.
- Promoting machine learning and artificial intelligence models and strengthening the Bank's Data Quality levels.

4.

Operational excellence

Focus description

To increase productivity by building new bots that drive improvements in current processes.

To provide greater security in operation, reducing the risk of manual processes.



Main breakthrough 2021

- In 2021, 99 bots were implemented, 32% more than in 2020.
- Banco Santander thus reached a total of 216 bots in operation, meeting the annual targets by 101%.

6.

Cyber security

Focus description

To enhance prevention and response strategies for cyber-attacks, ransomware, and potential fraud, implementing a cyber-security culture.

To have better tools to provide greater security to clients.

To continuously increase the maturity and coverage of cyber security controls and defences in data leakage prevention (DLP), ransomware controls and provider management.



Main breakthrough 2021

- Independent cyber security maturity indicator, BitSight, corresponding to the advanced level.
- Ethical phishing exercises with better results.
- Santander Pass, a dynamic token on the mobile device, as an alternative to the coordinates card, to authorise online transactions.
- Migration to a 10-character alphanumeric strong password.

In terms of progress in digitisation, two focuses were developed: one towards the Bank's operations and the other towards customers.

75% of the annual investment was allocated to technology development for digital transformation, cybersecurity and data management initiatives.



Investments in digital transformation

Investments by priority (Ch\$ million)	2019	2020	2021
Business	9,722	15,370	18,147
Cybersecurity and obsolescence	6,452	5,229	4,864
Large projects	11,479	13,688	18,197
Regulatory and big data	3,836	3,557	2,786
Robotisation	3,916	1,508	2,159
BAU	2,386	467	-
Total	37,791	39,819	46,153



Technological Incidents

Technological Incidents	2019	2020	2021
Number of accumulated incidents	108	76	74
Number of incidents per day	0.29	0.21	0.20
Days with incidents <=1(%)	96.0%	98.6%	97.8%
Target (%)	90.0%	95.0%	95%



Innovation management

[CMF 3.1.v]

Innovation is a fundamental component of Santander Chile's sustainability. It seeks new ways to help people and businesses prosper, thus creating new engines of growth in the long term.

The Bank works on innovation in two areas: **exploration**, which is outside Santander's core business, and **exploitation**, where innovation generates improvements in current business models.

It is essential to develop a culture of innovation daily among employees and areas, channelling the creative power that allows the development

of concrete ideas to innovate processes, products, services, and new business models.

Furthermore, the Bank has a strong capacity for technological development, which, when applied to well-identified problems, can lead to innovations that can generate radical changes in the industry.



Work Ideas

WorkIdeas is Santander's innovation community, designed to serve as a platform for employees to devise and develop solutions to real problems of the Bank's current or future users

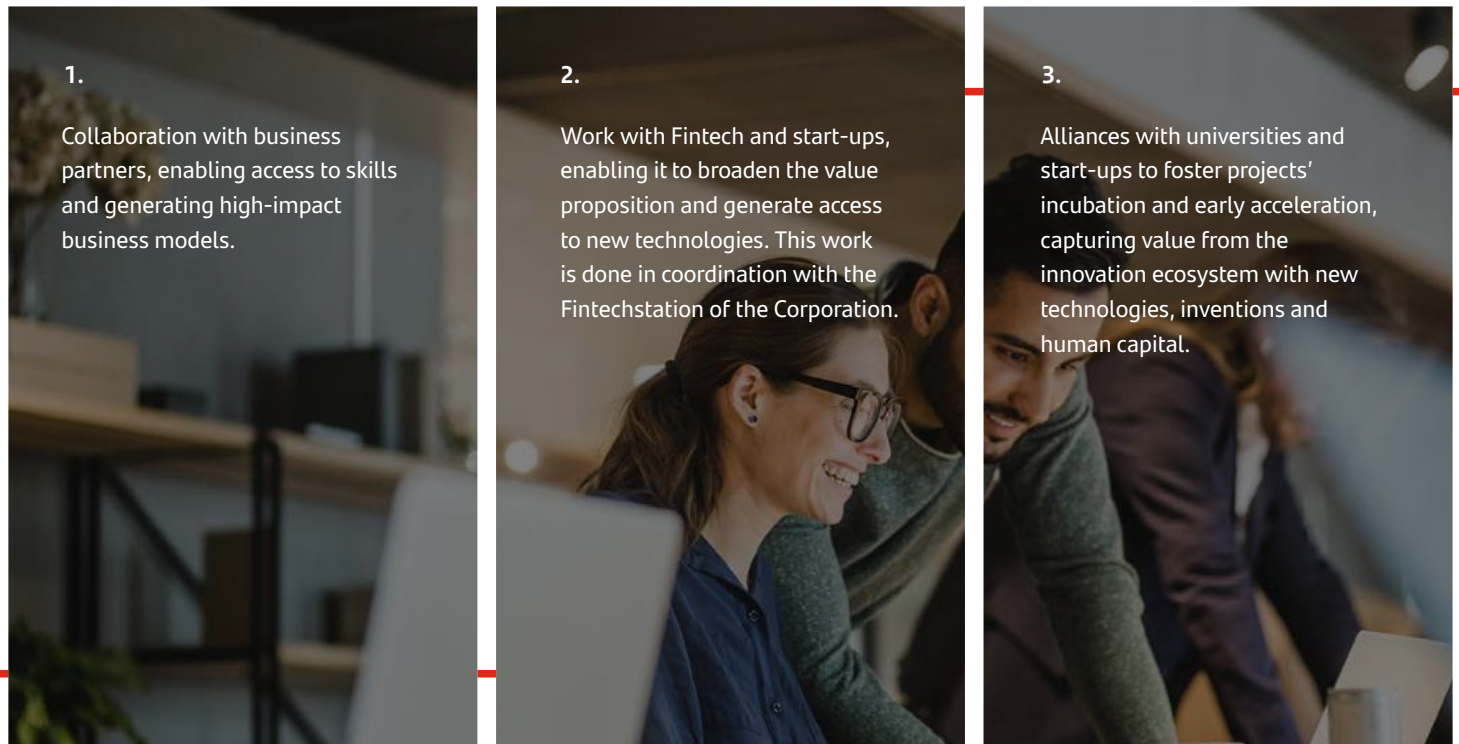
More than a thousand employees participated in this fourth challenge contributing nearly 300 ideas, reaching 3,000 employees from all divisions in its four versions. The selected ideas are developed with the assistance and support of the Innovation Management Office (IMO), a team with the know-how of the most up-to-date innovation methodologies.

Furthermore, a platform was created that allows its members to keep up to date with the latest innovation news, learn

The winning ideas proceeded to the prototyping and validation phase with customers.

about the national innovation ecosystem focused on Fintech, and participate in challenges that Santander presents to solve problems or take advantage of current opportunities. Through WorkRoom, they can access straightforward tools and processes to develop their initiatives with the Innovation Management Office team.

Santander has **three priority approaches to open innovation** driving it to the forefront:



Santander also supports an entrepreneurship and innovation ecosystem to incubate and accelerate projects coming from the university world.

Explorer Programme

The Explorer programme was launched in Chile through Santander Universities and the Santander International Centre for Entrepreneurship (CISE). This programme supports young people with an entrepreneurial spirit to develop their business ideas into viable projects through collaborative learning techniques. The participants connect with an international community of entrepreneurs and work on the skills needed to transform their project into a more sustainable solution.

The teams leading the most outstanding projects will participate in an innovation hub in Europe.

Ideas X

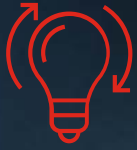
Through Santander Universities, the third version of the Ideas X 2021 entrepreneurship contest was launched, aimed at the entire university community in the country. The competition is intended to increase

opportunities for the teams to receive knowledge and training and strengthen their business bonds, enabling them to improve the development of their initiatives with a focus on specialisation and funding. During the different stages of the competition, participants received technical and financial support, along with personalised advice for the launch and acceleration of their projects. Then, the three winners in each category automatically advance to the Santander X Global Award.

Brain Chile

Together with the UC School of Engineering and the UC Innovation Centre, Santander Chile promoted the Brain Chile programme to accelerate science and technology-based projects born in national and international higher education institutions towards stages closer to the market.

Its goal is to support two parallel processes that feedback on each other: the prototyping and packaging phases, pushing the evolution of the technology's development from a basic prototype to a more advanced one, and the development and validation of the business model.



2021 Innovations

Prospera

It is a current account aimed at promoting bancarization and providing support to micro-entrepreneurs, who generate two-thirds of the country's formal employment, enabling them to facilitate money management.

Eco Cards

The new Eco Santander cards are made from recycled material, are more inclusive and have less visible data to make them more secure for face-to-face and digital transactions.

Servipag Alliance

Banco Santander and Servipag announced an agreement that will allow users to carry out various types of procedures through the company's network of 200 service points. From now on, it will be possible to cash and deposit cheques, make cash deposits and pay with credit cards and consumer and mortgage loans.

New solutions for Santander Verde ¹³

It is a value offer that integrates initiatives and products that contribute to the environment, promoting eco-friendly products and investment in socially and environmentally responsible companies.

¹³ For more information on sustainable financing, please refer to the section 5.1





THE POS THAT LET US ENTER THE MARKET WITH AN ALTERNATIVE MEANS OF PAYMENT.



Launch of Getnet

In February, after several months of testing and after receiving authorisation from the Financial Market Commission (FMC), the Getnet payment platform began operating with point-of-sale (POS) equipment used in commerce for card transactions.

The platform is oriented at retailers, entrepreneurs and professionals, providing a comprehensive solution to collection and payment mechanisms, focusing on developing companies of different sizes and thus improving the customer experience. In 2021 Santander Chile reached more than 55 thousand customers. More than 90% are SMEs, which positions Getnet as a strong competitor in the payment industry, favouring retailers, customers and end consumers, and shareholders by entering a segment with good profitability.

Getnet offers a complete onsite and digital acquiring solution, processing all major card brands - credit, debit and prepaid - in the market issued by any local or international bank. Consequently, this improves the usability of cards even in areas where previously there was no coverage, bringing benefits to different communities and reducing cash transactions.

The platform has qualities that set it apart from other similar tools. For example, customers can receive money from sales up to five times a day, including public holidays. Furthermore, the device detects the card type automatically, reducing the time and offering a more efficient experience and having contactless technology such as chip and magnetic stripe reading. Finally, it is easy to install and connects to the 3G mobile network and can be used as a fixed or portable device.

This is complemented by the benefits associated with its usability. For example, SMEs customers can disburse their Getnet payments into Santander accounts, obtaining a 50% discount on the 'Business Plan' monthly fee. New customers can opt for the 'Commercial Plan' with a 50% discount on the monthly fee. Moreover, "Protected Billing" insurance can be obtained for businesses that cannot operate due to material damage to the premises, natural disasters or other reasons covered by the policy.



8.10

Getnet Indicators 2021

+68,000
Delivered devices

90,036,154
Transactions made with Getnet

55,865
Benefited customers

Ch\$1,500 billion
Total retail sales

Note: Data considers devices delivered to date without deducting cancellations or returns.

Economic environment



World Economy

2021 was a transition year after the onset of the covid-19 pandemic. Despite the new waves of contagion, the global economy began a gradual recovery, boosted by the deconfinement, primarily caused by the vaccination rollout progress. At the same time, major central banks injected more liquidity into the system and governments in advanced and some emerging countries took fiscal stimulus measures. As a result, global GDP growth was close to 6%, slightly above its pre-pandemic level.

The recovery of the overall demand in the second part of 2021, coupled with a supply of goods and services contained by disruptions in value chains, labour market rearrangements, and OPEC's restrictive policies on oil supply, led to a sharp rise in international prices. With this, inflation, which had not been a concern for decades, returned to the centre of the macroeconomic discussion.

During the first part of the year, central banks reported low rates before the inflationary spike, which caused rates to stabilise and even recede moderately. Nevertheless, at the end of the year, rising inflation prompted several central banks to bring forward the withdrawal of the monetary stimulus. With the change in the monetary authority's stance, these developments put upward pressure on long-term rates amid the prospect of a change in monetary strategy. On the other hand, the dollar tended to recover its losses in 2020.

Local context

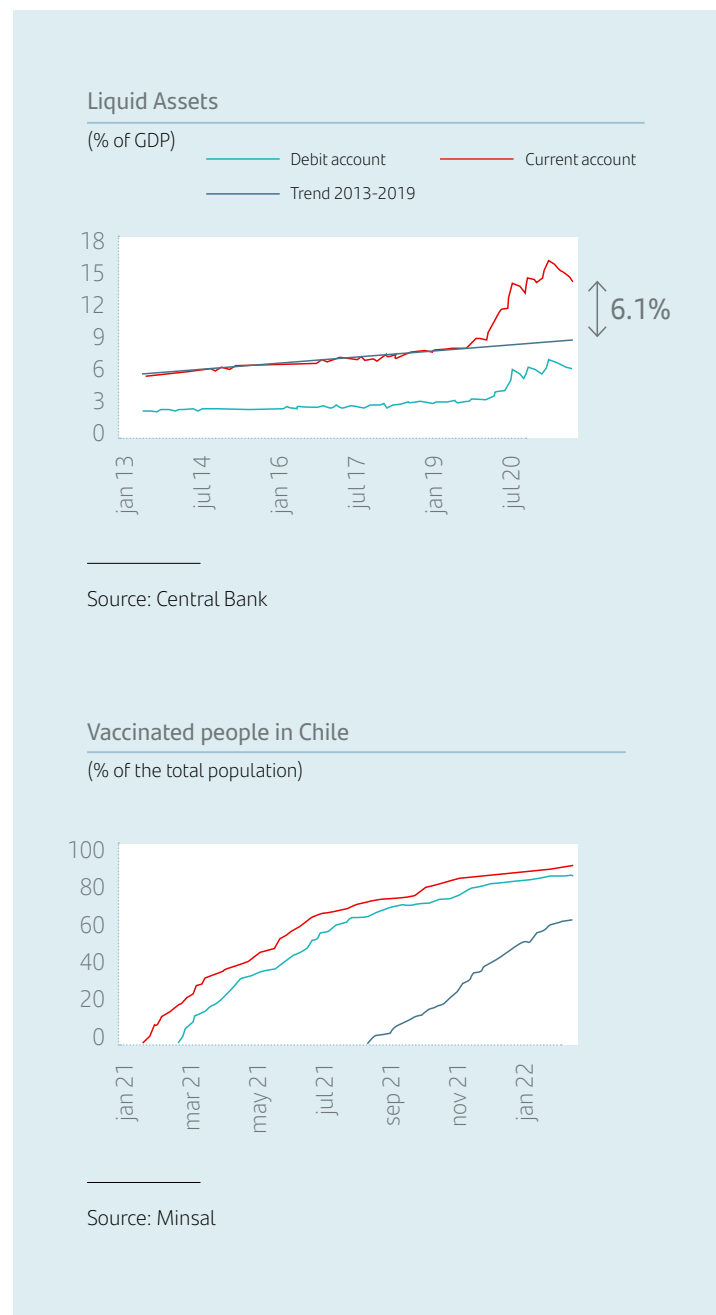
In Chile, the economy recovered strongly. The fast mobility normalisation occurred thanks to the rapid vaccination rollout. As a result, Chile achieved one of the highest vaccination rates, with over 86% of the population vaccinated with two doses and 57% with the vaccine booster. In addition, state aid and pension fund withdrawals injected significant liquidity into the system, totalling approximately USD 80,000 million. All this led to a GDP expansion of about 12% in 2021. In doing so, the economy not only recovered what it had lost in the previous year but was also well above its trend.

While the labour market has not fully recovered, it did show a salient recovery in 2021, with more than 520,000 new jobs and a decline in the unemployment rate to around 7.5%.

Along with the strong expansion, inflation rose sharply, closing the year at 7.2%, its highest level since the commodity supercycle in the late 2000s. While part of the price increase reflects external inflationary pressures, a significant fraction is linked to strong domestic demand and the depreciation of the Peso, which is affected by idiosyncratic factors.

The Central Bank has responded swiftly, raising the Monetary Policy Rate by 350 basis points over a six-month period, closing the year at 4%, above its neutral level.

The Peso began a marked depreciation trend after having strengthened during the first months of 2021, a fall partly explained by fundamental movements - a gradual reduction in the price of copper and the global strengthening of the dollar - and by idiosyncratic factors associated with the political climate. Thus, the exchange rate closed in 2021 at Ch\$852 per dollar, accumulating an annual depreciation of 20%, the most intense in the last ten years and one of the largest at the international level. This brought the real exchange rate to its highest levels in history, even above those reached during the financial crisis and the Asian crisis of the late 1990s.



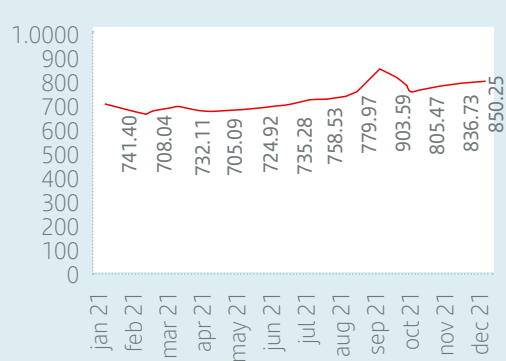


CPI, annual variation
(%)



Source: Central Bank

Exchange rate



Source: Central Bank

Monetary policy rate



Source: Central Bank

Financial System

After a slower 2020 in lending growth, by the end of 2021, the system's total lending (excluding banks' investments abroad) grew by 10.4% compared to the prior year.

This growth was driven by mortgage and commercial loans, which rose by 13.0% and 9.3%, respectively. In addition, consumer loans grew by 6.7%.

The strong growth in mortgage lending was driven by the rising inflation and high liquidity of households.

Commercial loan growth accounted for two-thirds of the credit expansion. Fogape Reactiva and Postergación continued to be relevant, with a total amount granted of US\$ 14,000 million. Large corporations also sought more funding from banks rather than directly from financial markets. This happened because the pension fund withdrawals caused the AFPs - essential players in the local fixed income market - to become less active than in previous years.

On the other hand, consumer loans were driven by the increase in credit cards, which grew 19.0% as the lockdown easing fuelled card usage. As a result, consumer loans were stagnant, as high liquidity reduced financing needs despite high spending.

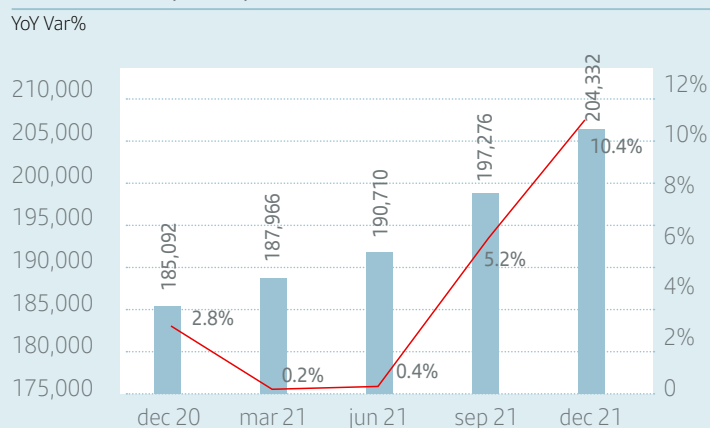
Given the increased liquidity in the system due to government aid and the pension fund withdrawals, non-performing loans over total loans

continued to decline. As a result, the non-performing portfolio to total portfolio ratio fell from 1.6% at the end of 2020 to 1.2% at the end of 2021. Despite a good performance, banks decided to increase the stock of provisions, with a total of Ch\$2,273,943 million in additional provisions, ending 2020 with coverage of 272.7%.

In terms of profitability, banking achieved a good return reflected in a ROE of 16.6% and a ROA of 1.1%. Chilean banks also continue to stand out for their excellent efficiency levels of 43.5% and a solid ratio of effective equity to risk-weighted assets of 14.9%.

As of December 2021	Ch\$ million	US\$ million
Assets	361.453	423.01
Loans	223.080	261.07
Deposits	180.747	211.53
Equity	24.787	29.01
Results	3.827	4.48

Total loans Ch\$ (trillion)



Source: FMC

MIN	3.7%
Credit cost	1.1%
NPL Ratio	1.2%
Coverage ratio	272.7%
Efficiency ratio	43.5%
ROAA	1.1%
ROAE	16.6%
Core capital	10.7%
BIS ratio	14.9%

Sustainability of results



Why is this a material issue?

Firstly, a company must maintain the sustainability of its results to continue operating in the long term. But in addition, the banking industry plays a fundamental role in the economy by circulating resources between the different players of society and financing those in times of need, whether individuals or companies.

Another crucial role of banks in the economy is that they help achieve economic efficiency, which is essential for economic development.

Policy framework of the Topic

Fiscal Strategy



Economic value generated and distributed

[GRI 201-1]

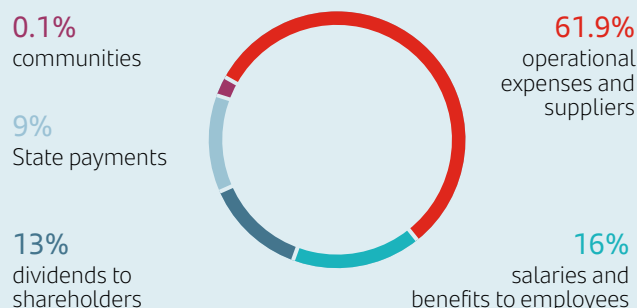
The economic value generated during 2021 by Santander Chile was MCh\$2,884,214, which is 39.9% higher than the last term. This value was distributed as follows;

The bank generated economic value (income), which are distributed to the various groups of interest. In the case of employees, this corresponds to salaries and benefits; in the case of suppliers through the payment of services and other administrative costs; payments to the State correspond to taxes and contribution to the FMC; shareholders receive dividends; and community through investment in development projects.



Economic value generated and distributed (MCh\$)

Economic value generated and distributed



Economic value	2019	2020	2021
Economic value generated	2,359,649	2,061,349	2,884,214
Economic value distributed	2,162,313	1,870,042	2,409,762
Payment to collaborators	409,904	408,404	397,492
Payment to suppliers and administrative costs	1,231,837	981,017	1,489,904
Income tax	150,168	131,123	194,679
Contribution to FMC	11,043	12,427	13,739
Dividends	355,141	331,256	310,468
Investment programs in communities	4,220	5,816	3,480
Economic value retained	197,336	191,307	474,452

Economic results

The profit attributable to equity holders of the Bank at the end of 2021 totalled Ch\$774,959 million, an increase of 49.8% compared to the previous year.

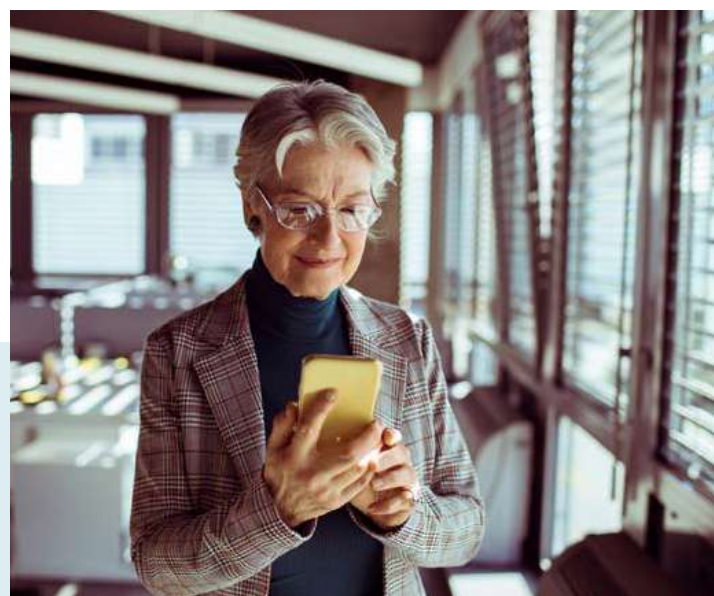
ROAE increased by 8.2 percentage points from 14.5% in 2020 to 22.7% in 2021, while ROAA improved by 0.40 percentage points from 0.9% to 1.3%. Santander was one of the banks with the best profit attributable to equity holders compared to the previous year and achieved the highest ROAE among its peers.

The financial system started transitioning into Basel III in 2021, an integration process ending by 2025. As a result, the minimum capital adequacy ratio will be 8% of the risk-weighted assets, which now include credit, market, and operating risk.

This minimum capital requirement increases with the bank's size, complexity, and solvency, compounded with the FMC assessment regarding each bank's capital management. Under this new standard,

our core capital ratio (equity attributable to the Bank's equity holders on risk-weighted assets) was 9.6% as of December 2021, below the 10.7% ratio under Basel I recorded in 2020.

The Basel ratio reached 15.9% by the end of 2021, higher than the 15.4% recorded by 2020's end. These levels remain historically high compared to the capital levels of the last ten years. The Bank's solvency indicators are higher than the current requirement in Chile and reflect a strategy of efficient capital use by assigning it to high-profit operations concerning consumption.



Main financial figures MCh\$

Financial indicators	2019	2020	2021	Var. 21/20
Loans and receivables from customers	31,823,735	33,413,429	35,675,579	6,5%
Loans	32,731,735	34,409,170	36,634,340	6.5%
Equity	3,470,317	3,652,599	3,494,580	-4.3%
Total financial margin	1,416,851	1,593,848	1,816,346	14.0%
Operating income	1,935,554	2,024,363	2,302,755	13.8%
Net operating income	1,515,107	1,513,290	1,897,180	25.4%
Net operating results	701,499	652,298	980,262	50.3%
Net total income	552,093	517,447	774,959	49.8%
Earnings per share	2,93	2,75	4,11	49.8%
Earnings per ADR	1,57	1,54	1,93	24.9%
ROAE	16.7%	14.5%	22.7%	+820 bp
ROAA	1.3%	0.9%	1.3%	+40 bp
Efficiency	36.6%	39.8%	40.0%	-317 bp

Basel Ratio	2019	2020	2021
Basel Ratio (%)	12.9	13.4	15.9

Note: For more detailed financial information, please refer to the annexes to this report.

Fiscal strategy

[GRI 207-1, 207-2, 207-4]

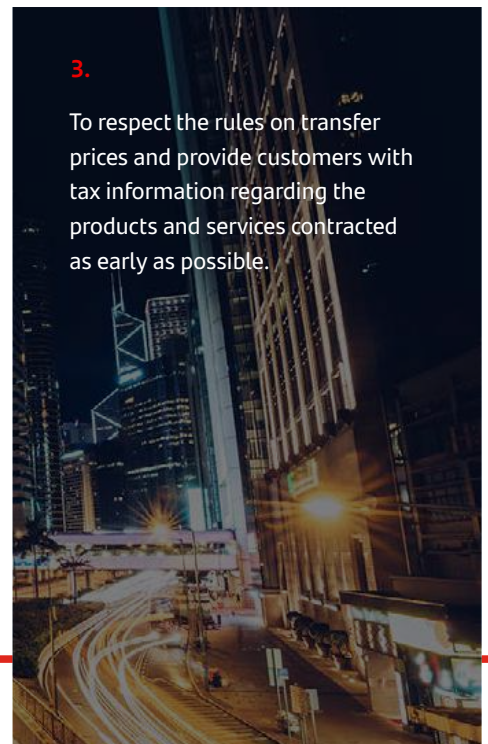
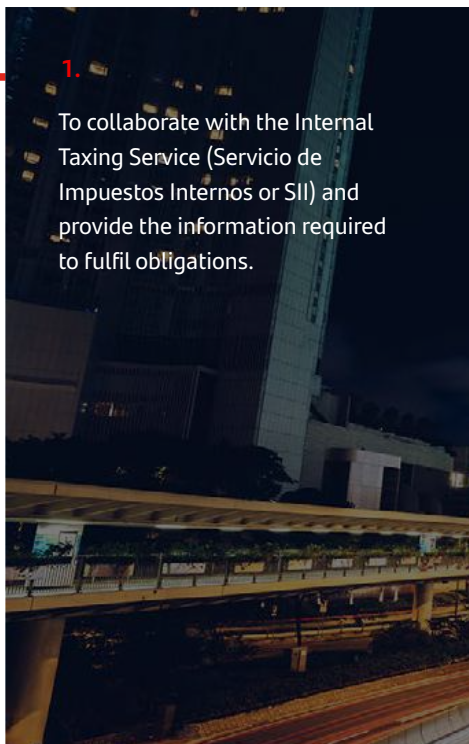
The Bank's tax management falls under the Group's corporate guidelines, which require the adoption of good practices to prevent and reduce both tax and reputational risks.

Besides strict compliance with current regulations, the fiscal strategy principles enable the creation and contribution of value to the country. For this reason, we keep in mind the international taxation standards developed by the OECD and, in particular, the different actions that make up the BEPS (Base Erosion and Profit Shifting) project, intended

to prevent the erosion of tax bases and the transfer of profits due to the existence of loopholes or undesired mechanisms between the different national tax systems.

At the local level, **Banco Santander Chile's Fiscal Policy** was approved by the Board of Directors. A fiscal risk management and control system is in place to ensure compliance.

The Policy's principles are:





Governance and operation of the tax strategy

Similarly, the Board of Directors of Banco Santander Chile defined a catalogue of Special Tax Risk transactions, which must be submitted to a tax advisor of the Bank for a report. The internal advisor reports to the Intervention and Management Control Division, which refers the transactions to a Corporate Tax Advisor at Banco Santander SA.

If a particular tax risk is identified, the transaction is submitted to the Bank's Board of Directors for approval through the Audit Committee.

In 2021, tax expenses amounted to MCh\$194,679, which involved a 48.5% growth over the MCh\$131,123 of the previous year. This rise is in line with the growth of pretax earnings. The statutory tax rate remained stable at 27% in both periods, and the effective rate did not vary from 20.1%. The price level restatement was 150.2% higher due to the acceleration in inflation.



Main fiscal figures (MCh\$)

Tax indicators	2019	2020	2021
Income	1,919,902	2,002,711	2,282,295
Pretax earnings	702,644	653,686	969,637
Price level restatement of capital	(115,398)	(124,082)	(310,406)
Other permanent differences	(31,068)	(43,962)	61,802
Net indexed pretax earning	556,179	485,641	721,033
Statutory tax rate	27%	27%	27%
Taxes payable	(150,168)	(131,123)	(194,679)
Effective tax rate	21.4%	20.1%	20.1%

Note 1: Corresponds mainly to permanent differences arising from the Price-Level Restatement of Tax Equity.

Note 2: See further details in the annexes to this report and the Financial Statements.

Note 3: Fiscal jurisdiction corresponds to Chile only.

Investment plans

[CMF 4.1, 4.3]

For its strategic planning, Santander considers a short-term period of one year, a medium-term period of three years and a long-term period of more than three years. Accordingly, it generally uses three-year time horizons in its planning, presently from 2022 to 2024.

It has two medium-term investment plans that it has already started to implement and which used general funding as a source of financing:



Technology

This includes investment in software and hardware for the Bank and its branches such as Consumer, Getnet, Multiplica, etc. The total investment is estimated at MCh\$283,000 and has a 28% progress so far.



Cyber security

It includes only cybersecurity investments in software and hardware with an estimated amount of MCh\$13,047 and a 24% progress so far. This project is directly related to customer protection.



Risk Management

[CMF 3.6]

In its position of leadership within the local banking industry, Santander Chile has placed risk management at the centre of its activity, aiming to ensure that the organisation as a whole acts responsibly when facing the new social context, economic changes, customer demands and new business environments, always in line with its solid corporate culture and current legal regulations.

The risk management and control model is based on a set of shared principles, a risk culture integrated into all the Bank areas, a solid governance structure, and advanced risk management processes and tools.



Risk Principles and Culture

Banco Santander's risk management and control principles are of mandatory compliance, must be applied at all times, and consider both regulatory requirements and the best market practices. These are:

1. A solid risk culture (Risk Pro) abided by all collaborators, which covers all risks and promotes socially responsible management that contributes to the Bank's sustainability in the long term.
2. All employees are responsible for risk management and must know and understand the risks their daily activities generate, preventing the adoption of risks whose impact is unknown or exceeds the Bank's risk appetite.
3. Involvement of Senior Management in ensuring coherent management and risk control through their conduct, actions, and communication. Furthermore, they will promote a risk culture, assessing its degree of implementation and guaranteeing the profiles remain within the levels determined in Santander Chile's risk appetite.
4. Independence between the risk control and risk management functions.
5. A comprehensive and anticipative approach to risk management and control in all businesses and all risk types.
6. Adequate and complete information management, which allows identifying, assessing, managing, and communicating risks adequately at the corresponding levels.

These Santander Principles –along with a series of tools and processes interweaved into the planning of their strategy, such as the risk appetite statement, the risk profile assessment, the scenarios' analysis, the risk reporting structure, and the annual budget processes– all shape a holistic structure of control encompassing the entire Bank.

Risk Culture - Risk Pro

GRI 102-15

Banco Santander Chile has a solid risk culture known as Risk Pro, which defines how to understand and manage risks daily. It is based on the principle that all collaborators are responsible for risk management, where their classification is critical for effective control and administration. Therefore, all identified risks must be linked to the risk categories in order to organise their management, control, and related information.

Santander Chile's risk classification enables their effective management, control, and communication. Our corporate framework includes the following:

1. **Credit Risk:** this is the risk of financial loss due to failure or impairment of the credit quality of a customer or third party which the Bank has financed or with which it has undertaken a contractual obligation.
2. **Market Risk:** it is the risk derived from fluctuations in market conditions such as interest, inflation and exchange rates, and their potential impact on results or capital.





3. Liquidity Risk: It refers to the risk of not having the necessary liquid financial resources to meet the contracted obligations by the due date or of being able to obtain them only at a high cost.

4. Structural Risk: it is the risk of fluctuations in the assets and liabilities' net worth or net profit margin in the banking books due to changes to the market conditions and the balance sheet's performance. It also includes the risk of the Bank lacking sufficient capital in terms of quantity or quality in order to meet its internal business targets, regulatory requirements, or market expectations.

5. Operating risks: it is defined as the risk of suffering losses due to impairment or failure of internal procedures, personnel, and systems, or as a consequence of external incidents. It includes legal and behaviour risks.

6. Compliance Risk: It is the risk of breaching legal and regulatory requirements as well as disregarding supervisors' expectations that could result in legal and regulatory sanctions, including fines or other economic consequences.

Additionally, climate change has been recognised as a risk that could aggravate other existing risks in the medium and long term. Therefore, the Bank has incorporated into its management various initiatives to reduce its environmental impact¹

7. Model Risk: It is the risk of loss from inaccurate predictions that could lead to suboptimal decisions or the inefficient use of implementation of models.

8. Reputational risk: it is the risk of adverse, real, or potential economic impact due to a detrimental perception of the Bank by its collaborators, customers, shareholders/investors, and society in general.

9. Strategic Risk: The risk of loss or damages derived from strategic decisions or their faulty implementation that affect the medium and long-term interests of our principal groups of interest, or an inability to adapt to the evolution of the environment.

1. See initiatives in section 5.3 Operational ecoefficiency

Risk governance

Lines of defence

Banco Santander's three-lines-of-defence model seeks to ensure the efficacy of risk control and management:



Risk Committees Structure

The Board is the body responsible for setting and monitoring the Bank's risk management structure, for which it has a corporate governance system in line with the local regulation and international best practices.

Furthermore, it has several high-level committees critical to risk management, each of which comprises directors and executive members of Santander's administration. This is described in detail in the Corporate Governance Section of this Annual Report. In summary, they are:

1. Comprehensive Risk Committee (CIR) of the Board is the body responsible for determining the risk appetite of each business area, along with the reviewing and monitoring of all risks that could affect the Bank.

2. Directors and Audit Committee (CDA) has the mission to monitor internal audit and control systems.
3. The Assets and Liabilities Committee or ALCO supervises and controls the structural balance risks such as sensitivity, liquidity, and capital risks.
4. The Analysis and Resolution Committee oversees risks related to money laundering.
5. The Market Committee oversees the market risks produced by the Bank's Treasury.

The Risk and Internal Audit functions have an adequate level of separation and independence and have direct access to the Board and its committees. The Board entrusts the identification, measurement, and control of the

Bank's various risks to the Risk Division, an area led by the Chief Risk Officer (CRO), which directly reports to the CEO. The CRO is responsible for overseeing all risks and interrogating and advising business lines on their management. The areas of credit, market, non-financial, compliance and reputational risk depend on this division. The Internal Audit Director reports directly to the Board's President to ensure its independence from Senior Management and, thus, be an effective third line of defence in managing internal risk and control.

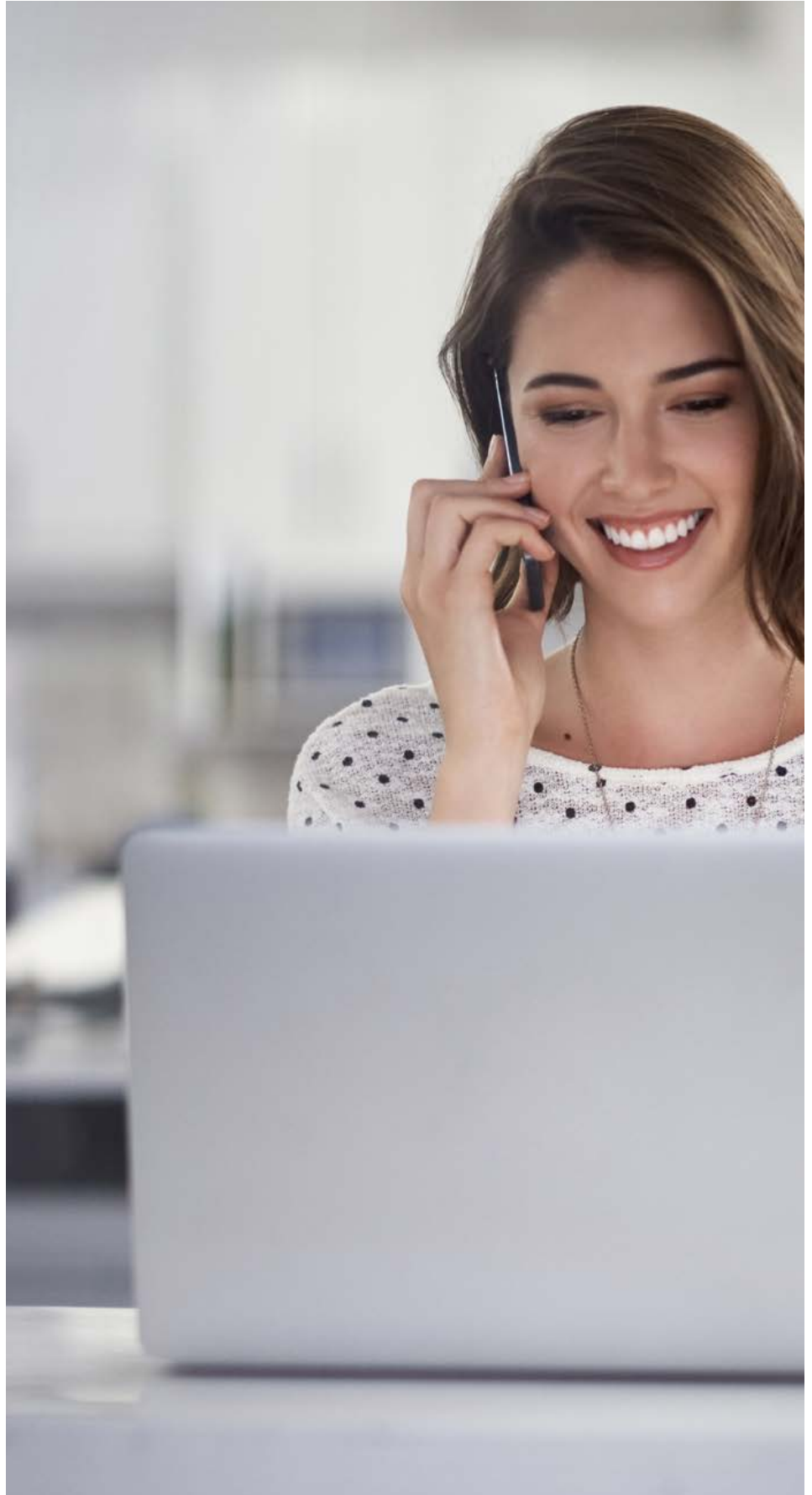
Risk governance assessment

Risk governance also counts on several assessment processes, both internal and external in nature, to ensure that the governance and approach are adequate. According to the General Banking Law article 59, the FMC (Financial Market Commission) will permanently maintain bank ratings in terms of their management and solvency. Thus, banks will be classified according to the following categories:

1. **Category I:** Includes the institutions rated level A of solvency and level A of management.
2. **Category II:** Includes the institutions rated level A of solvency and in level B of management, level B of solvency and level A of management, or level B of solvency and level B of management.
3. **Category III:** Includes the institutions rated level B of solvency and for two or more consecutive times as level B of management. Likewise, this category will include those banks rated level A of solvency and level C of management or level B of solvency and level C of management.
4. **Category IV:** Includes the institutions rated level A or B of solvency and for two or more consecutive times as level C of management.
5. **Category V:** Includes the institutions rated level C of solvency, irrespective of their management level.

Currently, Santander Chile is classified in Category 1, as it was rated level A both in terms of solvency and management. This also entailed that the FMC has set a Pillar II for capital requirements under BIS III as implemented in Chile of 0% for the Bank. This will be reviewed following the periodical revisions of solvency and management that the FMC undertakes annually.

Note: See the annex to this report for further financial information.



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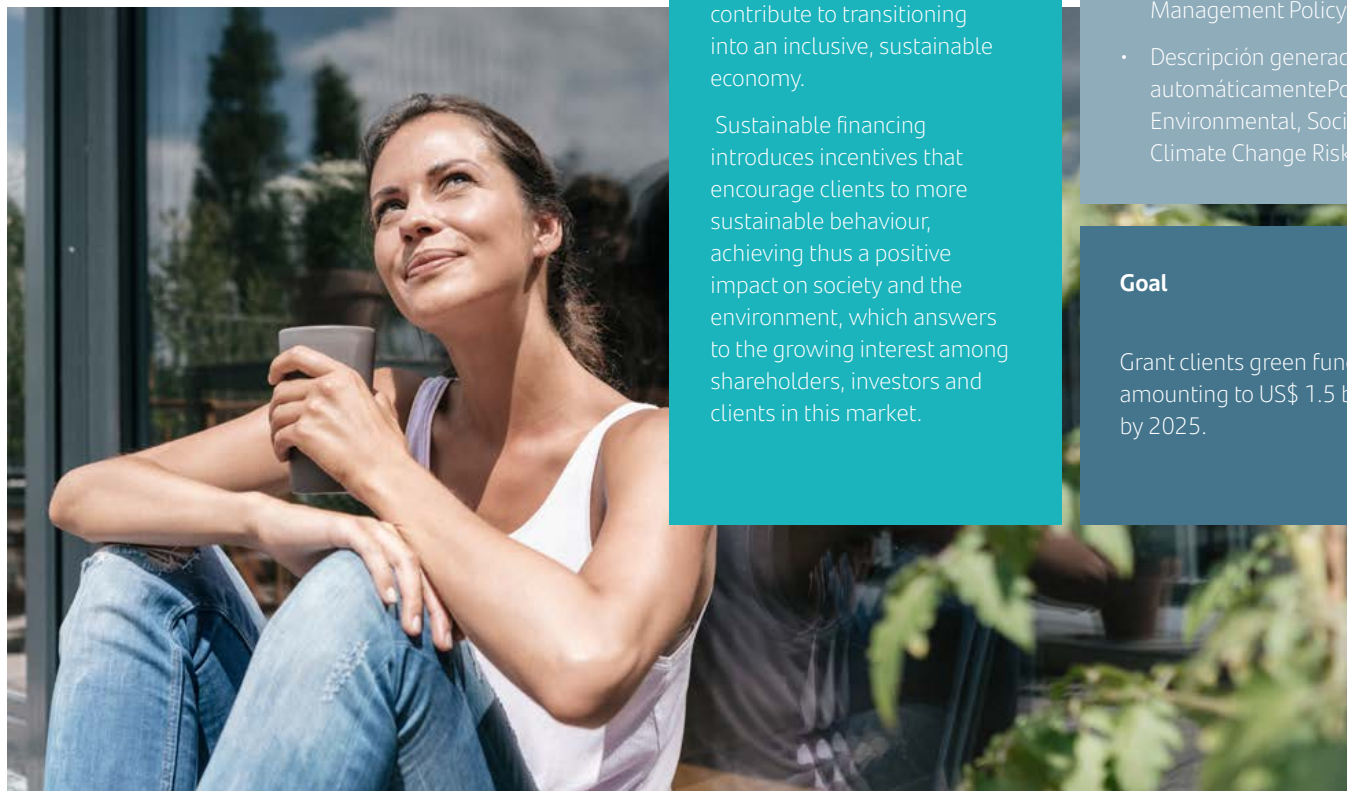
Environmental development

MATERIAL TOPICS IN THIS CHAPTER:

Material Topic	Groups of Interest
Sustainable Financing	<ul style="list-style-type: none">• Clients and no clients• Investors
ESG Risks	<ul style="list-style-type: none">• Community• Shareholders
Operational Ecoefficiency	<ul style="list-style-type: none">• Collaborators• Suppliers

Sustainable Financing

[CMF 8.2] [SASB FN-IB-410a.1, FN-IB-410a.2]



MI

Why is this a material issue?

The offer of products and services along with finance instruments that integrate environmental, social and governance variables (ESG) allows banking to contribute to transitioning into an inclusive, sustainable economy.

Sustainable financing introduces incentives that encourage clients to more sustainable behaviour, achieving thus a positive impact on society and the environment, which answers to the growing interest among shareholders, investors and clients in this market.

Policy Framework of the Topic

- Responsible Banking Principles
- Sustainability Policy
- Climate Change and Environmental Management Policy
- Descripción generada automáticamentePolicy of Environmental, Social and Climate Change Risks

Goal

Grant clients green funding amounting to US\$ 1.5 billion by 2025.

The challenges posed by climate change and inclusive growth challenge Santander to identify solutions and opportunities for sustainable business. This is translated to an offer of financial products, services and funding instruments that integrate ESG variables catering the different client segments.

In this sense, Santander Group is a global leader and primary driver in Latin America. In Chile, this type of financing considers three broad product areas:

- 1. Sustainable financing products** under the format of credit, financing projects and sustainable bonds for the local and international markets.
- 2. Supporting clients' transition to sustainability** through sustainable investing, ESG consultancy and green products.
- 3. ESG structured loans and bonds**, through the format of loans linked to sustainability or sustainable bonds for corporations.

Sustainable Financing Products

Green credits and mortgages or retail clients

The purpose is to support customers' transition into a sustainable economy and, for that, Santander Chile makes available a value proposition encompassing different initiatives.

Through green credits and mortgages, the clients can reduce and compensate for part of the environmental impact they generate daily.

Green credits and mortgages represent 0.36%¹ of this category of products.



Green mortgage loan

A loan with special characteristics available for new housing and sustainable projects with low environmental impact. It offers a preferential rate, one tonne in CO2 bonds purchased if contracted to compensate for the product's environmental impact, and a one-time grant made to NGOs equivalent to six months of average carbon footprint.



Green consumer loan

This product supporting the funding of solar panel projects for housing was launched in April 2021², intending to fund projects focused on energy efficiency and renovations in homes. It offers a preferential rate, discounts in related insurances, one tonne in CO2 bonds purchased if contracted to compensate for the product's environmental impact, and a one-time grant made to NGOs equivalent to one month of average carbon footprint.



Automotive funding for electric cars

Santander Consumer launched automotive funding for electric cars in the second half of the year, initially with the MG brand but adding Voltera by the year's end. Like the green mortgage and consumer loans, this product also contributes to the Carbon Footprint Programme foundations.



Green loans for retail consumers

Loans	Type	Clients	Stock Value (Ch\$)	Flow Value (Ch\$)
Green mortgage loan	Green (Green Buildings)	193	21,151,611,985	13,057,822,910
Green consumer loan	Green (Renewable Energies)	24	70,147,575	90,454,612

Note 1: The number of clients corresponds to stock.

Note 2: It does not include automotive financing.

1. Data does not consider automotive funding and includes the flow value, not the stock value.

2. With the Ciudad Luz company: <https://ciudadluz.cl/>

ESG loans for business clients

Santander Chile granted five ESG loans to its business clients in 2021, all linked to environmental goals.

What does it mean?

Bilateral loan: it is a commercial loan previously agreed upon by the bank and the client. Under ESG, the loan rate is linked to the ESG score assessed by an ESG rating agency.

Syndicated loan: Type of loan given by two or more lenders to a borrower under the same contract and granting conditions, with lending parties handing a percentage of the loan placement. Under ESG, this loan is structured so the spread is linked to the clients' adherence to sustainable goals that provoke an interest rate discount if met.

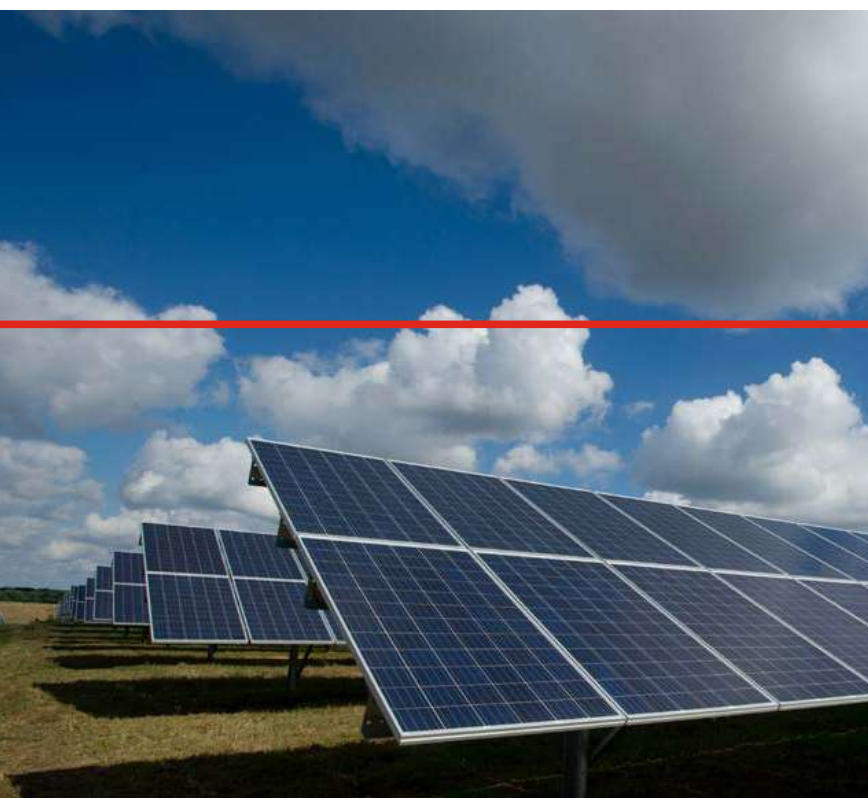
Committed ESG loan facility: It represents a permanent loan to be used at any moment that must be covered in the agreed terms between the client and the bank. They can incorporate a price scheme related to a company's ESG performance.

Organisation	Description	Value (MCh\$)
Enel Chile	Bilateral loan with 3-year maturity related to CO2/Kw emissions for general corporate use. US\$ 50 million.	40,000
Ultrana	Bilateral loan refinancing with a 2-year maturity related to the following indicators: (i) CO2/ton emissions per cargo transported and (ii) workers accident rate. US\$ 30 million.	24,000
Casaideas	Syndicated loan over three years. Linked to the reduction of CO2 emissions, plastic containers and packaging.	15,844
Oxiqum	Bilateral loan with a 34-month maturity. Related to the ESG score rated by Moody's ESG Solutions, assessed on a yearly basis.	5,000
Salmones Camanchaca	Syndicated committed credit line with a 60-month maturity related to reducing net greenhouse emissions and rise in ASC participation (aquaculture certification).	24,000

Note 1: the loan for Casaideas, Oxiqum and Salmones Camanchaca were structured by the Collaboration Revenues area.

Note 2: the loan to Oxiqum was handed in 2021, and ESG criteria were added in 2022.





Project Finance

Santander funded seven projects with sustainable goals through various means, amounting to Ch\$56,279 million. In 2022, new green leasing is expected to be launched to fund companies that require solar panels installation.

Project	Description	Type of green funding	Value (MCh\$)
Solar Project Quetena Parque Solar Quetena SA (Icafal Group)	Funding of a photovoltaic power plant with 9 MWH solar panels. The plant will allow an estimated reduction of 11 tonnes of CO2. annually.	(Renewable Energies)	5,059
Boco II Boco Solar Spa Company (Con Pax Group)	Funding to develop a 4.92 MWH photovoltaic solar farm.	(Renewable Energies)	2,570
Boco I Boco Solar Spa Company (Con Pax Group)	Funding to develop a 3.8 MWH photovoltaic solar farm.	(Renewable Energies)	1,847
Condor y Huemul (Mainstream Group)	A committed line facility to develop wind parks.	(Renewable Energies)	36,858
La Gloria S.A. (Suksa Group)	Funding through a commercial loan for the building of a biopower plant	(Renewable Energies)	4,818
Leasing Mobiliario Otre recycling S.A. (Rembre Group)	Funding of machinery for tire recycling.	(Pollution control and prevention)	1,043
Highly Innovative Fuels (Empresa de Montajes Industriales Salfa S.A.)	Granting of collateral to develop the first fuels project in Chile producing green hydrogen with wind power in the Magallanes Region.	(Renewable Energies)	4,085

Supporting clients' transition into sustainability

Green Santander

Carbon Footprint Compensation Programme

This programme of ESG³ consultancy for clients aims at contributing and offering a space for Santander clients seeking to protect the environment and contribute to action against climate change.

The Bank's clients can learn and voluntarily compensate for the carbon footprint of the products they purchase with their Santander cards through carbon bonds or Chilean environmental projects.

Thanks to this, the funding and arrangement of the third milestone of the Huilo-huilo Foundation's project were completed in May 2021, which involved buying and fitting 10 radio collars to help monitor the Huemul specie and achieve their reintroduction into wildlife.

Moreover, the contributions also allowed the three first milestones of Cosmos Foundation's project to occur, which involved supporting the reproduction of the Pilpilén, a specie threatened by local predators, in the Maipo River wetlands.

Green benefits

The Bank's customers have discounts and other benefits with their Santander cards, such as interest-free instalments in businesses that contribute to the environment either through the material of their products' elaboration, their encouragement of local production, or helping the clients lead a more sustainable lifestyle.

→ More information regarding these benefits can be found at : <https://banco.santander.cl/personas/tarjetas/promociones/beneficios-verdes>



Clients' carbon footprint compensation

Indicators	2020	2021
Nº of clients' compensations	5,922	5,883
Amount contributed by clients (Ch\$)	17,955,560	20,645,712
Compensations that are contributions to Chilean environmental projects	51%	57%
Compensations directed into purchasing Carbon Bonds	49%	43%
Compensation in certified Carbon Bonds (tCO2)	1,735	1,500
Chilean environmental projects that receive contributions of carbon footprints compensation.	Llampangui Huilo-Huilo	Huilo-Huilo Cosmos

Note 1: data from 2020 was updated, creating a difference with figures informed in 2020's Integrated Annual Report.

Note 2: clients' contributions are audited by external bodies, while estimation processes are validated by independent assessors and verified by KPMG. Santander does not benefit from this format in any accounting or tax manner.

3. Green funding category pollution prevention and control.





Mide lo que Importa (Measure what Matters Most) Programme, Sustainable SMEs

The goal of this programme is to support companies' path towards sustainability. In this sense, participating companies were made aware of the importance of integrating sustainability into their business strategy and were accompanied in measuring their economic, environmental, and social impact.

The programme started by accompanying 300 Bank clients to measure, manage, and improve their social and environmental performance through the B Impact Assessment and the SDG Action Manager, two international standards.

Then, Systems B and Santander Chile selected those 50 companies with the best results. A diagnosis was arranged with them to determine the opportunities for improvement that they could implement to amplify their social and environmental impact in their value chain.

Finally, a consultancy firm accompanied those 7 companies that had the potential to obtain the certification by implementing the improvement plan outlined in the previous stage and supporting them in the process to potentially become a B Certified Corporation. The Bank accompanies and finances this stage.

What is a B Corporation?

These are companies that measure their social and environmental impact and are committed to decision-making that considers the long-term consequences of their actions in the community and environment.



+4,000
in the world

+750
LATAM

+200
Chile



Sustainable investment

Sustainable investment products represent 2.4% of the total of the Bank's investment products.

Sustainable investments are a way to achieve profitability in a responsible manner.

A growing number of investors want their money to be directed into investments that are not only profitable but also reflect their values and contribute to society responsibly. Moreover, choosing investments based on specific ethical guidelines reduces their risk profile. Consequently, the best-rated companies in ESG matters tend to have lower debt and equity costs.

The Bank's sustainable investments management is carried out following the Responsible Investment Principles (PRI)

The Responsible Investment Principles were created by investors for investors. By implementing these six principles, signatory organisations contribute to developing a more sustainable global financial system. The principles are:

1. To incorporate ESG criteria in the investment analysis and decision-making processes.
2. To be active and integrate these variables into equity policies and practices.
3. To adequately disclose these criteria to the entities in which one is investing.
4. To promote the acceptance and implementation of the Principles within the industry.
5. To work on improving the implementation of the Principles.
6. To report on the activities and progress of the Principles implementation.

Santander GO Mutual Fund ESG Global Actions

Santander GO Mutual Fund ESG Global Actions is the first mutual fund in Chile to invest in companies with a strong sustainable component, as they are committed to the environment, society and good corporate governance practices.

Name	Type	Clients	Value (MCh\$)
Santander GO Mutual Fund ESG Global Actions	Green	9,722	153,112



ESG Bonds Structure

Sustainable bonds

Santander Chile supported the placement of eleven Sustainable Bonds of the Republic of Chile, added to one more for CMPC and another for Colbún.

All the bonds adhere to the standards and requirements established by the Green/Social Bond Principles of the [International Capital Markets Association \(ICMA\)](#) in order to be classified as such.

Organization	Description	Value (MCh\$)
Republic of Chile	Placement of two green bonds	962,653
Republic of Chile	Placement of nine green social bonds	8,551,841
Colbún	Green bonds in the international market for US\$ 600 million at a rate of 3.15% directed to fund the building of renewable energy projects.	480,186
CMPC	Bond linked to sustainability for US\$ 500 million in the US market with a 10-year maturity and a 3.0% interest rate. This bond is related to the company's corporate goals: (i) GHG emissions reduction (scope 1 and 2) and (ii) reduction of industrial use of water.	400,155

What does it mean?

Sustainable bonds: They are a combination of social and green bonds. Social bonds are debt instruments whose funds finance or refinance selected social projects. Green bonds are instruments that finance or refinance projects linked to climate change mitigation and/or adaptation and environmental protection.

Transition bonds: They are used when funding a company's transition into reducing its environmental impact or lowering carbon emissions. Usually, they are used in industries that wouldn't qualify for green bonds, such as big carbon emission industries.

Sustainability linked Bond (SLB): Type of ESG bond linked to the sustainability goals. Unlike the green, social and sustainable bonds, their issuance benefits are not related to projects or specific social or green assets but to the company's commitments.

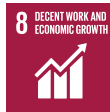


Santander Chile issues its first social bond financing the Women SMEs segment.



5a

Two private placements with Asian investors were issued under this category in February 2021. The first instrument was placed privately by a Japanese investor with the advisory of Daiwa Securities Capital Markets for US\$ 50 million and a 3-year maturity at a 0.71% rate. The second one was for US\$ 100 million at a similar maturity and rate. The objective of these transactions was to refinance or finance new credit operations for small and medium companies led by women.



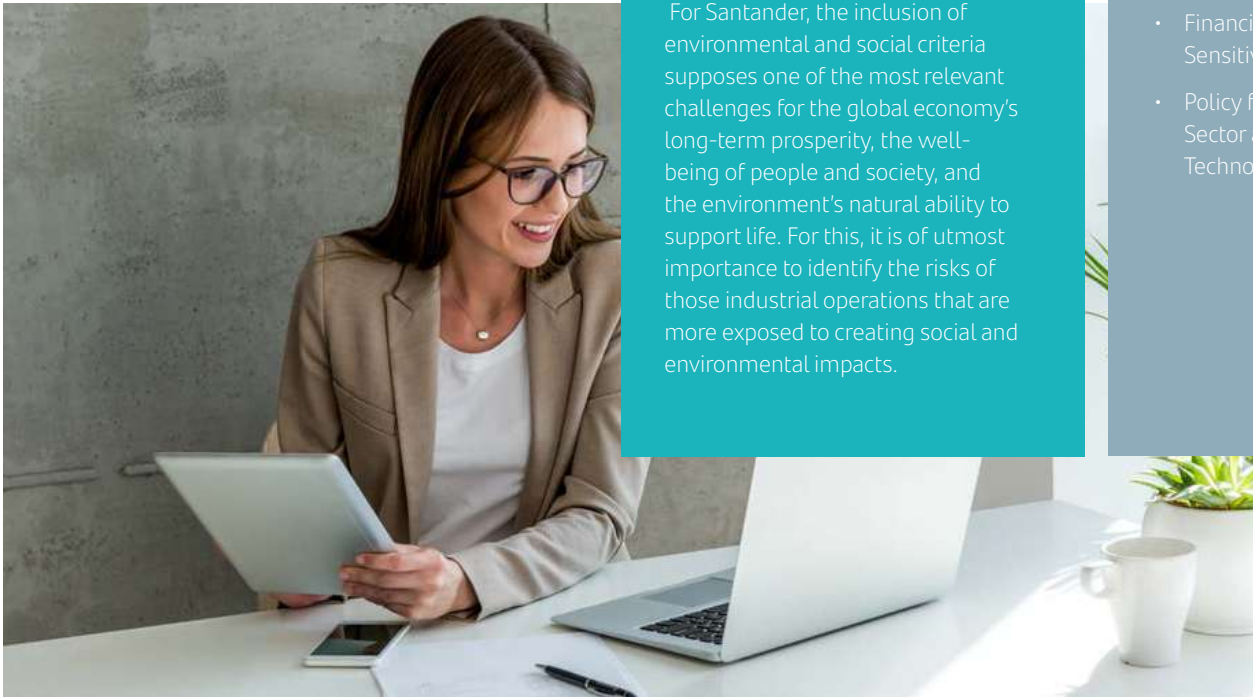
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This portfolio has an approximate size of US\$ 380 million, which is why access to this type of funding is essential to continue promoting the financial inclusion of women in Chile. With this new instrument, Santander wishes to contribute to the strengthening and growth of women-directed businesses, following leading markets' trends and, in line with their purpose, to help in the progress of people and companies.

The placement of the first sustainable debt instrument is in line with the strategy the Bank is developing globally in ESG matters, reflecting the solid leadership it has on sustainability indexes such as the Dow Jones, Vigeo Eiris, MSCI, FTSE4Good and S&P IPSA ESG.



ESG Risks



Why is this a material issue?

The existing correlation between responsible management of social and environmental risks and climate change mitigation and adaptation has been arduously studied and established by science.

For Santander, the inclusion of environmental and social criteria supposes one of the most relevant challenges for the global economy's long-term prosperity, the well-being of people and society, and the environment's natural ability to support life. For this, it is of utmost importance to identify the risks of those industrial operations that are more exposed to creating social and environmental impacts.

Framework of internal policies

- General Sustainability Policy
- Environmental, Social and Climate Change Risk Management Policy.
- Financing Policies for Sensitive Sectors
- Policy for the Defence Sector and Dual-Use Technology

Socio-environmental Policy

[FN-CB-410a.1]

The Environmental, Social, and Climate Change Risk Policy sets Santander's criteria for identifying, assessing, monitoring and managing social and environmental risks and other climate change-related activities in the industries of crude oil and gas, energy, mining, metallurgy, tobacco and those derived from business with 'soft commodities'.

Additionally, Santander Chile has four Socio-Environmental Policies that govern the corporate segment (SCIB). These policies outline the provision of products and/or financial services and the criteria for the analysis of social and environmental risks:

- 1. Policy for the Defence Sector and Dual-use Technologies**
- 2. Environmental, Social and Climate Change Risk Management Policy**

Thanks to these policies' application, socio-environmental risks linked to the allocation of proceeds granted to clients are detected. For this, different aspects of the borrowing company are analysed, considering

1. Environmental compliance of the company
2. Relation to communities
3. Mitigating measures of operational impact
4. Climate change measures

The analytical process of social and environmental risks includes an internal analysis of the client and the industry they participate in. Furthermore, the Bank develops technical, environmental, market, insurance, and financial model processes in due diligence. Along with this, a compliance and risks internal verification, the Equator Principles assessment and the evaluation or renewal of the Know Your Client (KYC) process for SCIB clients are all developed

Furthermore, Santander relies on exclusion lists established in the Environmental, Social and Climate Change Risk Management Policy, which includes:

- Starting 2030, any entity whose energy generation represents over 10% of its income in consolidated terms.
- New coal plants and coal mines
- Extraction and sale of native species of uncertified tropical timber
- Unconventional oil and gas exploration
- Projects in Ramsar sites⁴.

The Environmental, Social and Climate Change Risk Management Policy addresses the energy, mining/ metallurgy, 'soft commodities', and oil & gas industries. The policy includes international guidelines such as: the Equator Principles, The International Finance Corporation (IFC) environmental and social performance standards and explanatory notes, the United Nations Global Compact, the Universal Declaration of Human Rights, the International Labour Organization Declaration, the Convention on the Rights of the Child, the Rio Declaration on Environment, and the United Nations Convention Against Corruption.

Additionally, specific standards are used for each sector under the Environmental, Social and Climate Change Risk Management Policy, such as the Forest Stewardship Council (FSC), the United Nations Environment Programme, the GRID-Arendal Report on Mine Tailings Storage, the International Council on Mining and Metals (ICMM), Review of Tailings Management Guidelines and Recommendations for Improvement, recommendations from the World Commission on Dams or WCD and the International Hydropower Association – IHA.

4. A Ramsar site is a wetland classified by the Ramsar Convention as having international importance.

Santander is currently developing a methodology for the sensitivity analysis of climate risk – a 'stress test' – which will primarily consider economic activities with larger risks produced by climate change. This new methodology is expected to be implemented in 2022.



Equator Principles

All structured finance projects over US\$ 10 million must necessarily go through the Equator Principles assessment as part of the social and environmental risks evaluation process.

In 2021, one project was analysed concerning the Equator Principles after being reviewed by the sustainability area. This project addressed the Environmental Impact Statement (DIA) principles and the Environmental Assessment Resolutions (RCA). Compliance will be monitored when the project is first launched and then during its operation, as established in the Finance Contract.

Companies' adherence to the Equator Principles relies on a certificate given by an external provider. In this case, a Technical Due Diligence Report was elaborated by ENERTIS concerning the Matrix Renewables Chile SpA parks portfolio.

Number of assessed projects concerning the Equator Principles	2019	2020	2021
Total number of assessed projects	10	7	1
Percentage of assessed projects over total	83%	100%	8%
Number of approved projects	6	7	1
Number of rejected projects	1	1	0

Note: An assessment of one additional Project was undertaken in the year. Nevertheless, the finance structure was not used, and therefore it was not considered in the total counting.

Finance Policies for Sensitive Sectors

Santander relies on these policies to assess and decide on the Group's participation in certain sectors whose potential impact could generate reputational risks. Sensitive sectors, considered as such because of their company names or for political or cultural implications, are related to the following activities:

- Mass communication media
- Gambling and betting houses
- Club and sports associations
- Religious institutions, congregations, and orders
- Trade union, business, and professional associations
- Non-Governmental Organisations (NGOs)
- Cannabis industry

The financing operations involving sensitive sectors can only be approved by the Bank's higher Credit Committees and should be reported quarterly to the Group.

Relationship with customers in ESG matters


[FN-CB-410a.2] [FN-IB-410a.3]

As part of its relationship process, Santander Chile considers ESG matters essential in the dialogue with its customers. This includes related risks and opportunities, national and international trends, the Bank's position and leading initiatives, the evolution of ESG variables in the industry and its competitors' practice in this area.

Moreover, the Bank's solutions cater to their characteristics, specific industry and sustainable goals, seeking to incorporate finance solutions that consider ESG factors in line with their corporate plan and strategy.

1. Commercial Banking

Seeks to encourage customers' engagement with sustainable behaviour through green products at preferential prices depending on the fund's allocation and other related benefits. It has informed all of its clients through various means about what the Bank is doing in ESG matters (Santander.cl site, news in the pressroom, publicity, interviews with communication media, participation in seminars, private sites and emails). Moreover, in terms of SMEs, we achieved communication with 100% of our customer base concerning sustainability thanks to the Measure what Matters Most Programme⁵.



All clients can be evaluated to obtain sustainable products, which is carried through a process of due diligence in terms of the allocation of the funds needed to meet the goal of each product. For the green mortgage loan, the housing of real-estate projects is accepted only if they qualify for the product depending on their certification⁶ and are rejected on the contrary.

5. Program details in Chapter 4.

6. Four types of certifications are accepted. More information at: <https://banco.santander.cl/personas/credito-hipotecario/hipotecario-verde>.

3. Middle Market

Also encourages constant communication with its customers in sustainability matters. In 2021 it organised a lecture for 197 clients named 'sustainable investing', while through the 'Conversaciones Work/Café' (Work/Café Conversations), a cycle of four talks on sustainability matters was organised, which was open to customers through social networks, and reached a total of 5,980 participating members. Additionally, social projects with a focus on education are arranged by Santander Universidades⁷.

As part of our commitment and support to customers with investments integrating environmental factors, the Bank signed an agreement with MIGA⁸ to promote development and mitigate the risks of different businesses, aiming to underpin the finance of sustainable projects. The agreement is valid until June 2026 and applies to customers with a specific profile in terms of sale volumes and the amount derived from credit transactions they require.



3. SCIB

Got together with customers to inform them of the ESG products range and arranged the webinar 'the global trend shaping the future of investments' in July. In it, the latest market trends, the process to obtain ESG certifications and other examples of reference frameworks for loans using social and green funds were discussed.

7. For more information on Santander Universidades see Chapter 6.

8. Multilateral Investment Guarantee Agency (member of the World Bank) which offers insurance against political risks or guarantees for losses caused by non-commercial risks with the goal to promote foreign direct investments (FDI) in developing countries.

Operating eco-efficiency

MI

Why is this a material issue?

The demand for companies contributing to environmental care is currently an essential element. Financial institutions generate lower environmental impact, which is why more sustainable and eco-efficient operations are expected in order to set the pace and to integrate and transfer practices to other groups of interest.

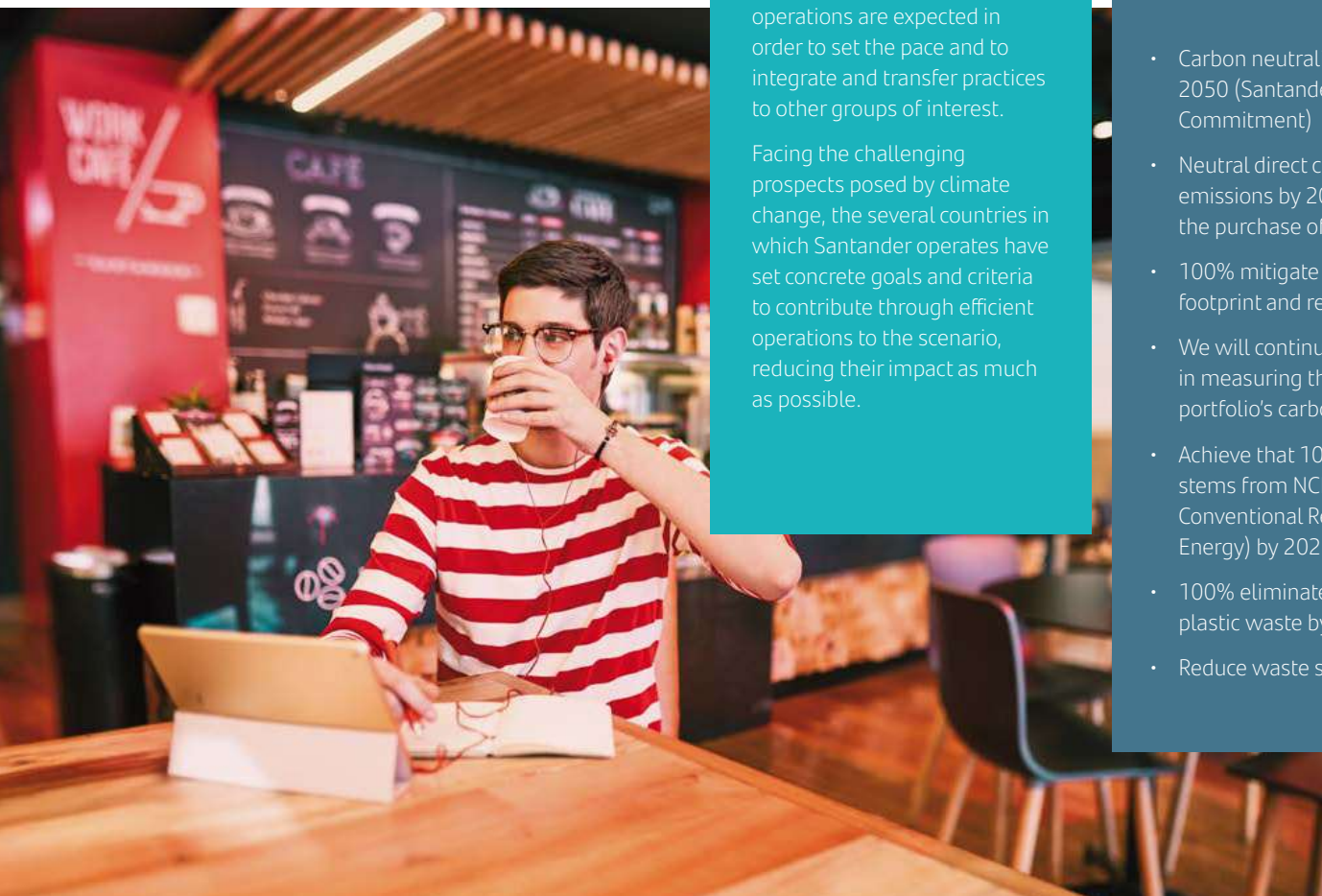
Facing the challenging prospects posed by climate change, the several countries in which Santander operates have set concrete goals and criteria to contribute through efficient operations to the scenario, reducing their impact as much as possible.

Internal Policy Framework

- General Sustainability Policy

Goals

- Carbon neutrality by 2050 (Santander Group Commitment)
- Neutral direct carbon emissions by 2025 without the purchase of green bonds
- 100% mitigate the carbon footprint and reduce it.
- We will continue to progress in measuring the credit portfolio's carbon footprint.
- Achieve that 100% of energy stems from NCRE (Non-Conventional Renewable Energy) by 2025
- 100% eliminate single-use plastic waste by 2021
- Reduce waste sent to landfills.



Santander calculates and controls the main consumption, wastes, and emissions of the company's facilities, identifying the points in which a greater environmental impact is caused to adopt the most effective prevention measures and establish goals to mitigate them.

To accomplish this, it maintains an Environmental Management System (EMS) certified under the standard ISO 14001:2015, whose objective is to protect adherence to environmental regulations and laws. In 2021 we accomplished the certifying of two facilities out of 351.

The EMS governance falls under the Responsible Banking Committee, which ensures the alignment of the Bank's environmental initiatives to its sustainability strategy and helps ease their implementation.

Emissions

[305-1, 305-2, 305-3, 305-4]



GHG Emissions (tCO₂e)

Scope	2018	2019	2020	2021
Scope 1	225	627	463	474
Scope 1 coverage (%)	79%	79%	85%	87%
Scope 2	13,776.0	12,090.0	9,463	6,752
Scope 2 coverage (%)	88%	88%	92%	87%
Scope 3				
Business travel – External passenger transport	-	1,981	136	145
Business travel- Urban transport	-	162	420.30	126
Upstream transport of material – Valuables/Recycling/Waste	-	1,165	595	1,315
Waste transport	-	-	-	64
Fuel Procurement	-	123	90.30	93
Scope 3	4,376	3,441	1,241.00	1,744
Scope 3 coverage (%)	-	92%	85%	87%
Total de emissions	18,377.20	16,158.00	11,143.00	8,969.6
Intensity (tCO ₂ e / N° of branches)	48.36	42.86	37.02	26.59

Water

[303-1, 303-2, 303-3, 303-4, 303-5]

Santander receives its water supply from the authorised local water supplier and discharges directly into the sewer system. Water consumption reached 100,573 m³, 2.2% less than in 2020.

In line with Santander's commitment to the care of water resources, the Bank made progress in monitoring water use in its branches through a monthly analysis.



Total water consumption (m³)

Water consumption	2019	2020	2021
Water consumption	149,106	102,780	100,573
Data coverage	87%	84%	83%

Note: Coverage considers those facilities equipped with their own drinking water meter. Other branches are in the vicinity of third parties.

Energy

[302-1, 302-3, 302-4]



Santander Chile Energy Generation

Our organisation will become one of the first large companies in Chile and the first local bank to produce its own renewable energy. This is thanks to an agreement with Gasco Luz and Fourtrees Capital, through which six solar plants of 300kW each will be built in the Coquimbo, Valparaíso, and the Metropolitan region. The contract involves a 10-year lease on these solar plants –which are already under construction– involving an approximate annual payment of US\$ 240,000 on the Bank's behalf.

100% of the power these plants produce will be directed into the Bank's own consumption, which will allow it to reduce its carbon footprint by 1,380 tonnes annually while raising energy consumption originating from Non-Conventional Renewable (NCRE) sources from the current 28% to 43%. In this way, the energy generated from the combined plants will incorporate into the national energy grid, allowing Santander to offset its consumption through this contribution to the network.



7.2



Energy consumption in MWh

Energy consumption	2020	2021
Renewable energy		
Electricity (purchased)	6,807	6,273
Total renewable energy	6,807	6,273
Non-renewable energy		
Natural Gas	1,005.56	817.16
Diesel	153.49	132.52
Electricity	17,502	17,263
Total non-renewable energy	18,661	18,213
Total energy consumption	25,468.05	24,485.68
Number of branches (nº)	358	326
Energy intensity ratio (consumption/branches)	71.14	75.10
Data coverage (%)	86%	87%

Note: coverage considers facilities that have their own electrical wire splicing. The other branches are in the vicinities of third parties.



Materials

[301-1]

The Bank also develops initiatives to reduce the use of both renewable and non-renewable materials in its operations.

Among these initiatives is the reduction of paper, achieved through the Bank's digitisation process. We managed to decrease by 3,125 paper reams in 2021, a 1.6% decrease compared to the year before. This figure has an ecological equivalence of 197 unfelled trees.

The work that started in 2019 of replacing plastic water bottles with glass containers and eliminating soft drinks in central facilities was finally accomplished by 2021, guaranteeing our pledge to eradicate single-use plastic waste.



Materials used by the organisation (tonnes)

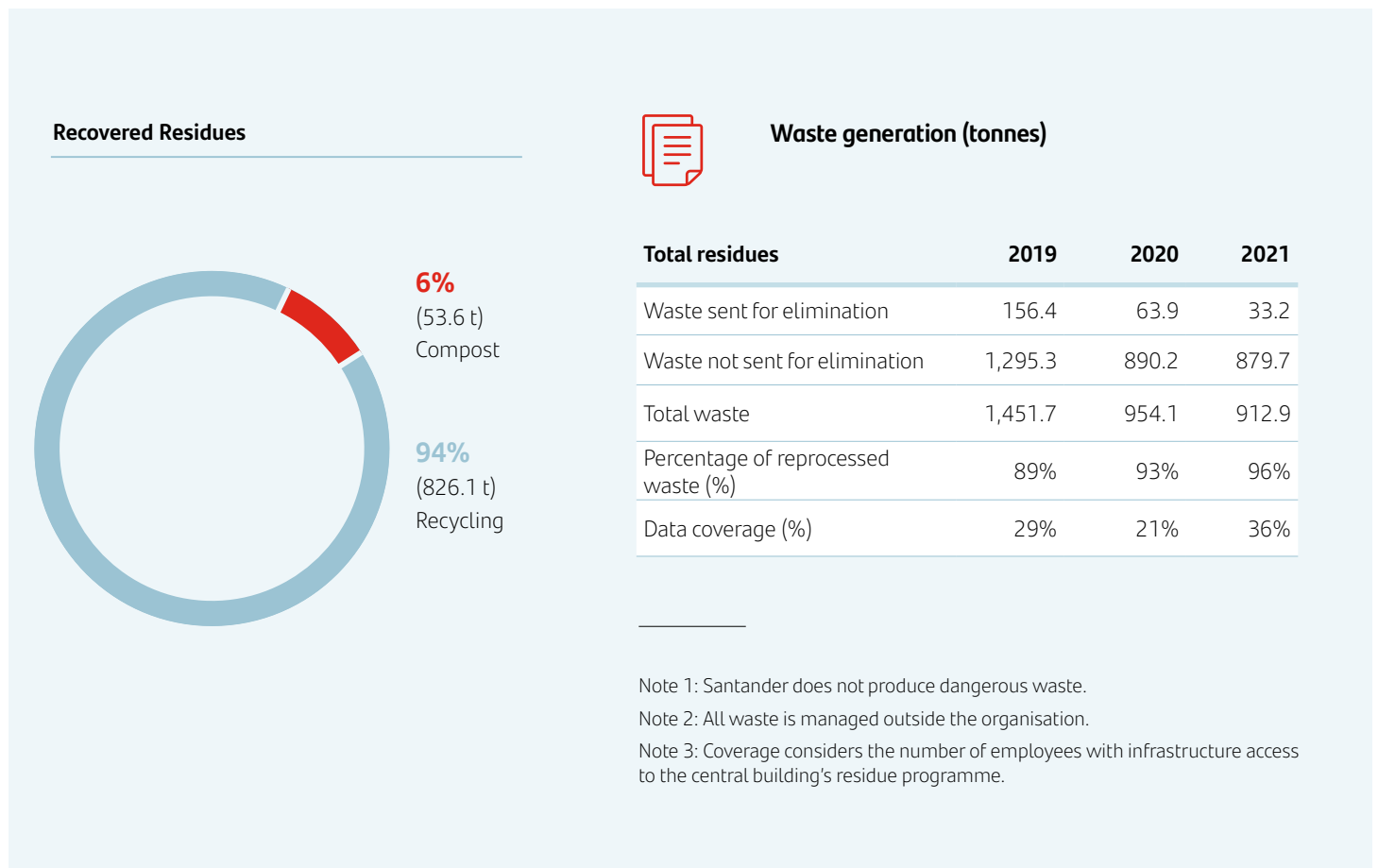
Materials	2018	2019	2020	2021	Reduction target
Renewable					
Paper	1,512	1,268	685	486	29% (2021)

No single-use plastic waste is treated in our buildings to date.

Waste

[306-1, 306-2, 306-3, 306-4, 306-5]

Different actions have been taken in the last years to reuse and recover residues, which is a fundamental area of Santander Chile's environmental management. Some of these initiatives are the residue programme operating in the Bank's central buildings, and the Work Café's recycling and compost initiatives.



For the third consecutive year, Santander Chile adhered to the Clean Production Agreement (CPA) Zero Waste for Disposal, signed between Acción Empresas and the Sustainability and Climate Change Agency (Ministry of the Environment). Santander is the first bank in Chile to adhere to this agreement and receive the 'Zero Waste' Seal awarded by this entity, valid until December 2024. This initiative aims to reduce the volumes of solid waste being eliminated by introducing circular economy practices to prevent their generation and increase their value.

06.

Inclusive and responsible development



Solid Internal Culture

MI

Why is this a material issue?

To ensure a coherent, solid and committed culture across Santander Group, including the Bank's capacity for resilience and adaptation in uncertain scenarios. It promotes a customer-centric culture that integrates ethical criteria and bases its activity on three fundamental concepts: Simple, Personal and Fair.

Policy framework of the Topic

- Corporate Culture Policy
- General Sustainability Policy

Target

To be the best company to work for in Chile.



Human Resources

[GRI 2-7, 2-8]

Santander seeks to be the best company to work for in Chile, which was measured in 2021 through:

- 1. Top Employer Certification:** Banco Santander was awarded its certification for the third consecutive year, highlighting excellence in people management and the best companies to work for.
- 2. Great Place to Work:** For the first time, the labour ranking has placed Santander Chile first among Chilean companies to work for (2020 management), recognising the work done in terms of organisational climate and culture. It was also ranked as the 8th Best Place to Work in Latin America in the Multinational category, moving up one place from last year.
- 3. Estudio Merco Talento:** Santander Chile was ranked 5th among the companies with the highest capacity to attract and retain talent in the country.

The Bank has four strategic focuses for human resources management:



Processes, information and technology.



To enhance engagement, collaboration and productivity.

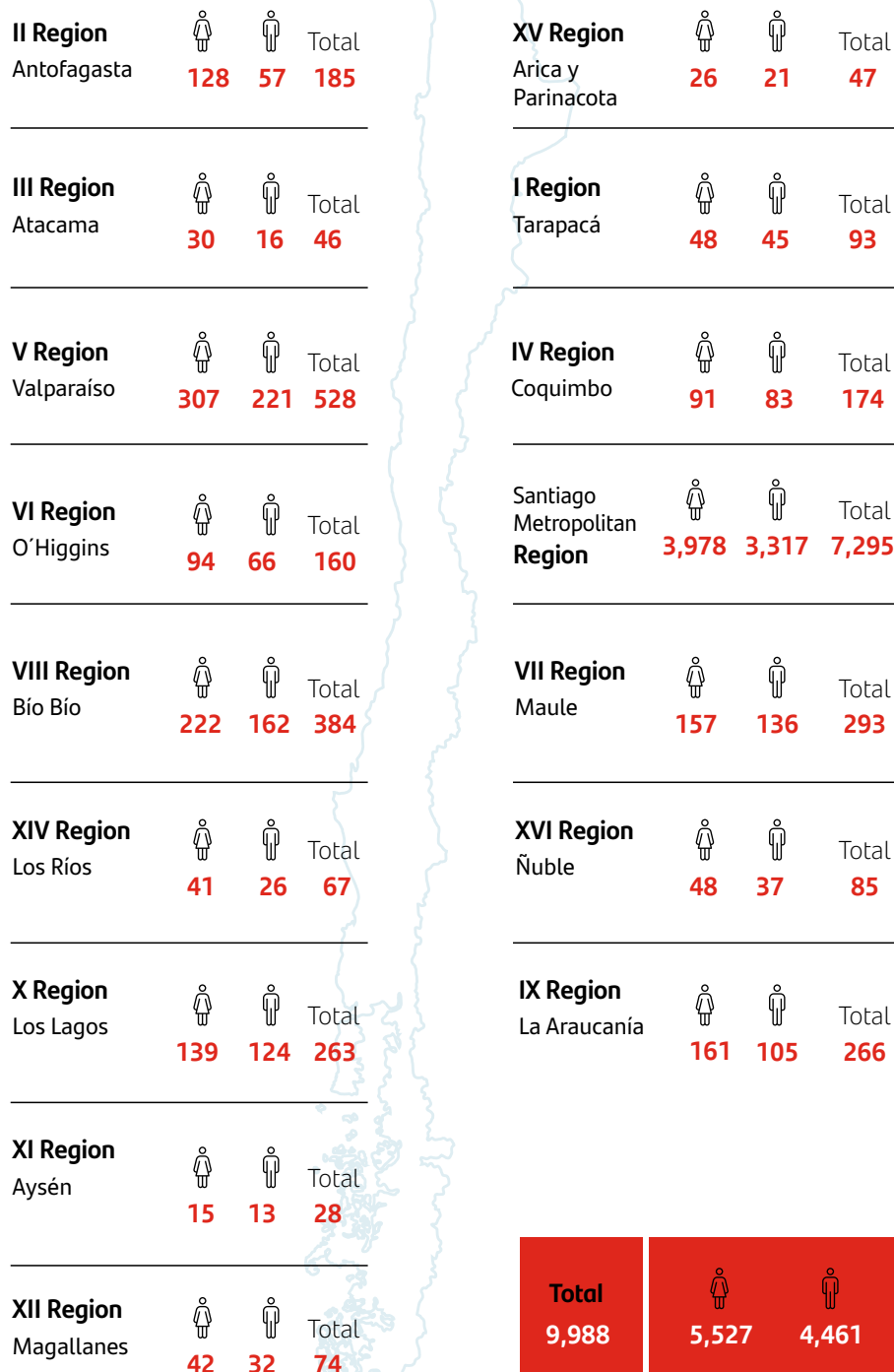


To collaborate strategically with the business.



An adaptive cultural transformation and vocation for learning.

As of December 2021, the workforce consisted of 9,988 employees and 2,345 contractors¹.



97.6% of employees have permanent contracts and 81.6% work on site.

1. The Human Resources information does not consider all the bank's subsidiaries.

Collective Bargaining

Santander maintains a permanent and fluid dialogue with its 23 trade union organisations, which represent the Bank's employees.

[GRI 2-30]

Banco Santander has a relationship policy with all trade union organisations, which provides permanent and regular opportunities for meetings and communication. This aims to facilitate dialogue, welcome their proposals and work collaboratively, seeking the welfare of employees in balance with the fulfilment of the company's objectives.

In March 2021, a new collective agreement was signed for all trade union organisations, which came into force in September of the same year and runs until 2024. This was possible thanks to the effort, commitment, hard work and, above all, Santander's excellent relations with employee representatives. In the current context, each employee's input is essential to make a decisive contribution to the progress of people and companies when they need it most.

Unions	2020	2021
Number of unionised workers	7,819	7,311
Number of workers with union extension	10,470	9,988
Percentage of unionised workforce	74.7%	73.2%
Percentage of staffing covered by trade union extension	100%	100%
Number of workers covered by collective agreements	100%	100%
Number of agreements formed	23	23



Education and training

[GRI 404-1] [CMF 5.8.]

For Banco Santander Chile, the development of people is a process designed to foster teams' professional and personal growth, helping them reach their full potential and contribute to the organisation's sustainability.

The focus of 2021 was to certify Santander Chile's employees by role, crediting their knowledge to support and enhance their development and, in this way, demonstrate their expertise and be leaders in the financial sector. As a result, six certifications were carried out during the year, most of which involved diagnostic tests and curricula.



Main training figures

Charge	Average hours of training			Number of trainees			Percentage of trainees	
	Women	Men	Total	Women	Men	Total	Women	Men
Executives	34.6	24.1	26.5	31	108	139	100%	100%
Supervisors	44.3	46.0	45.2	666	765	1,431	97.0%	98.2%
Professionals	27.2	31.0	28.8	3,763	2,882	6,645	98.0%	97.8%
Administrative staff	28.6	21.2	25.4	1,607	1,249	2,856	90.0%	96.2%
Total	29.5	30.7	30.0	6,067	5,004	11,071	95.8%	97.5%

Note 1: Of the average total training hours, 3.2 hours are for mandatory training, while the remaining hours are for optional training.

Note 2: The number of trainees includes employees who did not continue working in Santander.



Investment in training and development

Training and development	2018	2019	2020	2021
Total number of training hours	N/A	N/A	293,654	332,280
Total amount spent on training and development (Ch\$)	3,322,300,000	3,441,504,724	1,912,353,876	2,223,277,030
Percentage of income (%)	0.18%	0.18%	0.09%	0.10%

Note: 0.6% of the expenditure corresponds to mandatory training and development courses, while 99.4% is optional.



Santander Academy

The Bank manages the development of human capital mainly through the Santander Chile Academy, whose purpose is to develop the culture, competencies and individual skills derived from the business

strategy to achieve Santander Group's vision and objectives. It has five channels:



Santander Leaders

Programme in which the Santander Group's leadership model is transmitted, always being Simple, Personal & Fair.



Train yourself

A self-managed learning channel that focuses on two pillars: Professional Skills and Digital Tools, to enhance professional development.



Extension Centre

A transversal channel that publishes courses for employees' relaxation, entertainment, and recreation.



Customer Experience

Channel dedicated to self-managed learning on customer issues, with tips on how to deliver the best possible experience.



Digital Transformation

Channel dedicated to the self-management of learning on digital transformation issues and a common language space for the new agile methodologies present in Banco Santander.

Training programmes for employees

→ Trainee private banking, Select, SMEs

Induction for business executives.



91 beneficiaries

→ Trainee Contact Centre

Induction for Contact Centre executives.



146 beneficiaries

→ Diploma in Innovation and Digital Banking

Diploma course for Santander oriented to learn about Innovation and Digital Banking.



44 beneficiaries

→ Introduction to Finance Diploma

Diploma course for Santander, intended to provide the necessary tools for financial decision-making.



20 beneficiaries

→ English program

English language programme for employees who, according to the English language requirement of their position, have a gap with their current language level.



521 beneficiaries

→ Internal speakers

A programme dedicated to enhancing the skills speakers virtually and providing training tips.



53 beneficiaries

→ Postgraduate scholarships in Chilean universities

Designed for professionals who wish to study for a diploma or master's degree applicable to the Group's functions.



50 beneficiaries

→ Trainee Operations - summer cashier

Induction of summer cashiers, providing knowledge to perform their role.



112 beneficiaries

→ Certification program

Study and certification programme to validate the knowledge that employees should have according to their role and position to support and enhance their development.



851 beneficiaries

→ Specific and simplified investment accreditation

Mandatory certification programme, where employees must validate investment knowledge to manage or advise clients as appropriate.



1,013 beneficiaries



Evaluation and performance

[GRI 404-3]



Employees evaluated

- Employee performance management is carried out to achieve the Bank's objectives and ensure individuals' growth, developing, and strengthening their potential to the maximum. The following evaluations are carried out:
- **Local performance evaluation:** This consists of a 180° review for all (non-managerial) employees in which supervisors evaluate their direct teams.
- **Management evaluation (MyContribution):** This corresponds to a 180° and 360° performance assessment of the Bank's corporate behaviours. The 360° assessment involves peers, team and management.
- **Leadership Index:** A survey that refers to the supervisor's leadership style, from which this Index is calculated.

Categories	2020		2021	
	Amount	Percentage	Amount	Percentage
Women	5,723	96%	5,430	97%
Men	4,835	97%	4,452	97%
Total	10,558	97%	9,882	97%
Executives	137	100%	131	100%
Supervisors	1,401	97%	1,347	99%
Professionals	5,906	98%	6,000	97%
Administrative staff	3,114	94%	2,404	97%
Total	10,558	97%	9,882	97%

Note: The performance evaluation applies to all active Santander Chile employees during the process.



Talent management

Being the best open platform for financial services and the best company to work for in Chile implies strengthening the positioning of the employer brand, mainly in attracting and retaining talent. For this purpose, Santander has four programmes that provide constant development for its employees.



Santander Young Professionals

Intending to continue to attract the best talent into the Bank, we are recruiting highly motivated young professionals who can add value to the current and future challenges of the business.



Young Leaders

To identify talents with leadership potential to accelerate their development and fulfil the Bank's mission. During the period, ten people participated in this initiative.



Santander World

A global talent mobility programme that allows teams to work for three to six months on a project in another country, promoting the exchange of best practices and broadening the global vision. Six people participated in this programme.



Local Santander World

A programme that seeks to promote a new form of mobility at a national level, which allows to foster the exchange of talent and thus contribute to local and global challenges.

Recruitment

[GRI 401-1]

In 2021, Santander had 1,713 open vacancies, 54% filled by internal candidates. The remaining percentage corresponded to new hires, who had to go through an onboarding day where they were inducted and introduced to the Bank's culture, approach and vision.

Total number of recruitments and departures	2019	2020	2021
New recruitments - men	475	96	362
New recruitments - women	578	97	554
Total number of new recruitments	1,053	193	916

Turnover

[GRI 401-1]

Note: the turnover rate considers all types of departures (voluntary, redundancies, retirement, etc.).

Employee turnover rate (%)	2019	2020	2021
Total turnover rate	11.4%	8.2%	13.4%
Turnover rate - women	11.4%	7.9%	12.6%
Turnover rate - men	11.4%	8.5%	15.0%
Turnover rate for people under 30	17.7%	11.2%	18.8%
Turnover rate for people between 30 and 50	9.5%	6.5%	12.2%
Turnover rate for people over 50	11.4%	11.4%	16.3%

Commitment and benefits

Commitment

The level of employee engagement is measured through the Global Engagement Survey, applied annually in all the countries where Santander Group operates. The survey contains 61 statements divided into 12 dimensions, a leadership index, two NPS questions and five open-ended questions.

Santander's satisfaction rate rose two percentage points from the previous measurement from 92% to 94%.

Commitment	2021	
Percentage of employee satisfaction by gender	Men	94%
	Women	94%
Percentage of employee satisfaction by age range	Under 30	91%
	Between 30 and 50	95%
	Over 50	98%
Percentage of employee satisfaction by management level	Junior	94%
	Middle	96%
	Senior	99%
Total percentage of employee satisfaction	94%	

Note: Data coverage was 8,898 individuals.

Internal acknowledgements

Santander awards two types of recognition to its employees:



Acknowledgements to those who represent the SPF behaviours:
1,498 people awarded.



Recognition of Commitment and Fidelity (COMFIDE):
381 people awarded.

In 2020, 1,922 people were awarded, while 1,820 were awarded in 2021.

36. The previous measurement corresponds to the 2019 period, given that the was exceptionally not applied during 2020.

Benefits

[CMF 5.8] [GRI 401-2]

Under the commitment to its employees, Banco Santander Chile offers a series of benefits and incentives to its workers.

Since the pandemic, teleworking has been implemented under the Teleworking Law, allowing Bank employees to work remotely permanently depending on their position and job title in the organisation.

Betterfly

A platform of benefits and digital tools for collective well-being (physical, mental and financial) that seeks to transform people and organisations through purpose encouragement, rewarding healthy habits in a social donation and a life insurance policy that grows day by day at no cost.

Retirement plan

Another benefit offered to senior managers is a pension plan to provide these employees with funds for a better supplementary pension upon retirement. Santander will complement the beneficiaries' voluntary payments for their future pension through an equivalent contribution based on mixed collective insurance policies, whose beneficiary is the Bank. Managers will be entitled to receive this benefit only if they are currently employed during their 60th birthday.

Benefits	Beneficiaries
Life Insurance	8,927
Healthcare Supplementary health and life insurance coverage.	8,927
Coverage for disability and invalidity	8,927
Flexible working hours Possibility of bringing forward or putting back one hour of the working day.	49
Plus Permit Additional days off according to performance requirements, balances and courses.	2,680
Three afternoons or one morning off	9,860
Afternoons off on birthday	10,048
Kindergarten Childcare allowance for children between 2 and 4.5 years old.	740
Nursery In alliance with Sodexo through its Párvulo Pass service, Santander offers a wide range of nurseries nationwide.	535
Full payment of licences Anticipates medical allowance payments during periods of medical leave.	4,384

Note 1: Life insurance, health care, disability and invalidity coverage, kindergarten and nursery are benefits for employees with permanent contracts.

Note 2: Full leave pay is for permanent and unionised employees.

Note 3: To be eligible for the health care benefit, the worker must participate in one of the welfare funds autonomous from the trade union organisations and share bipartisan administration with the company.

Diversity and inclusion

MI

Why is this a material issue?

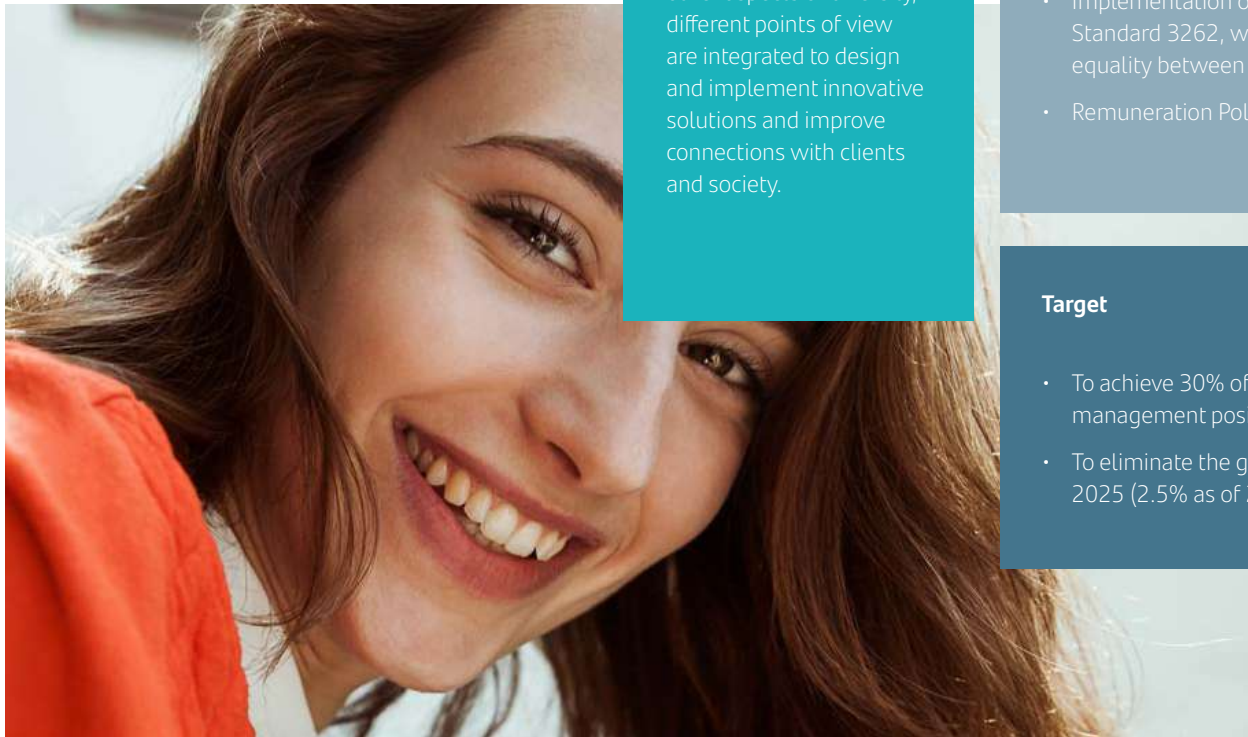
By promoting teams with diverse experiences, profiles, backgrounds, gender, age, beliefs, and disabilities, among other aspects of diversity, different points of view are integrated to design and implement innovative solutions and improve connections with clients and society.

Policy framework of the Topic

- Diversity and Inclusion Policy.
- Human Rights Policy
- Gender Equality and Work-Life Balance Policy
- Implementation of the Chilean Standard 3262, which promotes equality between men and women.
- Remuneration Policy

Target

- To achieve 30% of women in management positions by 2025.
- To eliminate the gender pay gap by 2025 (2.5% as of 2021).



Employee diversity

[405-1; SASB FN-IB-330a.1]

Banco Santander promotes teams with diverse experiences and profiles to integrate different points of view to design and implement innovative solutions and better connect with customers and society.

The Inclusion and Diversity Policy and the Human Rights Policy are designed to guide and promote a diverse and inclusive culture in which each employee feels valued and respected based on their own singularities. Santander is committed to creating equal opportunities for its employees and ensuring that there is no discrimination of any kind (direct or indirect) based on gender, age, sexual orientation,

culture, beliefs, illness, disability, etc. Santander is also committed to maintaining a work environment free of harassment, abuse, intimidation or violence.

Santander seeks to promote and celebrate authenticity with a firm commitment to equal opportunities and respect for differences. Managing talent diversity in an inclusive way allows us to attract, develop, and retain the best professionals.

55%

Women in the Bank

28%

Women in senior management positions¹

25%

Women in STEM positions²

1.32%

Disabled people

9%

Foreign people

0.54%

Indigenous peoples

1. The F-P-S collective is considered.

2. Science, Technology, Engineering and Mathematics (STEM).

The Bank has three management focuses on diversity and inclusion:



Gender



Disability



Cultural diversity

Gender

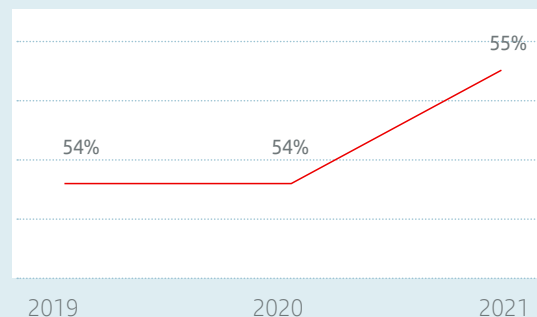
The Bank has a Gender Equality and Work-Life Balance Policy, in which it is committed to systematically moving toward an organisation that guarantees equal opportunities for men and women.

The challenge is at the executive and managerial levels, where representation is less than 30%.

Certification to Standard 3262

In 2020, Banco Santander Chile implemented, together with the Ministry of Women and Gender Equality and SERNAMEG, the Chilean Standard No. 3262, which establishes a system that allows gender equality and equal opportunities to be visible and addressed. In 2021, this system was certified, marking a significant achievement for the Bank's strategy in this area.

Women in the workforce



Disability

Within the framework of Law 21.015 on Labour Inclusion, there is a specific policy for the labour inclusion of disabled people, including ten fundamental guidelines to achieve successful inclusion, both for the person and the company. These are cultural change, recruitment, accessibility, internal customer service, job growth, job performance, legal compliance, benefits, family and suppliers.

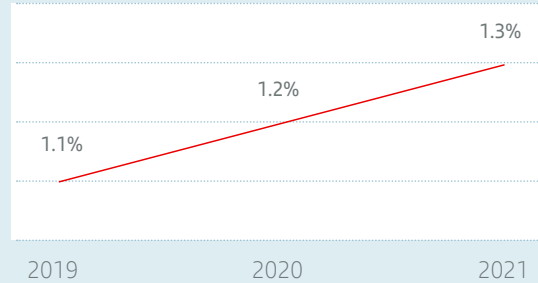
Santander has a higher percentage of disabled people in the organisation than Chilean regulations dictate (1%) and therefore works to provide adequate support to reduce the functional limitations of disabled people's interaction with their work environment, guaranteeing their autonomy.

Cultural diversity

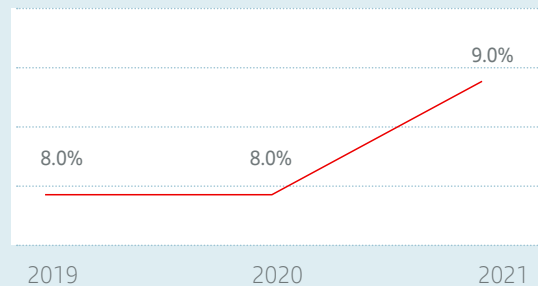
Cultural diversity is expected to be achieved through people with different backgrounds, international experience from other countries and generational representation. Regarding this last point, Santander has 13% of people under 30 years of age, 70% between 30 and 50 and, finally, 17% over 50 years of age, including 13 people over 70 years of age.

→ [Read all the diversity and inclusion figures in the annexes of this report.](#)

Disability



Non-nationals



Equitable remuneration

[CMF 5.4.1]

Ensuring pay equity between men and women is one of **Santander's strategic commitments**. Within the Group, and in line with emerging standards, measurement focuses on two concepts: General Pay Gap (GPG) and Wage Equity by Position (EPG).

The Remuneration Policy is reviewed annually, where it is finally determined whether the remuneration structures have a variation. This exercise considers information in both internal equity and competitiveness, qualitative and quantitative studies and wages and market trends, all of which are done with a local, Latin American perspective and European regulations. For market research consulting, it relies on consultancy firms specialising in the industry. Furthermore, legal advice is taken to prepare the relevant documents to comply with labour regulations for contractual matters.

In this area, the institution's target for 2025 is for the EPG to be 0%.



Parental leave

[GRI 401-3] [CMF 5.7]

Women's maternity leave is intended to strengthen the mother figure in children's early development and promote mother-child attachment. Postnatal leave is a universal right in Chile and has a duration of twelve weeks (84 days) to which the full-time worker is entitled³. This leave can be used part-time, increasing to 18 weeks (126 days). In the case of both working parents, the father may use this leave - if the mother so chooses - from the seventh week onwards.

The collective bargaining agreement establishes special leave for fathers for ten working days for the birth of children, five of which are additional to those specified in the current legal regulations to generate attachment between father and child.



Number of employees on postnatal leave during the year

	People with postnatal leave right			People who took postnatal leave		
	Men	Women	Total	Men	Women	Total
Executives	2	0	2	2	0	2
Supervisors	34	27	61	34	27	61
Professionals	115	244	359	115	244	359
Administrative staff	20	112	132	20	112	132
Total	171	383	554	175	383	554

Note: People with the right to postnatal leave are those that are covered by policies, agreements or contracts that include parental leave for the birth of a child, passthrough of postnatal days from the mother to the father or adoption.

It is observed that women take their postnatal leave on all the days that are regulated by legislation, while men, on average, take one or two days less.



Average days of postnatal leave during the year

	Men	Women
Executives	10	0
Supervisors	9	84
Professionals	9	84
Administrative staff	8	84
Total	9	84

Note: Postnatal leave considers use of the five legal days and the five additional days given by the Bank.



Return to work

	Men	Women
Employees who have returned from postnatal leave	171	383
Return-to-work rate	100%	93%
Employees continuing after 12 months of postnatal leave	1	332
Retention rate	92%	93%

Note: no six weeks of parental leave for men were recorded.

3. This benefit is produced after the 12 weeks of complete rest for the mother.

Health and well-being

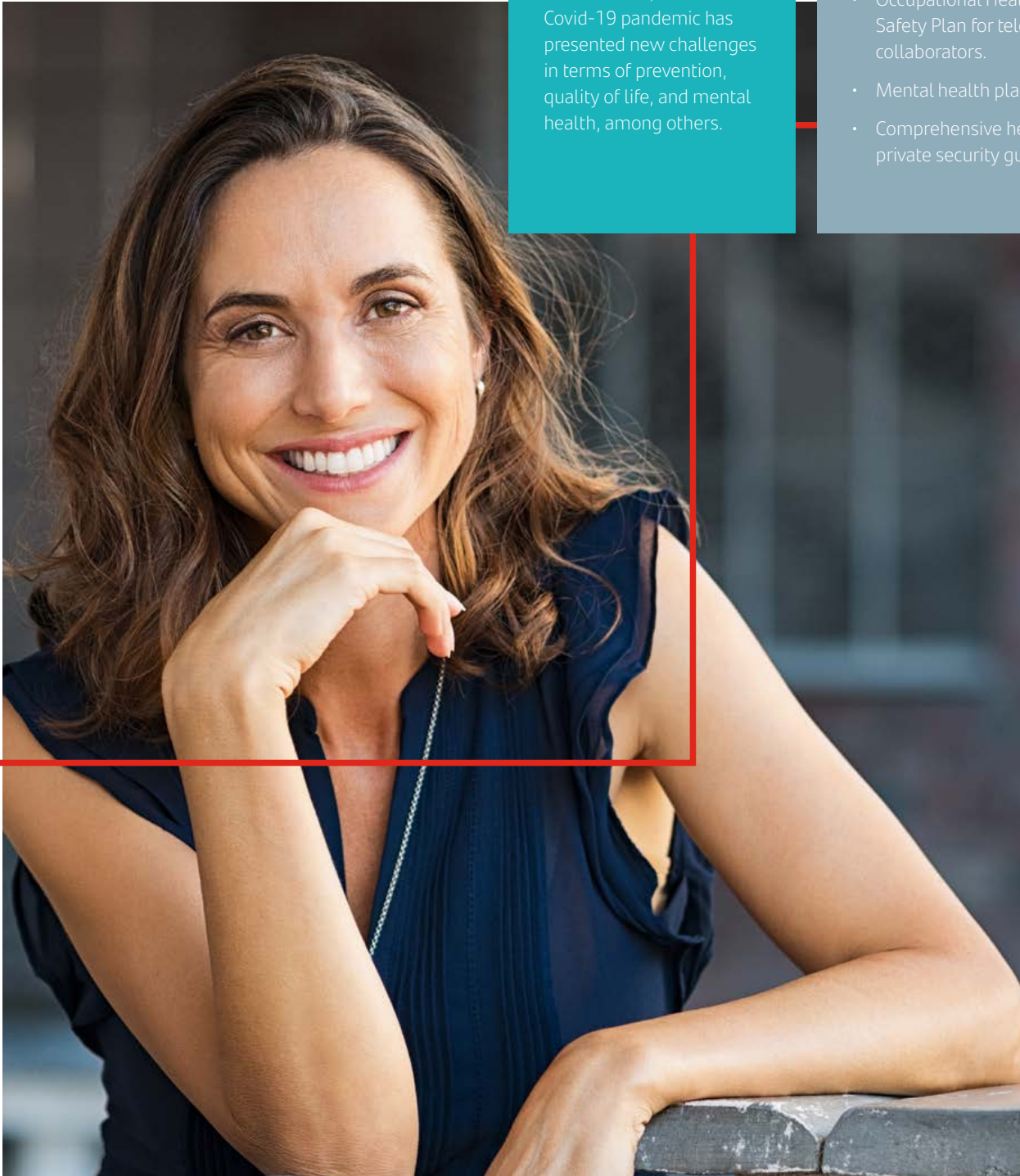
MI

Why is this a material issue?

Ensuring the health and safety of workers and their well-being at work is essential for their good performance. Nevertheless, the Covid-19 pandemic has presented new challenges in terms of prevention, quality of life, and mental health, among others.

Policy framework of the Topic

- Sustainability Policy
- Human Rights Policy (protecting workers' health)
- Risk Prevention Policy
- Occupational Health and Safety Plan for teleworking collaborators.
- Mental health plan
- Comprehensive health plan for private security guards





Operational health and safety management

[GRI 403-1, 403-2, 403-8]

Santander Chile has the structural elements of a Management System (Policy, Work Plan, Hazard Identification and Risk Assessment). In 2022, implementation of a Management System under the PEC Mutual model is planned (administrative body of the Law 16,744). In addition, the organisation has a central and branch CPHSs (Joint Health and Safety Committee), and some CPHSs are currently being formed, and others are planned for 2022.

Security risks

The main occupational hazards include falls from the same level such as impacts with/by/against road accidents and mental health. These risks are identified under the MIPER (Hazard Identification and Risk Assessment Matrix). The identification is carried out through onsite visits to branches and headquarters (observation of tasks and interviews with staff). Moreover, the risk assessment is conducted under the Magnitude of Risk (Probability by Consequence) methodology.

Safety risks are minimised or mitigated by implementing all related legal requirements (Supreme Decree, regulations, protocols) with the

support of related areas (maintenance, works, architecture, safety, etc.) and with the advice of the administrative body of Law 16,744 (Mutual de Seguridad). In addition, tools to involve employees in their protection include the Occupational Health and Safety Work Plan, training under the Santander Academy, accident investigations, Incident Reporting in branches, the employee orientation programme and the virtual assistance centre (CAV).

Joint committees

Banco Santander Chile has three joint health and safety committees: one for all head offices and two for branches. These committees meet once a month to address the review of accident and occupational disease statistics, analysis of occupational accidents, strategies for promoting accident risk prevention and other related issues. The decisions taken in these bodies are binding on the company in the context of Supreme Decree No. 54, which establishes the functioning of the joint health and safety committees.

Safety

[GRI 403-9] [CMF 5.6]

Santander had no fatalities or serious accidents in 2021.

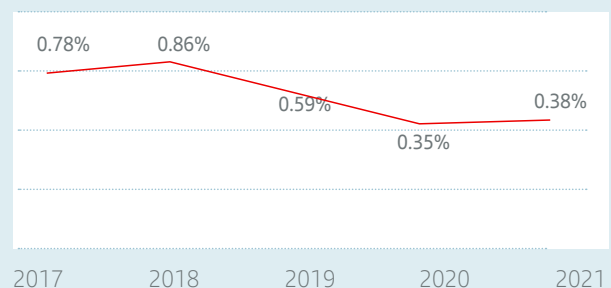
Main Safety indicators	2019	2020	2021
Average workforce	11,142	10,463	9,780
Actual hours worked (HHT)	28,080,159	26,368,020	24,647,490
Workdays lost due to accidents	1,746	558	414
Average workdays lost due to accidents	26.45	15.08	11.18
Employee fatality rate	0%	0%	0%
Accident rate	0.59%	0.35%	0.38%
Loss rate	21.13%	8.72%	18.98%
Frequency index	2.35%	1.4%	1.5%
Severity index	62.18%	21.16%	16.8%

Once a week, an analysis is made of the indicators to the body administering Law 16.744 (Mutual). Moreover, a monthly statistical report is produced with the indicators and monitoring of cases that occurred during the month. Additionally, quarterly accountability is established.

In the area of prevention, the Bank provides all employees with a mandatory e-learning course on the use and handling of fire extinguishers, risks of falls and burns in offices, procedures in the event of an emergency and other content related to occupational risk prevention.

The Bank's occupational health and safety programme also includes skills upgrading for the Risk Prevention team, which constantly incorporates new technical skills to ensure effective compliance with the work plan.

Accident rate



Health

[GRI 303-3, 403-6, 403-10] [CMF 5.6]

Santander aims to be one of the organisations with the healthiest employees in the world.

To achieve this, it has a comprehensive wellness programme called Be Healthy, an initiative that promotes healthy lifestyles both inside and outside the workplace. In 2021, the focus was on "Equilibrate", a programme that seeks the emotional well-being of employees.

- **In March, an emotional well-being and mental health survey was conducted to strengthen the Bank's support.**
- **The Be Healthy week was held in April, where different activities were carried out to promote and care for people's health and well-being throughout the organisation.**

The Organisational Wellbeing and Occupational Health area manages an Integral Health Plan that has several focal points to work on during the year, including emotional health and well-being, preventive examinations and digital disconnection. Furthermore, the organisation has leave days available for preventive medical examinations.

Occupational diseases	2019	2020	2021
New	-	-	30
Former	-	-	8
Total	7	4	38
Occupational disease rate	0.87%	0.03%	38
Prevalence rate of occupational diseases	2.35	1.40	1.50

Note: New occupational diseases correspond to Covid-19, which are listed as such according to Chilean legislation.



Financial empowerment

MI

Why is this a material issue?

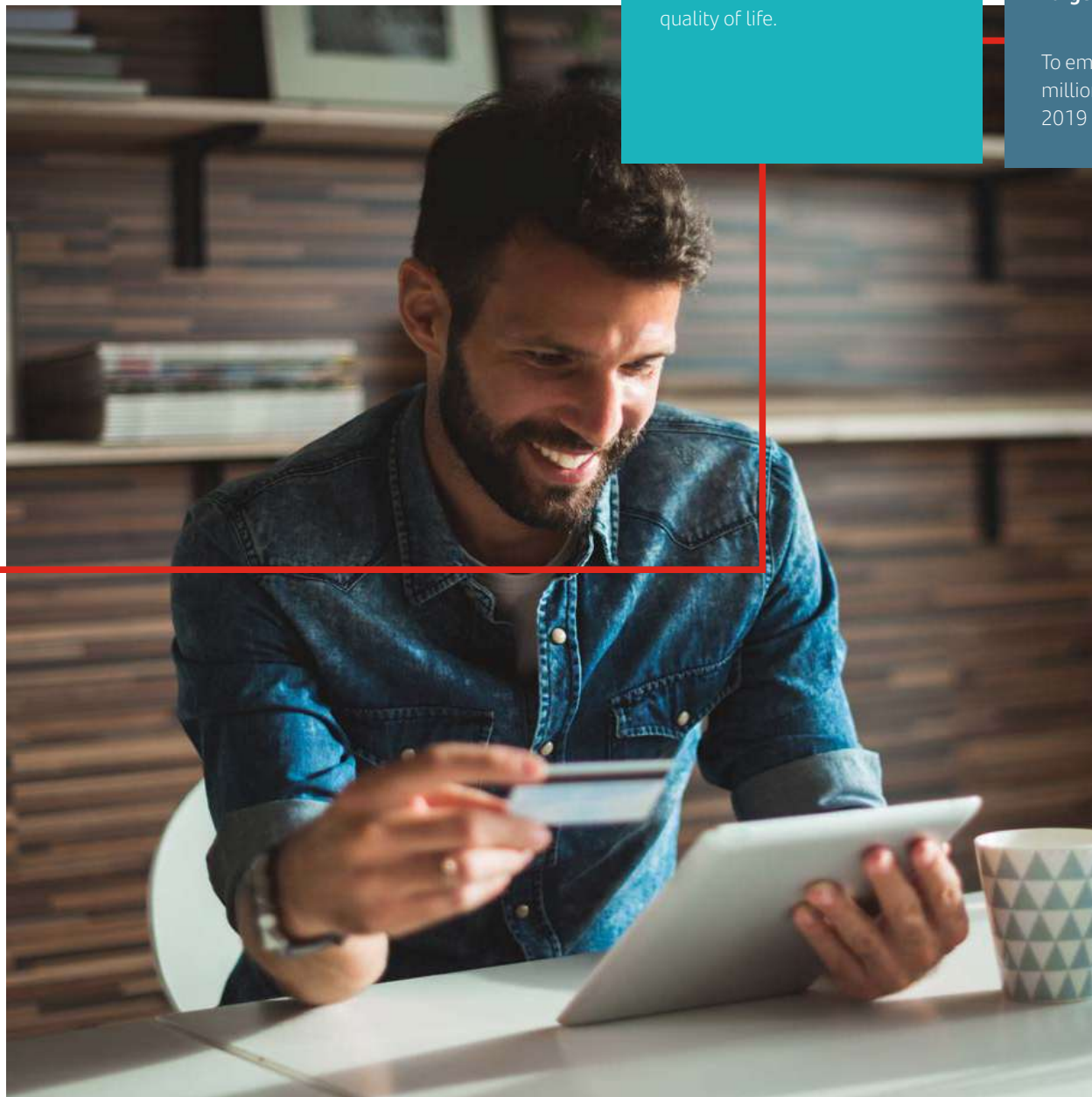
One of the ways Santander Chile positively impacts people is through financial empowerment, either through financial education initiatives or by offering products that encourage good financial behaviour. Banco Santander is convinced that if people are financially empowered, they will be able to make better decisions and have a better quality of life.

Policy framework of the Topic

- Signing of the Principles of Responsible Banking
- General Sustainability Policy

Target

To empower four million people between 2019 and 2025.



Financial inclusion

Santander has two value offers aimed at financial inclusion:



Santander
Life



Superdigital



Santander Life

The Life value proposition consists of three products, which focus on financial inclusion for low or mass income customers below Ch\$400,000 (US\$500) and financial education for low-income customers below Ch\$800,000 (US\$1,000).

1.

Life Account: An account focused on financial inclusion; it is designed primarily for people who are just starting to use a banking account. This current account can be opened through a 100% digital flow, does not require proof of minimum income to open, which facilitates access, and unlike other current account products, it does not have an associated line of credit or check book to complement inclusion with financial education in its first phase.

2.

Life Plan: Traditional branch account opening with a focus on financial education. It does not have a credit line linked to the account and requires proof of income, as it is a product that allows a first approach to credit. Through the Meritolife recognition programme, good payment behaviour is valued through merits. When accumulated, merits enable customers to move through the different levels of the programme and qualify for a series of exclusive financial rewards.

3.

Life Plan Latam: Traditional branch account opening focused on high-income customers. It requires proof of income, has an associated line of credit, and connects customer appreciation through the Meritolife programme with the mileage accumulation programme.

Santander Life caused Santander Chile to become the first bank in the country with a 100% digital current account opening allowing the Bank to differentiate significantly from its competitors regarding current account market share.

What is Meritolife?

This Santander Life programme values the customer's financial behaviour, awarding merits for good payment behaviour of credit products or recurring savings habits. These merits accumulate and allow the client to have exclusive rewards. All this through a digital platform embedded in the client's private site.

Customers belonging to this programme have achieved the highest satisfaction rate in the Bank. This positive result reaffirmed the organisation's focus on incorporating and working on a large scale with the mass segments, based on digitisation, with the pillars of our value offer based on inclusion and financial education.

Through the Meritolife programme, the Bank has fulfilled its commitment to financial empowerment by recognising more than 5,000 customers with reductions of 15%, 30% and even 40% on their current loan rates.



In 2021, the Bank built a proposal of real solutions for its clients, thus improving the Life cycle proposal by integrating young people and senior citizens completely free of charge. It aims at financial education for young people, preparing them for a correct inclusion in the savings stage and then the credit stage, and financial and digital inclusion in the group of senior citizens, facilitating their daily lives with the services enabled in the app and payment of accounts, pension payments or transfers to third parties. Moreover, it is a convenient pricing offer, with benefits according to the life stage of each client.

Life account indicators	2020	2021
Current accounts opened	324,821	378,063
Clients with 100% digital accounts	484,992	724,406
Balance in debit products (MCh\$)	495,529	886,445

Superdigital

It is a Mastercard prepaid card and provision of funds account that delivers a financial inclusion solution to people who do not have a minimum wage or have a business background that prevents them from opening another bank account.

With this account, customers cannot get into debt, as they spend the money they currently have. Thus, it allows them to pay in the amount they want, make transfers to any bank and transfers at Santander ATMs at no cost, pay basic utility bills, recharge phones from the same app and make national and international online purchases with no additional commissions.

Signing up for this account is 100% digital. Users only need to download the Superdigital application, be over 18 years of age and have a valid identity card.

Superdigital indicators	2020	2021
Number of Superdigital customers	129,991	263,752

In 2021, the annual target was met, with 250,000 customers and an average balance per customer of Ch\$31,718.6.

Financial education



Within the financial education initiatives, two significant projects are considered:



Sanodelucas



Partnership with the UC Centre for Public Policy

[FN-CB-240a.4]

427,332 people participated in financial education initiatives in 2021² and now are financially empowered with inclusion projects since 2019, democratising access to financial knowledge.

Sanodelucas

A digital platform that offers financial literacy information for individuals and entrepreneurs to promote financial tools and counteract information asymmetries in society. The platform helps build long-term relationships between users and financial institutions based on trust and transparency.



382,531
participants

Partnership with the Public Policy Centre of the Pontificia Universidad Católica de Chile (UC)

This alliance promotes financial education throughout the school community and the community to contribute to forming informed and responsible citizens and economic agents. To this end, three initiatives have been developed:

- El Futuro es Ahorra (The Future is Saving):**A digital initiative that seeks to facilitate the learning process of financial topics in secondary school students through gamification. During the course, the students take a diagnostic test and a final test to measure the knowledge they have acquired.
- Financial Education for All:** Financial education course for Chilean residents over 18 years of age. The lesson consists of 10 videos covering savings, credit and interest rates, among other topics. Upon completing the course, participants receive a certificate from the Pontificia Universidad Católica de Chile.
- Financial Education Course at the University:** Aimed at the AIEP Professional Institute students, it provides digital and employability tools for effective insertion into work.



2,404
participants



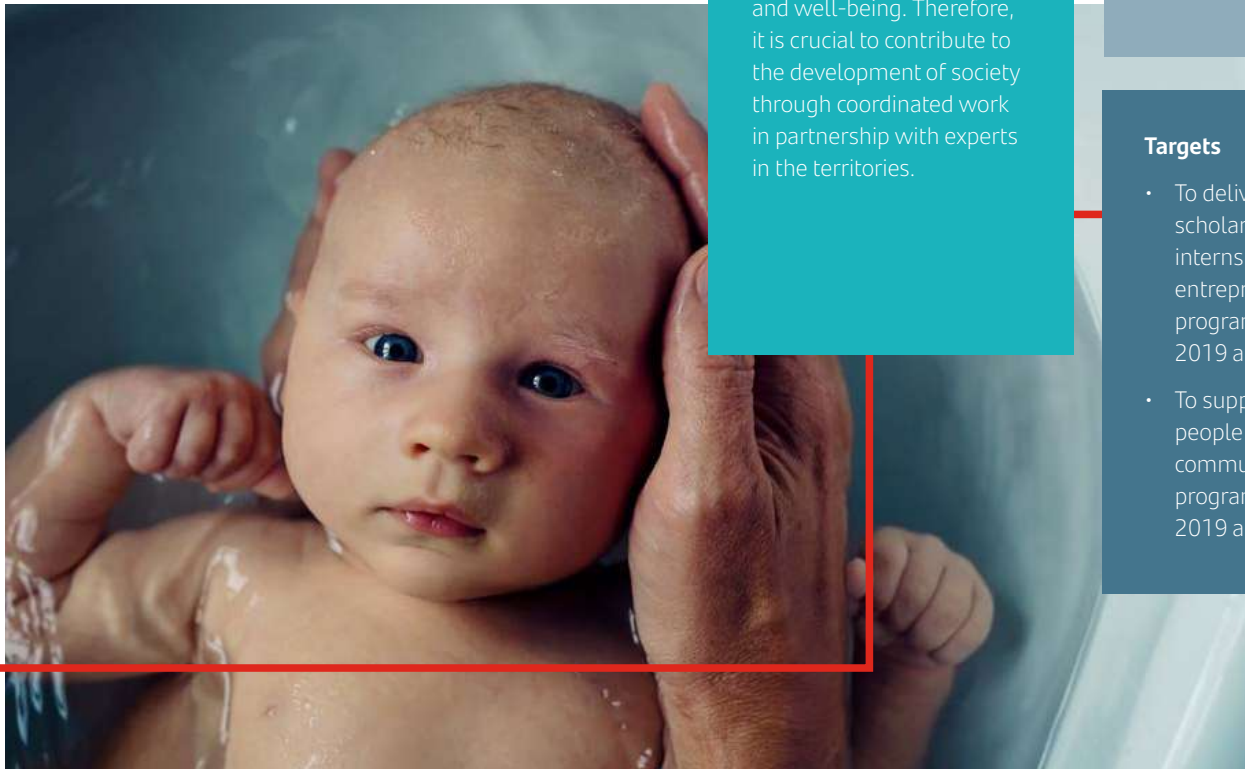
4,520
participants



37,877
participants

2. These activities are not strictly for underbanked or unbanked individuals, as no personal information is requested from participants.

Commitment to social development



MI

Why is this a material issue?

Due to their scale, size, and position, some companies have a role beyond their business, acquiring a commitment to society's development, progress, and well-being. Therefore, it is crucial to contribute to the development of society through coordinated work in partnership with experts in the territories.

Policy framework of the Topic

- Banco Santander Chile's General Sustainability Policy
- Policy for Contributions to social purposes

Targets

- To deliver 13,500 scholarships, internships and entrepreneurship programmes between 2019 and 2024.
- To support 500,000 people through community contribution programmes between 2019 and 2024.

Communities

The commitment to communities' progress and social development is one of the pillars of the Responsible Banking strategy, contributing to sustainable and inclusive growth. The focal points of action are to contribute to education and social inclusion, financial empowerment and entrepreneurship support.

Belén Educa

The partnership with Belén Educa is part of the framework supporting primary and secondary education. For more than 20 years, Santander has supported cross-cutting academic programmes that impact children and adolescents belonging to the foundation. The partnership's objective is to promote quality education in vulnerable sectors through community investment programmes in Belén Educa schools.



14,581 beneficiaries

Iniciativa	Descripción
Internship	The Bank receives students in their last year of high-school specialising in Administration, who participate in training courses financed by the Bank, requiring that they carry out a project for the school.
Mentoring	Bank employees from different areas accompany students in their last high school year in the process of choosing a career and continuing into higher education. This programme is being conducted 100% online, allowing students and partners from different regions to participate.
Santander scholarship for Academic Excellence	The Santander Scholarship for Academic Excellence is awarded annually to students graduating from Belén Educa schools who stand out for their academic performance, commitment, leadership, responsibility, and contribution to the community. The main objective is to prevent students from dropping out of higher education.

TECHO-Chile

Santander's partnership with TECHO-Chile, which has been in place for 24 years, seeks to generate more opportunities for children, adolescents and adults living in Chile's encampments and villages.



33,339 beneficiaries

Iniciativa	Descripción
Un Techo para Aprender (Roof to Learn) Learning Centres	Creation of centres that provide learning opportunities in a non-formal education context for children and adolescents living in highly vulnerable contexts. These centres offer play-based educational programmes that complement formal education and promote skills such as collaboration, personal and social responsibility, critical thinking and communication, as well as highlighting values of coexistence. It should be noted that these centres are self-managed by the community through trained education managers. In 2021, the 30th centre in Chile was inaugurated, a significant milestone for the consolidation of the programme.
Contribution to transitional housing	A fundraiser was held with Middle Market customers for the construction of emergency housing. In 2021, Ch\$427 million in funds were raised, benefiting 220 families with the construction of transitional housing.
Santander Oficinas Scholarships	Banco Santander provides online training to strengthen job skills and entrepreneurship in people who belong to vulnerable areas of the country. This project intends to reduce technological gaps, provide tools for managing small businesses and contribute to the search for new social and economic opportunities for the participants. In addition, the programme helps to increase self-confidence and self-esteem through the delivery of labour and transversal competencies, favouring self-employment, entrepreneurship and collaborative work. 34 courses were held with 699 beneficiaries



Compromiso País (National commitment)

The partnership's main objective with Compromiso País is to be part of a coordinated initiative to reduce the high number of adults who have not completed their schooling. In 2021, this activity was carried out in dual mode, where two Banco Santander employees, or one employee together with an external enrollee, jointly supported the assigned students.

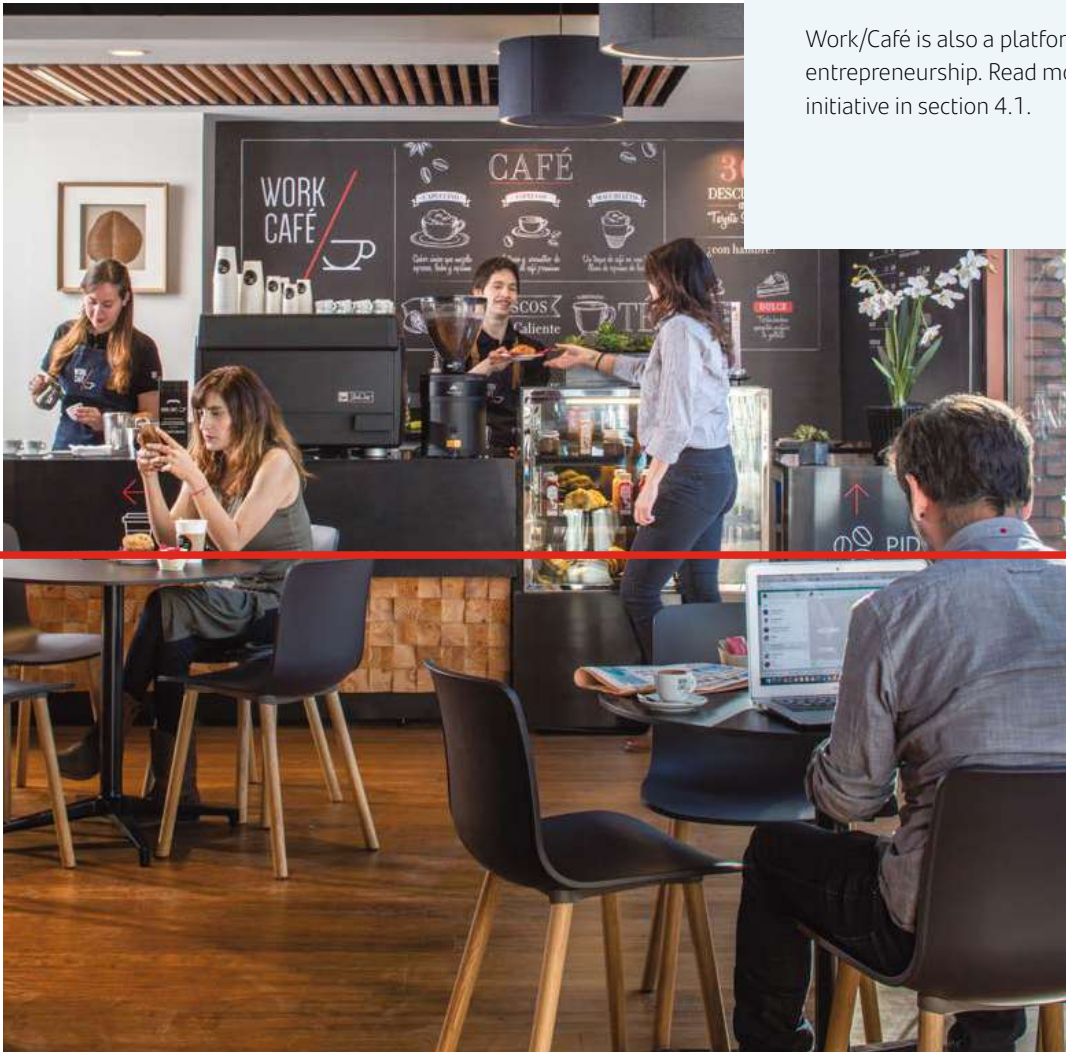


5,930
beneficiaries

Iniciativa	Descripción
Santander Presente	Its purpose is to help people who have not completed their school education, understanding its role in people's lives. The Bank's employees worked with people over 18 years of age for two and a half months to help them prepare to take the school-leaving examination for employment purposes.
Aprende Mayor	This programme focuses on supporting people over 60 years of age to complete their education (elementary or high school). The beneficiaries are accompanied by tutors by telephone and given a textbook with the course content.
Cumpliendo un Sueño (Fulfilling a Dream)	The programme focuses on supporting women to complete their studies to generate more job opportunities. This initiative is carried out jointly with Prodemu and Good Neighbours, who assisted the participants.

Work/Café

Work/Café is also a platform to support entrepreneurship. Read more about this initiative in section 4.1.

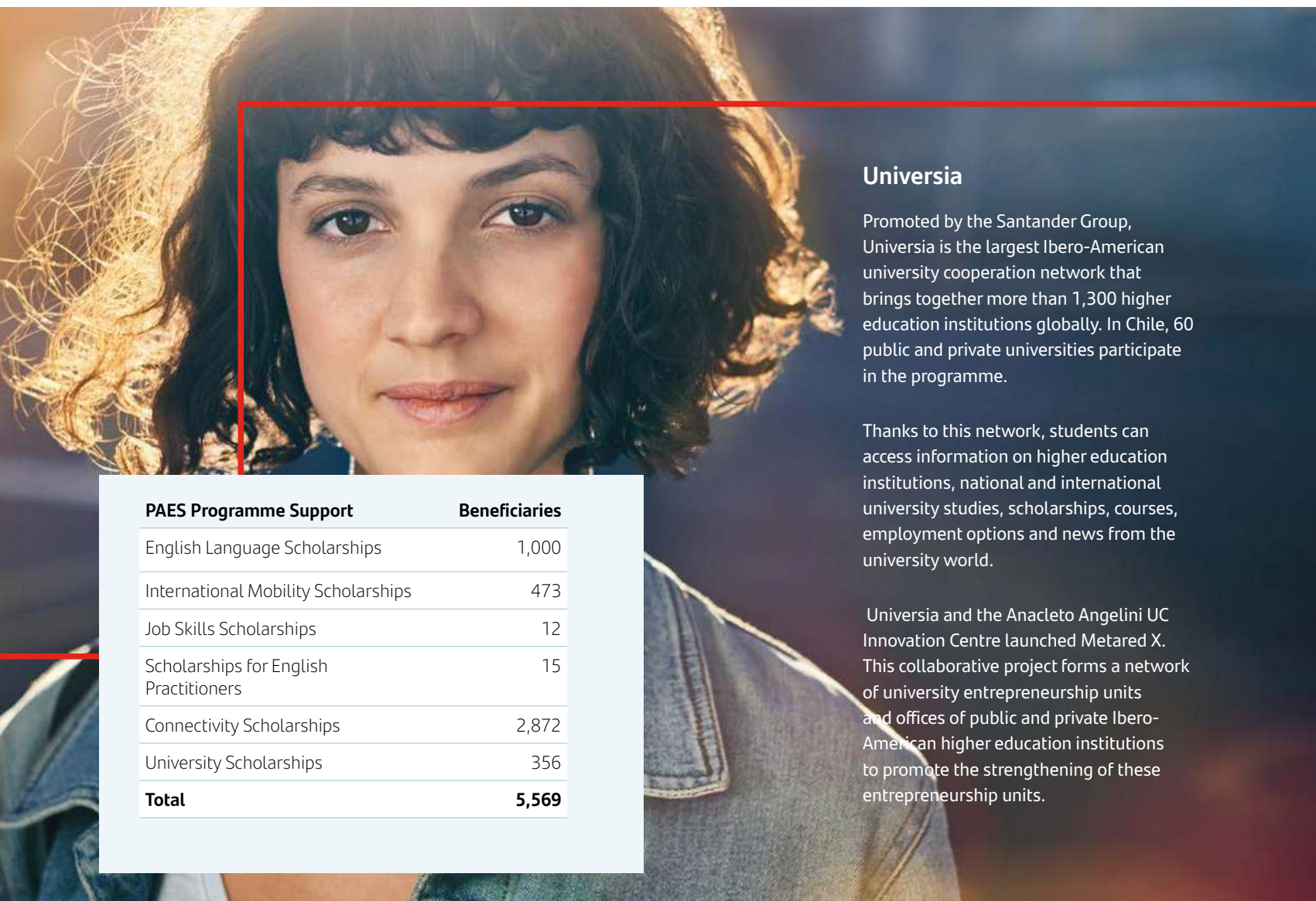


Santander Universities

The Higher Education Support Programme (PAES) celebrated its 25th anniversary and has benefited more than 4,200 students in Chile. The programme consists of fostering projects in the field of higher education, promoting youth entrepreneurship, forming collaboration agreements with higher education institutions, and providing educational scholarships and international mobility, among others. The main objective is to contribute to the preparation of future professionals in the context of globalisation, generating international experiences that allow them to broaden their vision of the world and acquire new tools.

In 2021, the International Mobility Scholarships returned after being replaced with 40,000 connectivity scholarships the year before. A total of 473 students and teachers benefited, who will be able to spend a semester abroad in courses in the case of students and research, in the case of teachers.

In the same line, Santander supported national sports with 40 English scholarships for the Women's Football Team that participated in the Tokyo Olympics 2021. Furthermore, two students from the Universidad de Viña del Mar were supported with resources to participate in the Olympic Games.



Universia

Promoted by the Santander Group, Universia is the largest Ibero-American university cooperation network that brings together more than 1,300 higher education institutions globally. In Chile, 60 public and private universities participate in the programme.

Thanks to this network, students can access information on higher education institutions, national and international university studies, scholarships, courses, employment options and news from the university world.

Universia and the Anacleto Angelini UC Innovation Centre launched Metared X. This collaborative project forms a network of university entrepreneurship units and offices of public and private Ibero-American higher education institutions to promote the strengthening of these entrepreneurship units.

PAES Programme Support	Beneficiaries
English Language Scholarships	1,000
International Mobility Scholarships	473
Job Skills Scholarships	12
Scholarships for English Practitioners	15
Connectivity Scholarships	2,872
University Scholarships	356
Total	5,569

Support for entrepreneurship

Banco Santander Chile supports and promotes innovation and entrepreneurship so that people can develop their projects and create value.



183
beneficiaries

Santander X

Comprises a global community of university entrepreneurship that allows the connection between young entrepreneurs and the main actors of the entrepreneurship ecosystem: universities, companies, teachers, mentors, among others.

This platform develops projects on an international level and provides access to a network that informs about events, calls for proposals, news and other content of interest.

In Chile, there are 20 member institutions, 11 organisations that developed university entrepreneurship initiatives and 1,020 applications.



112
beneficiaries

Ideas X

Through Santander Universities, the third version of the Ideas X entrepreneurship contest was launched, aimed at the entire university community in the country. The competition is intended to increase the teams' opportunities to receive knowledge, training and strengthen their business connections so they can improve their initiatives' development possibilities by focusing on specialisation and funding. During the different stages of the competition, participants received technical and financial support, personalised advice for their projects' launching and acceleration, and automatic entry for the three winners per category to the Santander X Global Award.



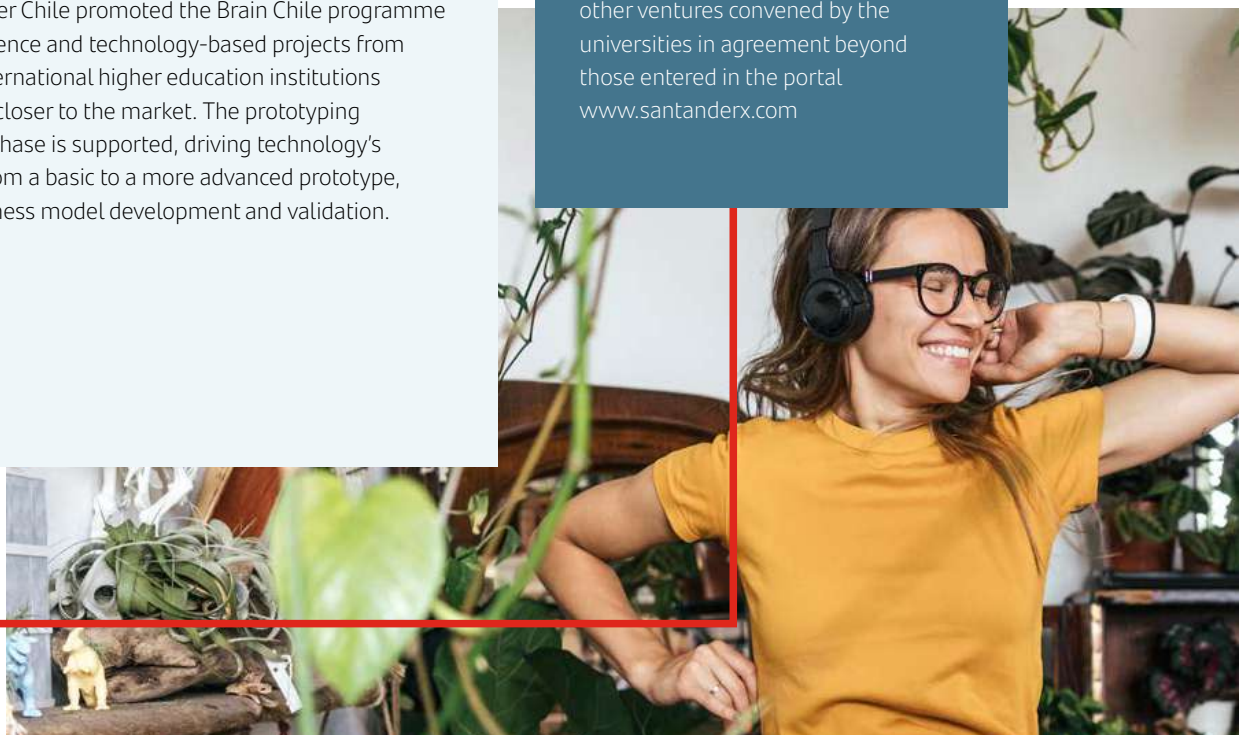
303
beneficiaries

Brain Chile

With the UC School of Engineering and the UC Innovation Centre, Santander Chile promoted the Brain Chile programme to accelerate science and technology-based projects from national and international higher education institutions towards stages closer to the market. The prototyping and packaging phase is supported, driving technology's development from a basic to a more advanced prototype, along with business model development and validation.

University Entrepreneurship

Furthermore, Santander supports other ventures convened by the universities in agreement beyond those entered in the portal www.santanderx.com

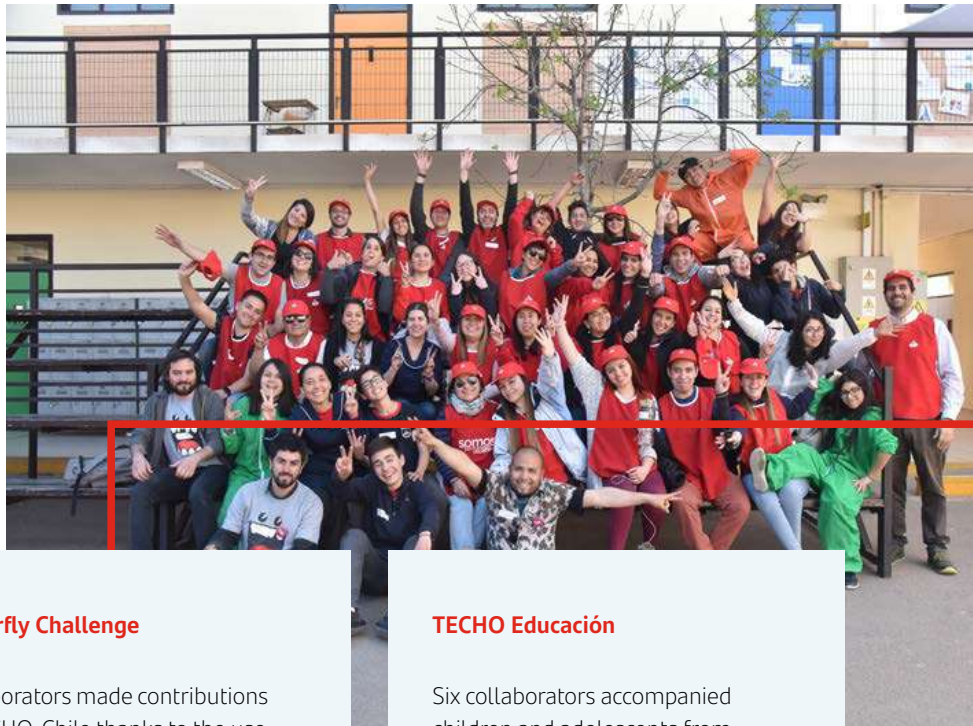


Volunteering

A portion of the Bank's contribution to social initiatives is made by its employees, who participate every year in various activities, thus materialising the organisation's commitment to society.



Projects 2021



Keynote speakers

Three volunteers gave talks on cross-cutting issues to the Belén Educa community.

Betterfly Challenge

Collaborators made contributions to TECHO-Chile thanks to the use of the Betterfly application.

TECHO Educación

Six collaborators accompanied children and adolescents from TECHO-Chile's communities in reinforcing their schooling.

Community kitchens

59 volunteers supported the Chile Comparte Alimento campaign, delivering 91,937 rations to 113 kitchens and 663 people. Santander managed to contribute 19% of the total campaign.

Santander Presente

For two months, 59 employees accompanied and motivated 120 adults in their studies to take the secondary school leaving exam.

Open talks

Three volunteers conducted cross-cutting training talks for the people in the entrepreneurship and gastronomy programmes.

Pro Bono

Through the Pro Bono Foundation, 14 Public Prosecutor's Office employees work voluntarily on assigned cases⁴, accompanying the client free of charge.

Belén Educa Mentoring

67 volunteers mentored students in their fourth year of high school to encourage them to continue their higher education studies and help them discover their professional vocation.

Solidarity projects

Banco Santander carries out an initiative where employees apply for social projects evaluated by a commission and awarded depending on their score. The winners receive a sum of money to develop their project. In 2021, there were 200 volunteers and 20 projects, benefiting 1,832 people.

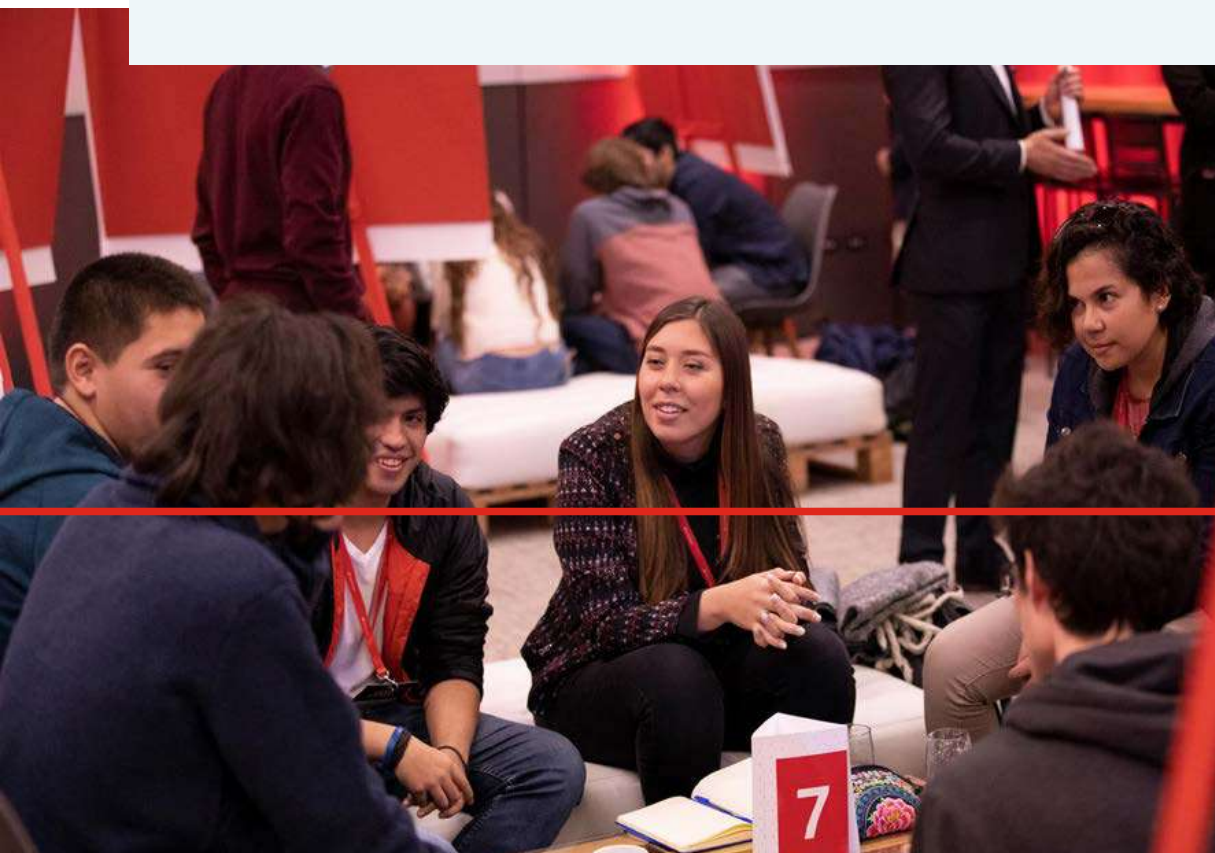
4. These cases can be from one of three lines of work: free legal advice, legal education and public policy proposals.



Main volunteer program figures in last three years

Indicator	2019	2020	2021
Number of initiatives	24	31	28
Number of volunteers	2,411	646	417
Number of beneficiaries	11,554	26,641	4,059
Volunteer hours	4,917	6,287	5,468.8
Working hours	2,807	3,572	3,402.2
Non-working hours	2,110	2,715	2,066.6
Valuation of volunteer hours (Ch\$)	37,402,701	54,717,754	67,046,060

Volunteer hours per position	2020	2021
Directors	0	0
Managers	227	277
Assistant Managers	303	214
Supervisors	1,725	1,533
Professionals	3,712	3,125
Administrative staff	320	320
Total	6,287	5,469



Social contribution

[GRI 415-1]

Santander has a social purpose contribution policy that sets the broad guidelines for contributions to the community. This policy reaffirms the Bank's commitment to supporting people's progress through education, entrepreneurship, financial literacy, or other initiatives relevant to each community. In addition, Santander has three strategic priorities:



1.

Education and social inclusion: People's progress is Santander Chile's priority. This is why education is one of the main pillars, along three basic lines: prevention of school dropout, promotion of higher education and financial education.

(Santander measures the success of this priority through the number of beneficiaries and scholarships awarded).



2.

Promoting entrepreneurship: Santander Chile supports and encourages innovation and entrepreneurship so that people can develop their projects and create value. Initially focused on SMEs, the programme has moved on to support youth entrepreneurship, strengthening employment generation. Santander Universities has more than 59 collaboration agreements with Chilean public and private universities and supports thousands of study centres worldwide.

(Santander measures the success of this priority through the number of projects supported and the number of business sponsors)



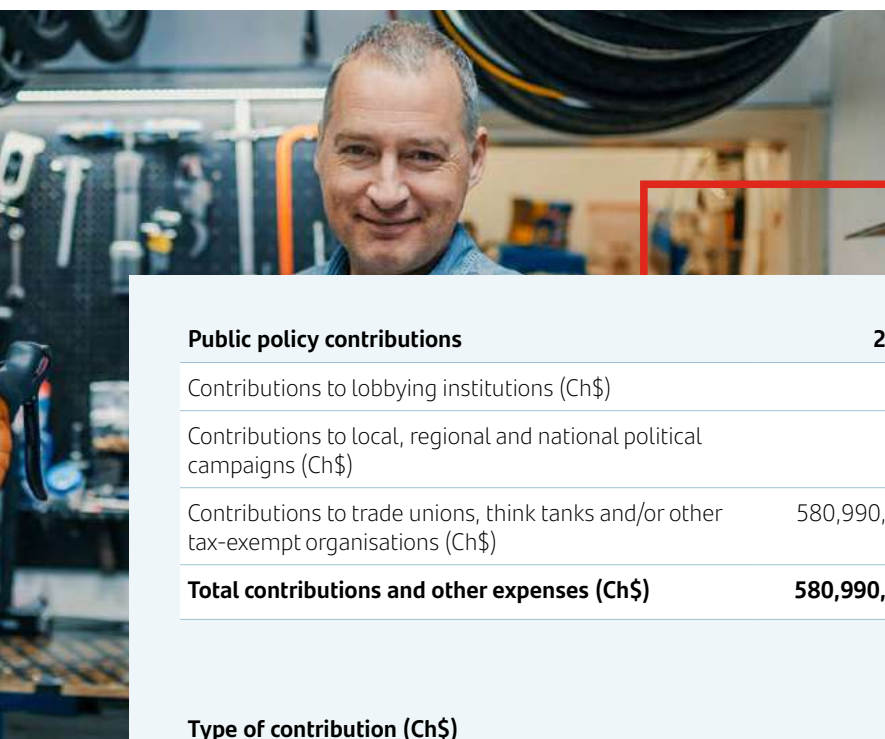
3.

Financial empowerment: One of Santander Chile's ways of positively impacting people is through financial empowerment, either through financial education initiatives that help them make responsible decisions regarding the management of their finances or by offering products and services that encourage good financial behaviour.

(Santander measures the success of this priority through the number of beneficiaries and graduates of higher education courses)



It should be noted that the Bank does not donate to political campaigns. Still, it does contribute to certain think-tanks to promote critical thinking and the development of the country's human capital. It also supports various trade unions to the same end.



Public policy contributions	2018	2019	2020	2021
Contributions to lobbying institutions (Ch\$)	0	0	0	0
Contributions to local, regional and national political campaigns (Ch\$)	0	0	0	0
Contributions to trade unions, think tanks and/or other tax-exempt organisations (Ch\$)	580,990,000	495,458,610	605,599,297	523,687,970
Total contributions and other expenses (Ch\$)	580,990,000	495,458,610	605,599,297	523,687,970

Type of contribution (Ch\$)	2020	2021
Cash contributions	5,191,866,863	3,297,283,093
Time: corporate volunteering during working hours	54,717,754	67,046,060
Donations of goods	86,967,417	2,908,730
General administrative/management costs	255,500,000	115,831,909
Total	5,589,052,034	3,483,069,792

Social investment by category	2021
Charitable donations (Ch\$)	486,809,341
Community investment (Ch\$)	2,810,473,752
Commercial initiatives (Ch\$)	648,004,001
Total contributions (Ch\$)	3,945,287,094
Percentage of donations (%)	12%
Percentage of investment in the community (%)	71%
Percentage of commercial initiatives (%)	16%

Social investment by type of programme	2020	2021
Total (Ch\$)		3,297,283,093
Health and nutrition (%)	48%	0%
Education for third parties outside the organisation (%)	30%	63%
Poverty eradication and integration (%)	14%	24%
Culture (%)	3%	13%
Other (%)	5%	0%

Customer experience

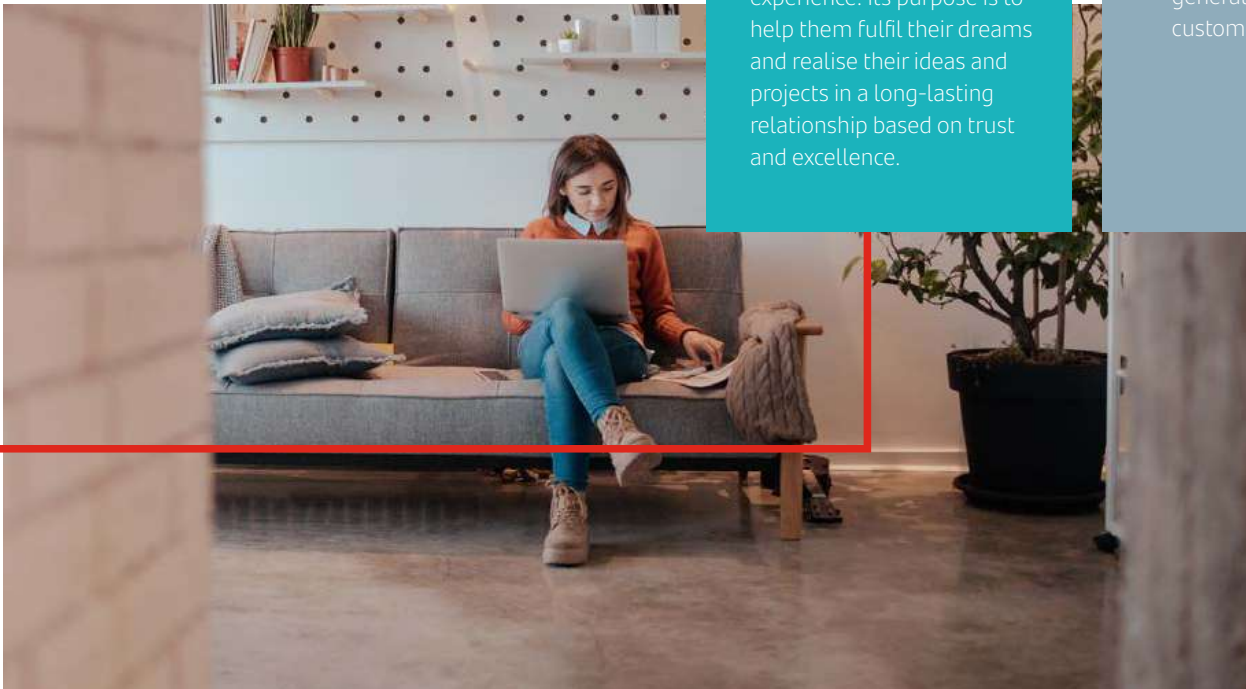
MI

Why is this a material issue?

Customers are at the centre of operations. The organisation works to generate solutions that simplify their life and allow them to live the best service experience. Its purpose is to help them fulfil their dreams and realise their ideas and projects in a long-lasting relationship based on trust and excellence.

Policy framework of the Topic

- Sustainability Policy
- Human Rights Policy (clients in hardship)
- Corporate Culture Policy (culture generates higher customer loyalty)



The Bank's strategic pillars towards customers

In 2021, the world once again faced the challenges of the pandemic. This means that customers are increasingly going digital, becoming more demanding, and therefore, they value the process of using products and services that are simple, transparent and uncomplicated. Santander's challenge is getting closer to customers, giving them the confidence they need and responding quickly. To this end, it has three strategic pillars:

**Omnichannel +
Digitisation**

**One-Stop-Shop
+ One-Stop-
Resolution**

**Contextual and
personalised
communications +
Active empathy**

Omnichannel + Digitisation

We have strengthened omnichannel banking with a particular focus on digitisation to ensure customers perceive a single bank when they interact with Santander, regardless of the customer service channel. Thus, modularised systems have been developed to standardise the experience of digital channels. Furthermore, contextual information was incorporated into the Contact Centre systems to provide comprehensive responses to new and old customers. In addition, service and resolution systems are being developed, which will be fully available by the end of 2022.

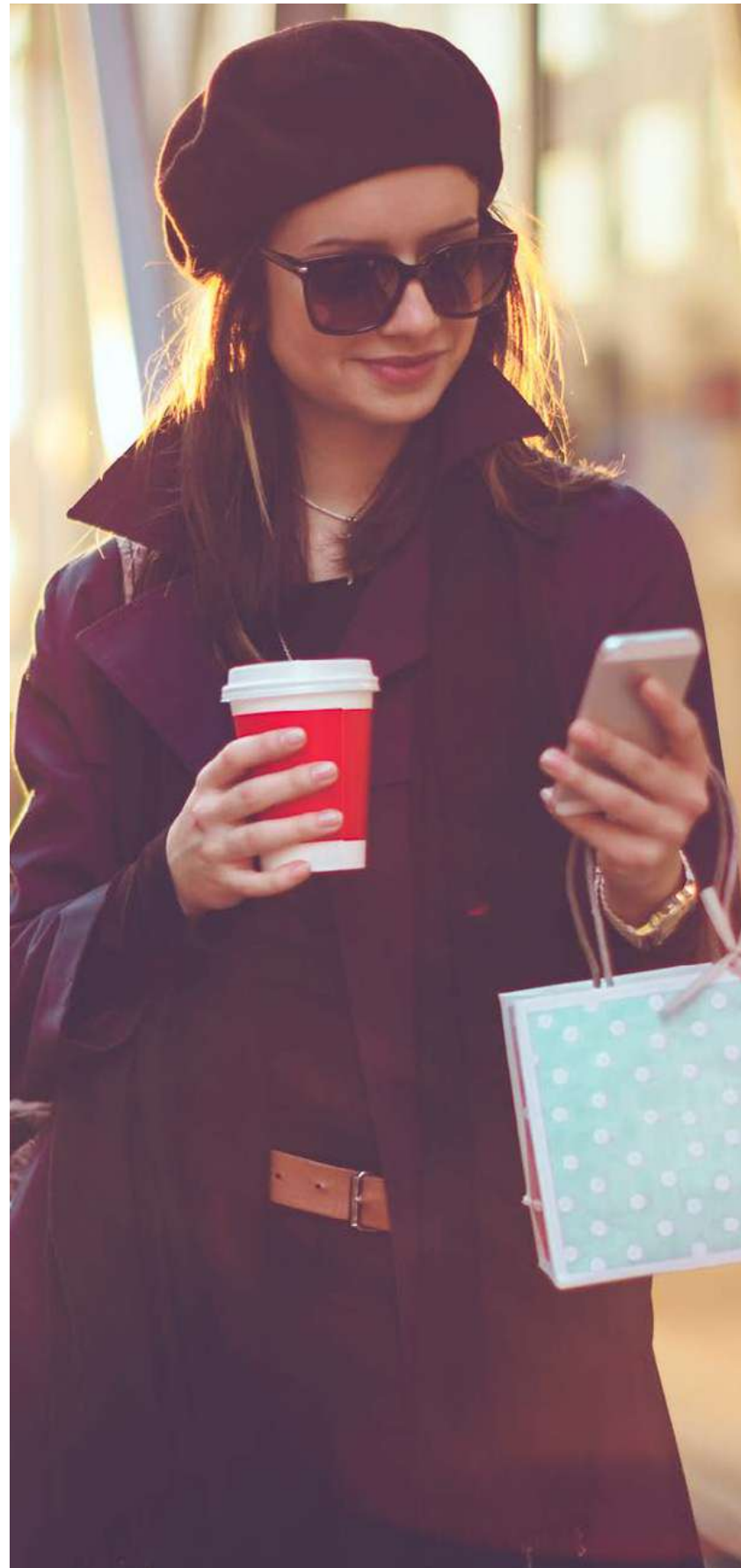
One-Stop-Shop + One-Stop-Resolution

In 2021, after-sales experiences and resolution at the point-of-sale⁵ took a leading role. Therefore, the One-Stop-Shop strategic pillar was joined by One-Stop-Resolution, to deliver a user experience consistent with the contracting expertise. In addition, work was done on the design of digital after-sales models in products such as the Life Current Account, means of payment and mortgages, developing online monitoring of the loan's progress in the latter. Regarding means of payment, self-service solutions have been implemented in the digital channels for the most frequent and transversal requirements, and commercial processes were simplified with the advanced electronic signature, which allowed for a digital flow of product requests.

Contextual and personalised communications + Active empathy

Against the backdrop of the pandemic, it is all the more important for customers to feel that their bank knows them, guides them and delivers services that meet their needs. As a result, the development of Contextual NPS was enhanced to consider customers' perceptions in the different interactions they have with the Bank, incorporating the concept of active empathy with customers. We also worked on implementing Marketing Cloud for different sales journeys, which allowed us to personalise the content on digital channels. Furthermore, improvements were made in the Contact Centre with communications that are contextually relevant to them.

5. It involves resolving the customer's request at the first contact with the Bank.





We highlighted the following customer-focused projects in 2021:



Life Account



Branch Service Scheduling



Servipag



Getnet⁶

6. Find out more about this initiative in section 4.2.

Cuenta Life

To ensure the customer experience, the Bank incorporated end-to-end flow validation methodologies, identifying the most relevant moments for the customer during the contracting and post-contracting period and providing digital attention through Santi, the virtual assistant and an online chat with an executive.

378,063
accounts opened in 2021

19%
more than last year

Agendamiento Sucursales

The digital scheduling of visits to branches for cash desk and counter service aims to empathise with people's needs in times of pandemic. It allows for planning the visit and saving waiting time and was also seen as an element of protection in the face of a health emergency.

60 thousand
visits scheduled

83%
NPS: Customer recommendation

Servipag

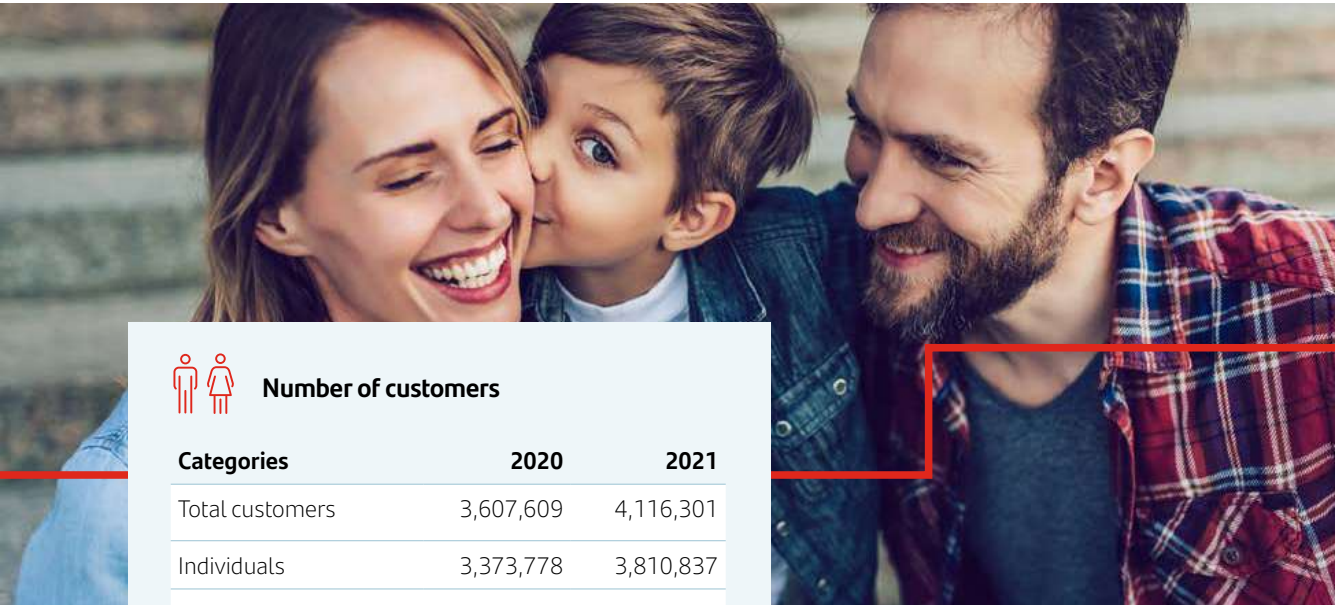
Banco Santander has established a strategic alliance with Servipag, which will massify the customer service channels available to clients, extending the coverage nationwide and the opening hours available, thus breaking the paradigm of "banking hours". The alliance is expected to result in more than 20% of branch transactions being conducted on Servipag.

63 thousand
transactions by December 21

6.1%
of cash transactions by December 2021

Customer satisfaction

Santander has 4,116,301 customers, 14% more than the previous year.



Number of customers

Categories	2020	2021
Total customers	3,607,609	4,116,301
Individuals	3,373,778	3,810,837
SMEs	207,001	278,800
Middle Market	24,325	24,251
CIB	2,505	2,413
Digital customers	1,546,524	2,016,947
Life Customers	484,992	900,065
Superdigital Customers	129,991	284,758
Loyal Customers	764,407	832,405

In 2021 Santander remains in the first place in NPS as the bank most recommended by customers among the six competitors, with the largest market share. The achievement reflected the incorporation of NPS indicators throughout the organisation. This process has been carried out by studying customer perceptions and understanding the customers' most valued issues when interacting with Santander. The NPS measurement used to establish the ranking is audited by the Spanish company Stiga, which reviews the benchmark studies for Santander in all the countries where it is present.

The 2021 target was to consolidate its leading position in NPS, which was maintained while increasing the gap to its main competitor and distance from the industry results.

Customer satisfaction	2019	2020	2021
NPS	40	51	60
Position	2º	1º	1º

Note: The measurement is annual.

Complaints management

Banco Santander offers various platforms to receive customer requirements, including branches, the Contact Centre and digital channels (website, mobile website and digital app). Each request received is registered in the after-sales system, which generates the complaint number and resolution date immediately. Upon completion of the case, customers are notified of the resolution of their requirements via push messaging and emails. Moreover, customers can track the status of their needs on digital channels.

In terms of the number of complaints, mass complaints decreased by 3.3% compared to the previous year.

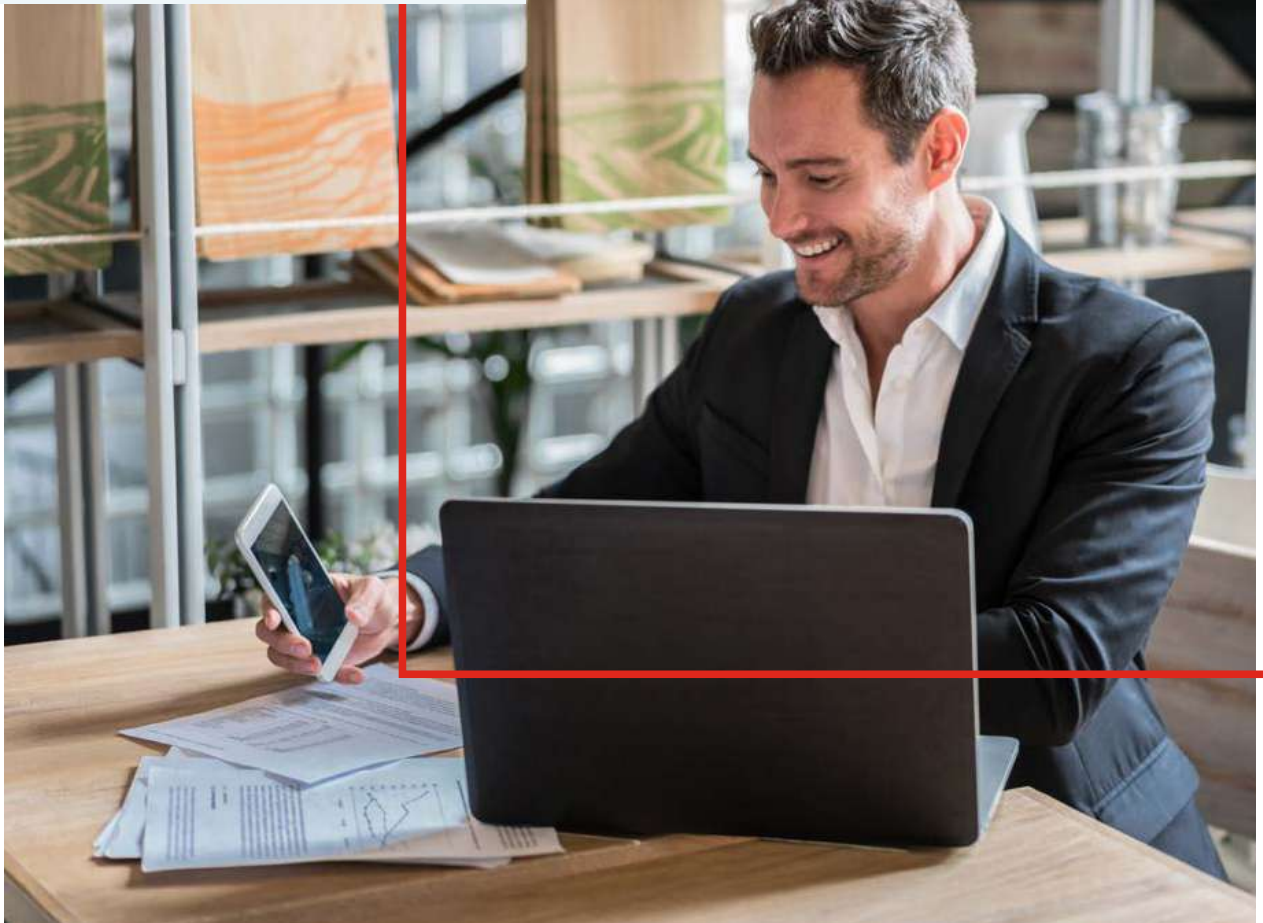
In 2021, credit cards were provided with a process for resolving unrecognised transactions through digital channels, providing a fast and straightforward method for resolving these requirements.



Rate of complaints

	2020	2021
Complaints	3.28	3.07

Note: Claims per 10,000 active customers.



Cybersecurity and data protection



MI

Why is this a material issue?

Against a background of exponential increase in the use of technology, marked by the pandemic, having mechanisms and systems in place to safeguard information from loss, leakage or corruption of data (physical security and cybersecurity) is a priority for banks. The risks are financial loss to the Bank and its customers along with reputational damage.

Policy framework of the Topic

- Personal data protection policy
- Cybersecurity and IT rules of conduct to protect Santander
- Cybersecurity Requirements for Business Areas
- Cybersecurity Requirements for Technical Users

The protection of customer data and the prevention of cybersecurity-related risks is one of Santander Chile's focal points in a context of exponential growth in the use of technology. Accordingly, the Bank continued to strengthen the detection, protection and defence framework by incorporating cutting-edge tools in line with international best practices in the area.

Governance

Cybersecurity risks are regularly managed at the highest level of the organisation, with the participation of the Board's president and Senior Management. Furthermore, the Board participates in the cybersecurity strategy through quarterly meetings with the Comprehensive Risk Committee (CIR), where the issue is addressed in greater detail.

Director Alfonso Gómez has extensive experience in technology companies and cybersecurity⁷. The same holds true for the head of management, who has been in charge of cyber-security and cyber-fraud matters for more than six years.



Both managers are members of the Comprehensive Risk Committee, and the Internal Audit, and the local Regulator.

7. He is the director of SONDA Ltd., a Chilean multinational IT company, the largest IT company in Latin America. He was also a founding member of Apple Chile, Unlimited and Virtualia (the first social network developed in Latin America). He is also director of the "Fundación País Digital", an institution that promotes the development of a digital culture in Chile, building alliances and carrying out public-private projects, as well as generating content that contributes to the debate on the digital economy and the development of the country at the fourth industrial revolution.

Data security risks

[SASB FN-CB-230a.2] [FN-CF-230a.3]

The goal is to ensure that information is adequately protected against modification, loss, disclosure or unauthorised access by providing guidelines for the processing, storage and transmission of data based on the criticality of the data.

The maturity model also addresses 19 controls associated with data management and protection. The initiatives developed have incorporated the implementation of AIP (a tool for classifying user data) and the deployment of Data Loss Prevention (DLP) in emailing, browsing, endpoints and printing.

The cybersecurity framework addresses domains associated with data classification and protection.



Classification of data according to security level



Cybersecurity requirements for data protection

Contingency plans

Santander has contingency plans in place to respond to potential incidents, which have been externally audited:

- **Incident Response Plan:** tested annually and covers Santander and branches.
- **Technology Contingency Plan (PCT):** tested two (2) times a year and covers Santander and branches.
- **Cybersecurity Contingency Plan (PCC):** tested three (3) times a year and covers Santander.



Customer data privacy

[GRI 418-1] [SASB FN-CF-220a.1] [FN-CF-220a.2] [FN-CB-230a.1] [FN-CF-230a.1] [FN-CF-230a.2]



Parameter	Value
Number of data breaches	1
Number of leaks of personally identifiable information (PII)	1
Percentage of leaks of personally identifiable information (PII)	100%
Number of account holders affected	51,307
Card-not-present fraud losses (MCh\$)	4,198
Fraud losses related to card presence and other fraud (MCh\$)	11,362
Total fraud losses (MCh\$)	15,560

Note: There are no account holders whose information is used for secondary purposes.

All Bank employees receive constant training and reinforcement on handling customer data.

Santander's contracts with its customers contain specific clauses regarding the use of personal data obtained during the contractual relationship.

The Bank's website includes a subsite called Portal Use Security Policy, where customers are informed of how data is handled and the powers granted to the Bank for this purpose.

During 2021, Santander did not receive any complaints about customer privacy breaches.

Cyber security

The Bank has been at the forefront in terms of cybersecurity and data protection in the industry to prevent cyber-attacks and potential fraud, so there are no relevant events in this area.

Furthermore, it measures its cybersecurity through BitSight, allowing it to assess its cybersecurity controls continuously.

Banco Santander Chile achieved the advanced cybersecurity level in October 2019 and has remained in that category.

What is BitSight?

BitSight is a cybersecurity rating company that analyses companies, government agencies and educational institutions. BitSight cybersecurity ratings are used by banks and insurance companies, among other organisations.

According to the security index obtained, organisations are classified into three levels: basic (from 250 to 640 points), intermediate (above 640 and up to 740 points) and advanced (above 740 and up to 900 points).

BitSight Portal Summary	2019	2020	2021
Santander Chile	790	810	800
Target	710	800	800

Cybersecurity and data protection training

Within the Chief Information Security Officer (CISO) team, a Secure User Experience area oversees the training of collaborating users. Activities in the annual plan include:

- Ethical Phishing
- E-learning Training: Cyber Heroes
- Cybersecurity Talks
- Informational and/or reinforcement communications through available channels, e.g., mail, intranet and other tools.

Number of trainees	2021
Board of Directors	13
Executives	135
Employees	10,820
Contractors	3,328

Fraud management

In compliance with the regulatory framework in force, Santander manages cases through 24/7 customer service channels so that customers who are victims of fraud can notify the Bank on time. Once the request has been submitted, the client is given a registration number with which they can track their case. Then, within a maximum of five working days after the deposit, the institution makes the regulatory payment of up to UF 35. Subsequently, the investigation is carried out within seven working days as required by law, and finally, on the twelfth working day, a response is given to the client.

Responsible supply chain



MI

Why is this a material issue?

Banco Santander's suppliers are strategic partners whose services support the organisation's ongoing management to respond to customer requirements. Therefore, the risk is related to operational issues.

Policy framework of the Topic

- Framework for Outsourcing and Agreements with Third Parties
- Outsourcing and Supplier Management Model
- Homologation Policy
- Strategy Outsourcing Policy
- Migration Plan
- Procedure Chilean Standard 3262 on Supplier Awareness.
- Criteria for the Approval and Review of Services and Incidents in Supplier Management

Suppliers

[GRI 204-1]

Banco Santander contemplates six major stages in its supply chain, both for the acquisition of goods and services:



The main categories for purchasing these goods and services are technology, real estate, operations, advertising and marketing and decentralised spending. Of the total number of suppliers, 311 are the most relevant for the Bank due to their higher level of risk. This volume of suppliers is under constant review by the specialised functions (cybersecurity, business continuity, data protection, facilities, and physical security) and the Supplier Committee.

Santander had 2,364 suppliers at the end of 2021, 311 critical and 36% SMEs.

Types of suppliers

- **Critical suppliers:** as referred to in Article 2(1)(35) of the Bank Recovery and Resolution Directive 2014/59/EU (BRRD), they are suppliers providing services, carrying out work or supplying goods and facilities that, if discontinued, could lead to a disruption of essential services to the economy or financial stability.
- **Local suppliers:** a local entity that provides services, carries out work or offers goods and facilities.
- **MSMEs suppliers:** a local entity that provides services and undertakes work or provides goods and facilities, which is included in the list of SMEs of the Servicio de Impuestos Internos (Internal Revenue Service).

Suppliers	2019	2020	2021
Total number of suppliers	4,108	3,358	2,364
Number of critical suppliers	178	224	311
Number of local suppliers	4,018	3,323	2,345
Number of SMEs suppliers	3,902	2,840	849
Number of tier 1 suppliers	68	169	311
Total expenditure on suppliers (MCh\$)	517,276	582,142	508,879
Expenditure on critical suppliers (MCh\$)	144,715	265,171	254,577
Expenditure on local suppliers (MCh\$)	438,323	523,518	354,484
Expenditure on MSMEs suppliers (MCh\$)	438,323	523,518	95,938
Percentage of expenditure on local suppliers (%)	85%	90%	70%

Note: Tier 1 suppliers are those considered as relevant based on risks according to the Risk Calculator, which is performed for all services.



Supplier Seminar

In 2021, a seminar was held on the importance of sustainability in business as part of the Bank's annual events to add value to its suppliers. The seminar approached how to move towards a more sustainable path, with 370 suppliers attending.

Supplier evaluation

[CMF 7.2]



In 2021, Santander Chile strengthened the inclusion of ESG criteria in supplier evaluation processes, in line with its commitment to this area.

For this purpose, a survey is carried out with all relevant suppliers in the homologation process. The survey's goal is to determine the extent to which sustainability is adopted in the management of the suppliers.

The survey considered the following items to find out whether the suppliers had these characteristics:

- ISO Certifications
- Adherence to the UN Global Compact
- Own principles on ethical, social and environmental issues
- Environmental performance indicators
- Environmental awareness campaigns
- Social frameworks, policies, procedures and/or initiatives
- Certification of the Chilean Standard 3267, which leads to recognising the Inclusive Chile Seal and the Law 21,015 that promotes the hiring of people with disabilities or those receiving a disability pension.
- Policies and/or procedures relating to the Code of Conduct, prevention and prevention of money laundering and terrorist financing

Supplier risk management

Consistent with risk management, the organisation has a model that assigns operational risk levels to suppliers based on critical, high, medium and low criteria. The Bank defines its relevant suppliers through qualitative questions (risk calculator) in cybersecurity, data protection, physical security, physical infrastructure and business continuity. All suppliers are segmented based on their relevance (critical, high, medium and low), and those non-relevant suppliers with turnover above €150,000 receive an anti-money laundering and combating terrorist financing (AML/CFT) assessment.

Payment to suppliers

[CMF 7.1]

Banco Santander is governed by Law 21,131, which establishes a maximum payment to its suppliers in 30 days. Nevertheless, the Bank's average payment period is 13.9 days.



Days on average to pay suppliers

2020	2021
10.4	13.9

Note: The average payment days are the same for large suppliers and MSMEs.



Payment to suppliers

Categories	National				Non-national			
	Less than 30 days	Between 31 to 60 days	More than 60 days	Total	Less than 30 days	Between 31 to 60 days	More than 60 days	Total
Invoices agreed for payment	32,518	549	1,140	34,207	1,615	56	117	1,788
Number of paid invoices	32,518	549	1,140	34,207	1,615	56	117	1,788
Total Amount (MCh\$)	476,082	2,706	2,523	481,311	19,593	3,642	4,296	27,531

Note: Santander has no suppliers with interest due for late invoice payments.

Supplier awards

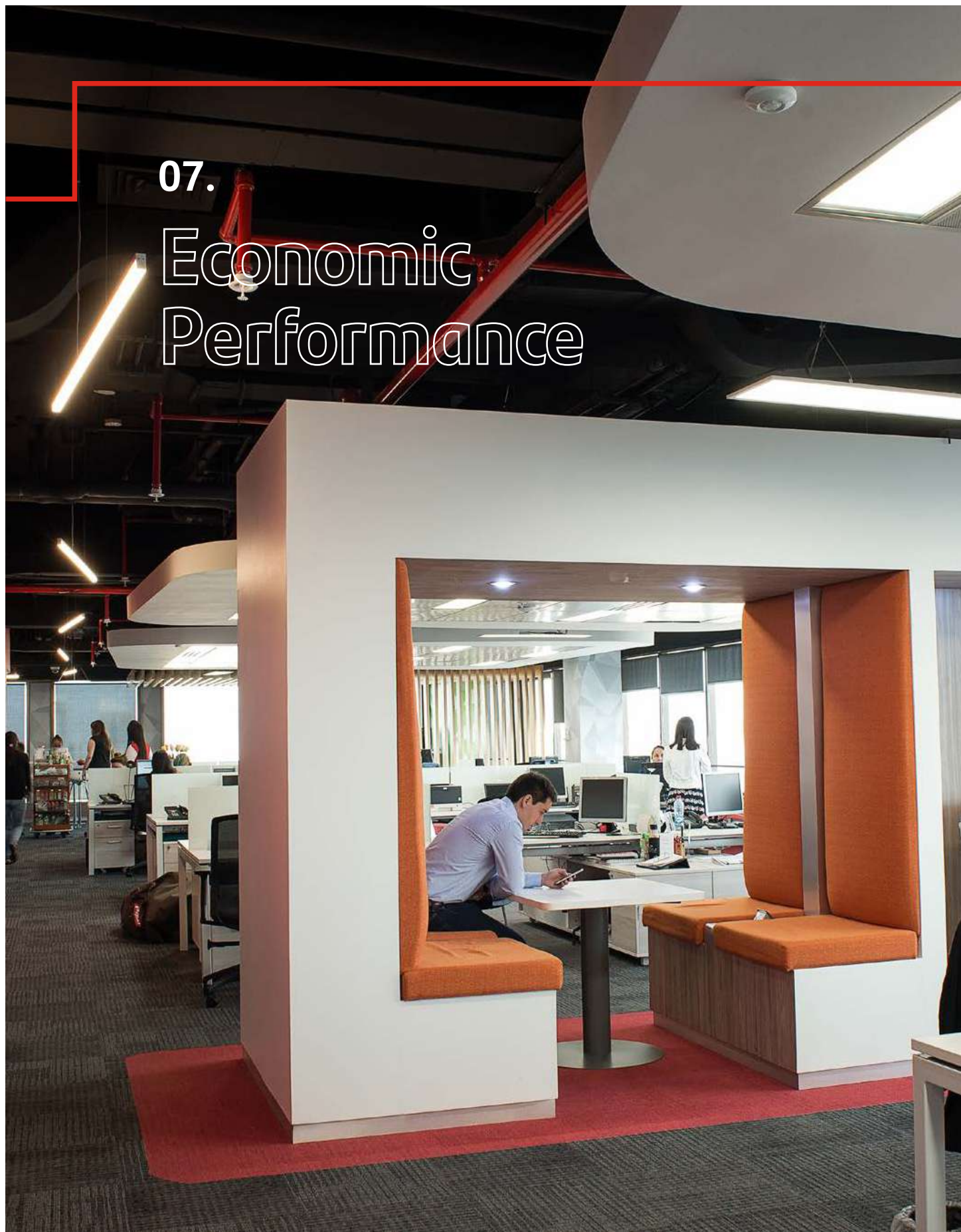
On December 14, the 21st version of Banco Santander's Outstanding Suppliers Awards Ceremony was held, and 18 suppliers were recognised for their service excellence. The event focused on the importance for all companies to meet sustainability standards to address the climate change crisis.

In October, the Bank conducted an ESG Supplier Evaluation, which showed that 60% of the suppliers surveyed consider environmental, social and governance principles in their business; 16% promote

a positive impact, while 24% consider these criteria insufficiently. Therefore, for the first time, the "ESG Award" was presented to NTT Data (formerly Everis Chile) and Sonda, both outstanding for their commitment and incorporation of these concepts. In addition, the six best-rated companies in their category were also recognised for innovative ideas in the services delivery. These are: En Bloque, HP, Luanda, NTT Data, Sonda, Tsoft.

07.

Economic Performance



Financial Results

Summary of Results

The net income attributable to the Bank's equity holders reached MCh\$774,959 (\$4.11 per share and US\$1.93 per ADRs) by the end of 2021, increasing by 49.8% over the previous year.

This is mainly explained by the improvement of results in:

- I. Net interest income, which grew 14.0%, accompanying the 6.5% growth in our portfolio during the year. This was influenced by a better funding combination, which was reflected by the 22.9% increase in demand deposits in 2021. The portfolio's increment was primarily driven by the growth in mortgages, as there was a favourable environment for rates in the first half of the year. Demand deposits were encouraged by the growth in current accounts and our institution's strength in the business of corporate transaction banking.
- II. Higher commissions due to the growth of current accounts, more activity in insurance brokerage and asset management, and the launching of Getnet, our acquiring franchise that has exceeded all expectations and ended the year with over 68,000 POS sold.
- III. A decrease in provisions compared to the year before when the pandemic began, alongside higher uncertainty at the strict lockdowns. Furthermore, customers improved their payment performance compared to their pre-pandemic levels due to the high liquidity in the system caused by the State-granted pension fund withdrawals and the Emergency Family Income bonds (IFE). Thus, the non-performing portfolio over total loans improved, shrinking from 1.4% in December 2020 to 1.2% by December 2021. Nevertheless, the Bank did additional provisions for Ch\$132 billion, considering larger credit risks in the future, as the pandemic continues to lengthen and state aid is to decrease in months to come.

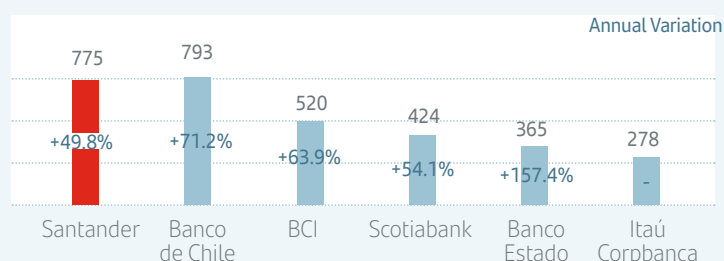
This is countered by:

- I. Operating expenses growing by 4.1%, lower than the inflation, as the Bank continues its digitisation process, which entailed reducing personnel expenditure but increasing administrative costs. Santander continues to be the most efficient among the large banks in Chile, reaching an efficiency ratio of 37% by 2021's end.
- II. Lower results in net financial operations, primarily due to the treasury's financial management and corporate activity. The Financial Division seized the opportunity to prepay several bonds and loans in foreign currency, which entailed an initial loss but will improve future funding costs.

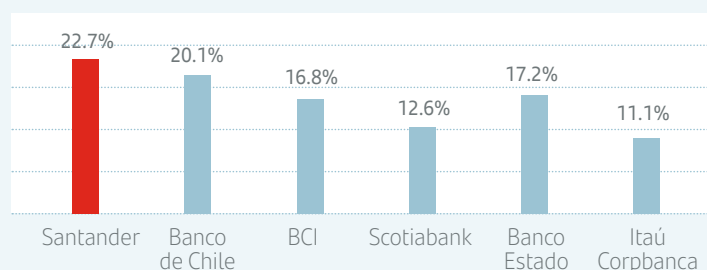
Meanwhile, ROAE increased by 8.2 percentage points, climbing from 14.5% in 2020 to 22.7% in 2021, while ROAA grew by 0.40 percentage points, rising from 0.9% to 1.3%, respectively. As a result, Santander was one of the banks with the best levels of profits attributable to equity holders over the previous year and achieved the highest ROAE in the banking system.

Net income attributable to equity holders

(MCh\$)



ROAE





Summary of results (MCh\$)

Categories	2021	2020	2019	var 21/20	var 20/19
Financial margin business segments	1,477,315	1,509,997	1,356,989	(2.2%)	11.3%
Non-customer financial margin ¹	339,031	83,851	59,862	304.3%	40.1%
Total Financial Margin	1,816,346	1,593,848	1,416,851	14.0%	12.5%
Net commissions	332,751	267,278	287,086	24.5%	(6.9%)
Total financial operations	133,197	141,585	207,019	(5.9%)	(31.6%)
Other operating income	20,461	21,652	24,598	(5.5%)	(12.0%)
Operating income	2,302,755	2,024,363	1,935,554	13.8%	4.6%
Provisions	(405,575)	(511,073)	(420,447)	(20.6%)	21.6%
Net operating income	1,897,180	1,513,290	1,515,107	25.4%	(0.1%)
Support costs	(799,864)	(768,546)	(749,861)	4.1%	2.5%
Other operating costs ²	(117,054)	(92,446)	(63,747)	26.6%	45.0%
Net operating results	980,262	652,298	701,499	50.3%	(7.0%)
Pretax earnings	784,920	522,563	554,176	50.2%	(5.7%)
Minority Interest	9,961	5,116	2,083	94.7%	145.6%
Income attributable to equity holders	774,959	517,447	552,093	49.8%	(6.3%)
Income per share	4.11	2.75	2.93	49.8%	(6.3%)
Profit per ADRs (US\$) ³	1.93	1.54	1.57	24.9%	(1.7%)
Loans and trade receivables ⁴	36,633,912	34,390,240	32,716,883	6.5%	5.1%
Interbank loans	428	18,930	14,852	(97.7%)	27.5%
Total loans	36,634,340	34,409,170	32,731,735	6.5%	5.1%
Total deposits ⁵	28,031,993	25,142,684	23,490,249	11.5%	7.0%
Adjusted Loans / deposits ⁶	97.3%	100.3%	95.1%	-303 bp	525 bp
Equity	3,494,580	3,652,599	3,470,317	-4.3%	5.3%
Net interest margin ⁷	4.2%	4.0%	4.1%	+21 bp	-12 bp
Efficiency ⁸	36.6%	39.8%	40.0%	-317 bp	-23 bp
Fee income to costs ⁹	41.6%	34.8%	38.3%	+682 bp	-351 bp
ROAE ¹⁰	22.7%	14.5%	16.7%	+820 bp	-220 bp
ROAA ¹¹	1.3%	0.9%	1.3%	+40 bp	-35 bp
Non-performing loans / total loans	1.2%	1.4%	2.1%	-19 bp	-64 bp
Non-performing loans coverage ¹²	270.5%	226.7%	133.0%	+4.378 bp	+9.367 bp
Expected loss ¹³	2.6%	3.2%	2.8%	-59 bp	+43 bp
Core capital ¹⁴	9.4%	10.7%	10.1%	-123 bp	+53 bp
Basel Ratio ¹⁵	15.7%	15.4%	12.9%	+33 bp	+252 bp
Branches	326	358	377	(8.9%)	(5.0%)

1. This corresponds to interest and indexation net incomes from corporate activities (other) / 2. Includes impairment losses. / 3. The earnings per ADR variation may differ from the earnings per share variation due to the exchange rate. / 4. Gross provisions. / 5. Includes demand deposits and term deposits. / 6. Net lending (including interbank) minus portion of bond-funded mortgages over total deposits. The Bank's mortgages are primarily long-term, fixed-rate loans financed mainly with long term funding and not short-term deposits. For this reason, mortgages are subtracted in the numerator to calculate the ratio. / 7. Net interest margin is the annual financial margin over the average interest-bearing assets. / 8. Efficiency ratio: operating costs, excluding impairment and other operating expenses, over operating income. Operating income = net interest income, commissions, net financial operations results and other operating income, minus other operating expenses. / 9. Net commissions over support costs. / 10. Profit attributable to equity holders over average equity. / 11. Profit attributable to equity holders over average total assets. / 12. Provisions over non-performing portfolio. It includes additional provisions of MCh\$16,000 in 2019, MCh\$126,000 in 2020 and MCh\$258,000 in 2021. / 13. Provisions over the total portfolio. Includes additional provisions of MCh\$16,000 in 2019, MCh\$126,000 in 2020 and MCh\$258,000 in 2021. / 14. Equity attributable to the Bank's equity holders of over risk-weighted assets as defined by the FMC BISI. / 15. Regulatory capital over risk-weighted assets.

Loans

Total loans increased 6.5% in 2021 compared to 2020, a variation led by mortgage loans, which grew by 11.8%. Several clients seized the opportunity offered by the system's higher liquidity and the low rates to fund housing during the first half of the year, with a deceleration already in the second half as long-term rates rose. This higher growth was accomplished maintaining a loan to value ratio below 80%.

On the side of businesses, there were opposing dynamics between smaller companies and larger corporations. On the one hand, the Middle-Market Segment and Santander Corporate Investment Banking (SCIB) grew 4.6% and 32.6%, respectively. Due to the pension fund withdrawals, the AFPs (Pension Fund Administrators) – important players in the local bonds market – were not as active in investing, and therefore, many companies directly sought the Bank for funding. On the other hand, SMEs shrank by 5.5% due to the significant state aid they perceived during 2020 through the Fogape loans. These state loans – offering guarantee rights between 60% to 85% at preferential rates – were extensively demanded, with a total of MCh\$2,076,000 granted by December 2020. In addition, the government extended the

programme Fogape Reactiva for 2021, which provided more flexibility for the use of funds. Nevertheless, the demand for this second round was lower, and by December 2021, we had granted a total of MCh\$876,698 in the Fogape Reactiva scheme.

In terms of individual lending, consumer loans shrank by 2.5% due to the system's high liquidity, which persisted throughout the year and slowed down the demand for this type of product. Nevertheless, there was a 13.7% rise in the use of credit cards compared to the prior year, which went in hand with the growth in economic activity and reduction of pandemic-related restrictions.

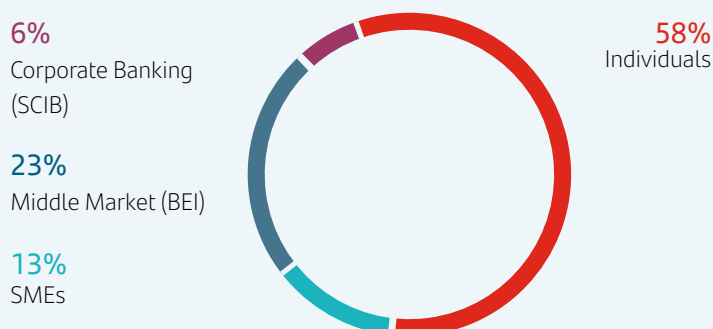
Santander Consumer Chile SA, which was incorporated in November 2019, increased its portfolio by 53.7%, encouraged by higher car sales during the year. This represents 14.5% of the total consumer loans.



Loan by Segment (MCh\$, %)

	2021	2020	2019	Var. 21/20 (%)	Var. 20/19 (%)
Individual	21,138,913	19,363,270	18,833,518	9.2	2.8
SMEs	4,645,806	4,915,978	4,085,049	(5.5)	20.3
Individual and SMEs	25,784,719	24,279,248	22,918,568	6.2	5.9
Middle-Market (BEI)	8,511,500	8,136,402	8,093,496	4.6	0.5
Corporate Investment Banking (SCIB)	2,260,031	1,704,494	1,671,662	32.6	2.0
Other	78,518	289,026	48,009	(72.8)	502.0
Total Loans	36,634,768	34,409,170	32,731,735	6.5	5.1

Loans by Segment

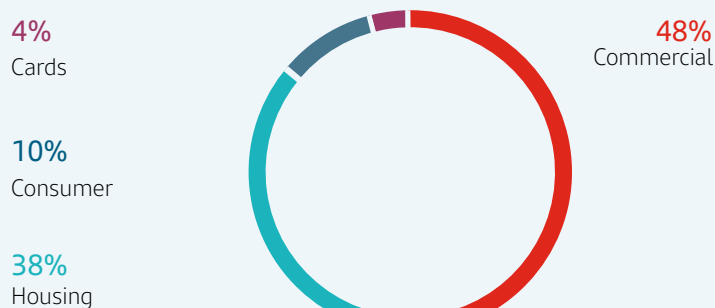




Loan by Product (MCh\$, %)

	2021	2020	2019	Var. 21/20 (%)	Var. 20/19 (%)
Commercial	17,758,916	17,037,536	15,914,831	4.2	7.1
Housing	13,876,175	12,411,825	11,262,995	11.8	10.2
Consumer & cards	4,999,249	4,940,879	5,539,057	1.2	(10.8)
Consumer	3,718,925	3,814,971	4,161,347	(2.5)	(8.3)
Cards	1,280,324	1,125,908	1,377,710	13.7	(18.3)
Loans and customer trades receivable	36,634,340	34,390,240	32,716,883	6.5	5.1
Interbank	428	18,930	14,852	(97.7)	27.5
Total Loans	36,634,768	34,409,170	32,731,735	6.5	5.1

Loans by Product



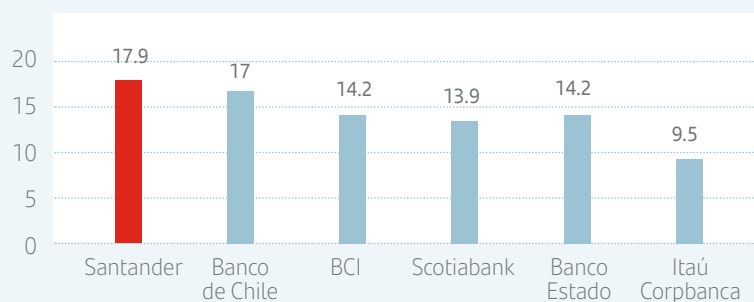
Meanwhile, the total loans' market share reached 17.9%, with which the Bank maintained a solid leadership position in Chile.



Total Market Share by Product

	Santander	Banco de Chile	Banco Estado	BCI	Scotiabank	Itaú Corpbanca
Total Loans	17.9%	17.0%	14.2%	13.9%	14.2%	9.5%
Individual	21.0%	16.2%	15.0%	13.4%	16.5%	8.2%
Consumer	20.5%	17.4%	8.1%	13.8%	13.3%	7.6%
Housing	21.2%	15.8%	17.6%	13.2%	17.7%	8.4%
Commercial	15.7%	17.4%	13.3%	14.4%	12.5%	10.6%

Total Loans Market Share



Customer Funds



Funding Sources (MCh\$, %)

	2021	2020	2019	Var. 21/20 (%)	Var. 20/19 (%)
Demand Deposits	17,900,938	14,560,893	10,297,432	22.9	41.4
Time Deposits	10,131,055	10,581,791	13,192,817	(4.3)	(19.8)
Total Deposits	28,031,993	25,142,684	23,490,249	11.5	7.0
Mutual Funds ¹	7,891,967	8,091,566	6,524,098	(2.5)	24.0
Total customer funds	35,923,960	33,234,250	30,014,347	8.1	10.7
Total issued debt instruments	8,397,060	8,204,177	9,500,723	2.4	(13.6)
Adjusted loans / deposits²	97.3%	100.3%	95.1%	-303 bp	+525 bp

1. Santander Chile is the exclusive loan broker for mutual funds managed by Santander Asset Management S.A. Administradora General de Fondos (General Fund Administrator), a branch of SAM Investment Holdings Limited.

2. Net loans (interbank included) minus portion of mortgage funded by bonds over total deposits. The Bank's mortgages are primarily long-term fixed-rate loans financed with long-term funding, not short-term deposits. For this reason, the ratio is calculated by subtracting mortgages in the numerator.



Deposit Market Share (%)

	Santander	Banco de Chile	Banco Estado	BCI	Scotiabank	Itaú Corpbanca
Total Deposits	17.9%	17.7%	20.6%	12.8%	10.7%	7.6%
Demand	21.6%	22.3%	20.8%	14.2%	8.7%	4.1%
Term	13.9%	12.6%	20.6%	11.3%	13.0%	11.7%

Note: Market in Chile excluding branches and subsidiaries with shares abroad belonging to Banco Estado, BCI and Itaú.



Santander Chile's main funding source stems from customer deposits (demand and term deposits), which represent 46.6% of the Bank's total liabilities. In 2021, total deposits increased by 11.5%, reaching a 17.9% market share. Deposit growth was driven by demand deposits, which rose by 22.9%, with high increments in all segments seeking liquidity as a consequence of the pandemic's uncertainty and the political environment. In terms of opening current accounts, we continue to exceed expectations and once again have hit a record year for the Bank. Indeed, in 2021 Santander obtained a market share of 41.1% in the number of net new accounts, raising the total share of current accounts from 25.9% in December 2020 to 28.9% in December 2021. With this, Santander Chile managed to strengthen its market share in cash balances, reaching 21.6% by the end of 2021.

41.1%

Market share in net new accounts

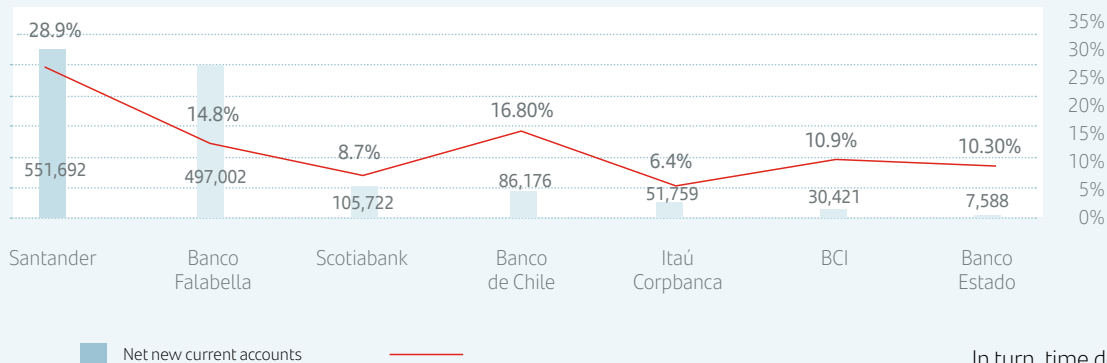
28.9%

Share of total current accounts

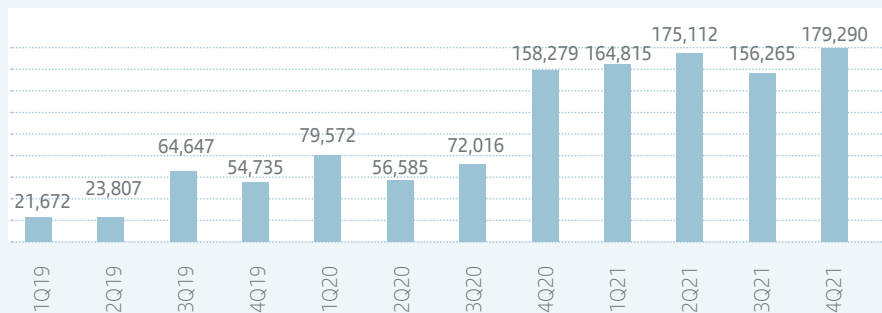
22.9%

Increase in term deposits in the year

Market share of net new current accounts

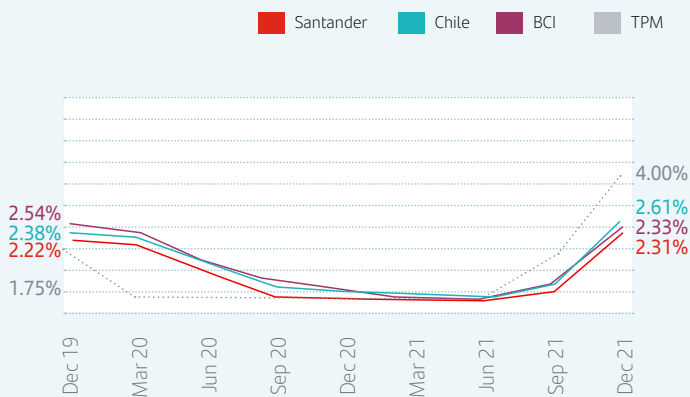


Net current accounts opened by quarter (1)



(1) Includes current and Superdigital accounts

Term deposits' cost evolution in Chilean Pesos¹



1. Interest rates' expenses per quarter paid by nominal deposits in pesos over a quarterly average of time deposits balance in nominal pesos.

In turn, time deposits suffered a 4.3% drop in the balance compared to 2020. The Monetary Policy Rate (MPR) was reduced to its technical minimum of 0.5% by the Central Bank in 2020 and remained at this value for the first half of 2021, causing this product to become less attractive. Starting July 2021, the Central Bank began raising the MPR by 25 bps, followed by 75 bps in September, 125 bps in October, and a further 125 bps in December, ending the year at 4.0%. The Bank focused on reducing this product's cost to protect the profit margin. As a result, we are the bank with the most competitive rates in this product, charging even less than the MPR and widening the gap with other competitors.

The Finance Division is in charge of managing the Bank's other funding sources, which are fundamentally issued bonds and bank lines. The Bank's mortgage portfolio growth instigates the strategy of issuing long-term assets to synchronise the term-matching of assets and liabilities. In light of the COVID-19 Pandemic, the Central Bank enabled liquidity lines to ensure banks continued to fund their customers with a 0.5% MPR indexed rate and up to four years. As of December 2021, we had US\$7 billion obtained through the Central Bank's lines. We were once again quite active in the markets towards the end of 2021, particularly in the international market. We issued approximately US\$1,415 million in the US, Japanese and Swiss markets in total. It is worth noting that we were the first Chilean bank in issuing a perpetual bond of US\$700 million. With this, the bond's amount in the balance grew by 2.4%. The Bank took the opportunity to prepay bonds and diversify its portfolio, raising its share of bonds issued in international markets. All this helped the Bank be well-positioned for future portfolio growth without further need for funding in years to come.

Equity

By the end of 2021, the equity attributable to the Bank's holders amounted to MCh\$3,434,989. This figure is 3.7% below the one recorded in 2020 due to valuation adjustments of the available-for-sale instruments due to rate hikes. The financial system started transitioning into Basel III in 2021, an integration process which should end by 2025. The minimum capital adequacy ratio will be 8% of the risk-weighted assets, which now include credit, market, and operating risk. This minimum increases in line with the Bank's size, complexity, and solvency, compounded with the FMC assessment regarding banks' capital management. Under these new standards, our core capital ratio (equity attributable to the Bank's equity holders on risk-weighted assets) was 9.6% as of December 2021, below the 10.7% ratio under Basel I recorded in 2020.

In October 2021, we were the first bank to issue a perpetual bond. This bond is convertible into equity shares after 5 years in the case of banks whose core capital is below 5.125%. Under Basel III, this instrument can be used as Tier 1 additional capital (AT1). Due to the length of this regulatory transition, a portion of the subordinated bonds may be used to complete this type of capital total amount. This is why we had an AT1 capital of 2.6% as of December 2021, reaching a Tier 1 total capital of 12.2%.

Risk-weighted assets also changed. Under Basel I, credit risk was the only type of risk measured. Under Basel III, however, credit risk-weighted assets decrease because the methodology used is more advanced, with categories based on the underlying risk rather than on accounting criteria. Furthermore, operating risk (the risk of loss due to processes, the failure or inefficiency of internal personnel or systems, or external events) and market risk (the risk of loss due to fluctuations in market prices) have been added. The exchange rate also strongly fluctuated, depreciating by 19.5% during the year and therefore accelerating the growth of dollar-denominated assets. Due to all these variables, the risk weighted-assets increased by 8.8% from December 2020 under Basel I to December 2021 under Basel III.

Overall, the Basel ratio reached 15.9% by the end of 2021, higher than the 15.4% recorded by 2020's end. These levels continue to be historically high compared to the capital levels of the last ten years. These indicators of the Bank's solvency are higher than the current requirement in Chile and reflect a strategy of efficient capital use by assigning it to high-profit operations concerning consumption.



Capital Adequacy (MCh\$, %)

	2021	2020	2019	Var. 21/20 (%)	Var. 20/19 (%)
Core Capital	3,494,580	3,567,916	3,390,823	(2.1)	5.2
AT1	956,666	-	-	-	-
Tier I Total	4,451,246	3,567,916	3,390,823	24.8	5.2
Tier II	1,325,585	1,575,928	913,578	(15.9)	72.5
Net effective equity	5,776,831	5,143,843	4,304,401	12.3	19.5
Risk-weighted assets	36,426,110	33,460,744	33,478,951	8.9	(0.1)
Core Capital/ Total Assets	5.5%	6.4%	6.7%	-90 bp	-31 bp
Core Capital/ Weighted Assets	9.6%	10.7%	10.1%	-113 bp	+53 bp
Tier I Core Capital/ Weighted Assets	12.2%	10.7%	10.1%	+150 bp	+53 bp
Basel Ratio	15.9%	15.4%	12.9%	+53 bp	+252 bp

Business Results

The net contribution by business segment grew by 31.7% in 2021 compared to the year before. The net participation of the individuals and SMEs segments had a year-on-year variation of 21.6%, while Middle Market increased by 18.0%, and Corporate Investment Banking (SCIB) did so by 109.4%.

The net income of interest and indexation decreased across all segments due to higher loan growth on low-return assets, such as mortgage and commercial ones. The inflation effect is present in corporate activities, which increased 304.3% year on year. Commissions was the leading line in all segments after a more pressured 2020. In 2021, our customer base expanded, there was a sharp rise in card use and new features and products were launched, raising fees by 23.5% in all segments. The financial operating incomes also experienced a prosperous year, climbing by 36.7% following the high demand of customers for treasury products. Corporate

activity suffered a contraction of 317.3% due to the administration of prepaying bonds and diversifying the portfolio, thus experiencing a short-term loss but improving the portfolio's situation for future funding.

Net provisions shrank by 45.3% across all the segments due to the lower risk that our new provision models offered. This resulted from the system's elevated liquidity, which enabled our clients to pay their debts on time and therefore display a better credit performance than before the pandemic. Throughout the year, the Board decided to constitute additional provisions for MCh\$132.000, which are reflected in the provisions for corporate activity. Support expenses grew by 3.6% for all segments in the same period, partly due to our digital initiatives..



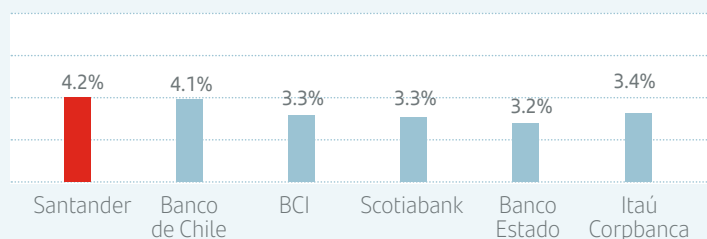
Analysis of Results by Business Segment (MCh\$)

Categories	Individuals and SMEs	Middle-Market	SCIB	Segments Total	Corporate Activities (others)	TOTAL
Net income of interests and indexation	1,044,730	334,768	97,817	1,477,315	339,031	1,816,346
Var. %	(0.5%)	(3.3%)	(14.4%)	(2.2%)	304.3%	14.0%
Commissions	262,265	43,903	33,256	339,424	(6,673)	332,751
Var. %	22.9%	14.5%	43.5%	23.5%	(13.0%)	24.5%
Financial operations results	37,932	20,132	112,198	170,262	(37,065)	133,197
Var. %	35.2%	9.9%	43.5%	36.7%	(317.3%)	(5.9%)
Operational income	1,344,928	398,803	243,271	1,987,002	295,293	2,282,295
Var. %	4.2%	(1.0%)	12.8%	4.1%	216.7%	14.0%
Net provisions	(192,338)	(70,055)	(1,974)	(264,367)	(141,208)	(405,575)
Var. %	(24.1%)	(33.8%)	(96.0%)	(35.3%)	37.5%	(20.6%)
Net operational result	1,344,928	398,803	241,297	1,722,635	154,085	1,876,720
Var. %	4.2%	(1.0%)	(1.3%)	6.0%	1.920.0%	14.9%
Support Expenses	(616,287)	(94,721)	(77,051)	(788,059)	(11,805)	(799,864)
Var. %	3.3%	3.9%	6.0%	3.6%	43.4%	4.1%
Net Contribution	536,302	234,027	164,246	934,575	142,280	1,076,855
Var. %	21.5%	13.7%	75.5%	26.2%	(905.4%)	48.9%

Operating Income

Net interest income (MCh\$)	2021	2020	Var. 21/20 (%)
Net interest income from business segments ¹	1,477,315	1,509,997	(2.2)
Non-Client net interest income ²	339,031	83,851	304.3
Total net interest income	1,816,346	1,593,848	14.0
Average interest earning assets ³	43,112,020	39,800,301	8.3
Average UF gap ⁴	6,288,901	6,323,398	(0.5)
Interest-earning asset yield ⁵	6.8%	5.6%	+117 bp
Cost of funds⁶	2.5%	1.6%	+89 bp
Net Interest Margin (NIM)⁷	4.2%	4.0%	+21 bp

Net interest margin



1. Net income of business segments' interest and indexation. It excludes Corporate and Financial Management activities (classified as "Other"). / 2. Net income of interest and indexation from corporate and Financial Management activities (classified as "Other"). / 3. Interest and indexation' income over average income-earning assets. / 4. Difference between Peso-denominated assets and liabilities adjustable to UF (Unidad de Fomento), including coverages. / 5. Interest and indexation's income over average assets in the last 12 months. Interest-bearing assets are the total gross loans, interbank loans, and assets available for sale. / 6. Interest and indexations expenses over average interest-bearing liabilities and demand deposits in the last 12 months. Interest-bearing liabilities include repurchase agreements and securities loans, time deposits and other time liabilities, interbank borrowings, issued debt instruments, and other financial obligations. / 7. Net interest margin is the annual financial margin over the average interest-bearing assets.

Net interest income, the Bank's primary revenue, increased by 14.0% in the year, raising the net interest margin (NIM) by 21 bps, from 4.0% to 4.2%. This rise is mainly explained by the higher yield of interest-earning assets (net interest income over average interest-earning assets) that grew from 5.6% in 2020 to 6.8% in 2021. Interest income stemming from business segments, which does not include the effect of inflation, decreased by 2.2% during the year due to the growth in the lower-earning assets such as mortgage and consumer loans. The 7.2% inflation rate in UF encouraged the net non-client net interest

margin, which primarily includes the Bank's structural position in terms of UF indexed assets. Interest-earning assets grew by 8.6% during the year following the 6.5% loans' rise and the growth in our available-for-sale and held-to-maturity portfolios, which rose by 45.6% over the previous year. The Bank's funding cost also increased by 89 bps due to the Central Bank's rate hikes in the second half of the year. Even so, we have managed to maintain competitive costs due to the elevated growth of demand deposits and the sound management in the use of term deposits.

Fees (MCh\$)	2021	2020	Var, 21/20 (%)
Card fees	102,343	73,297	39.6
Getnet	7,119	-	-
Commission for collections and payments	39,010	36,277	7.5
Asset Management	49,178	44,072	11.6
Insurance brokerage	43,898	39,764	10.4
Commissions for Collateral and Letters of Credit	7,602	7,428	2.3
Current Accounts	39,581	34,825	13.7
Intermediation and management of securities	5,890	10,376	(43.2)
Credit Lines	7,602	7,428	2.3
Other fees	30,528	13,811	121.0
Total fees	332,751	267,278	24.5

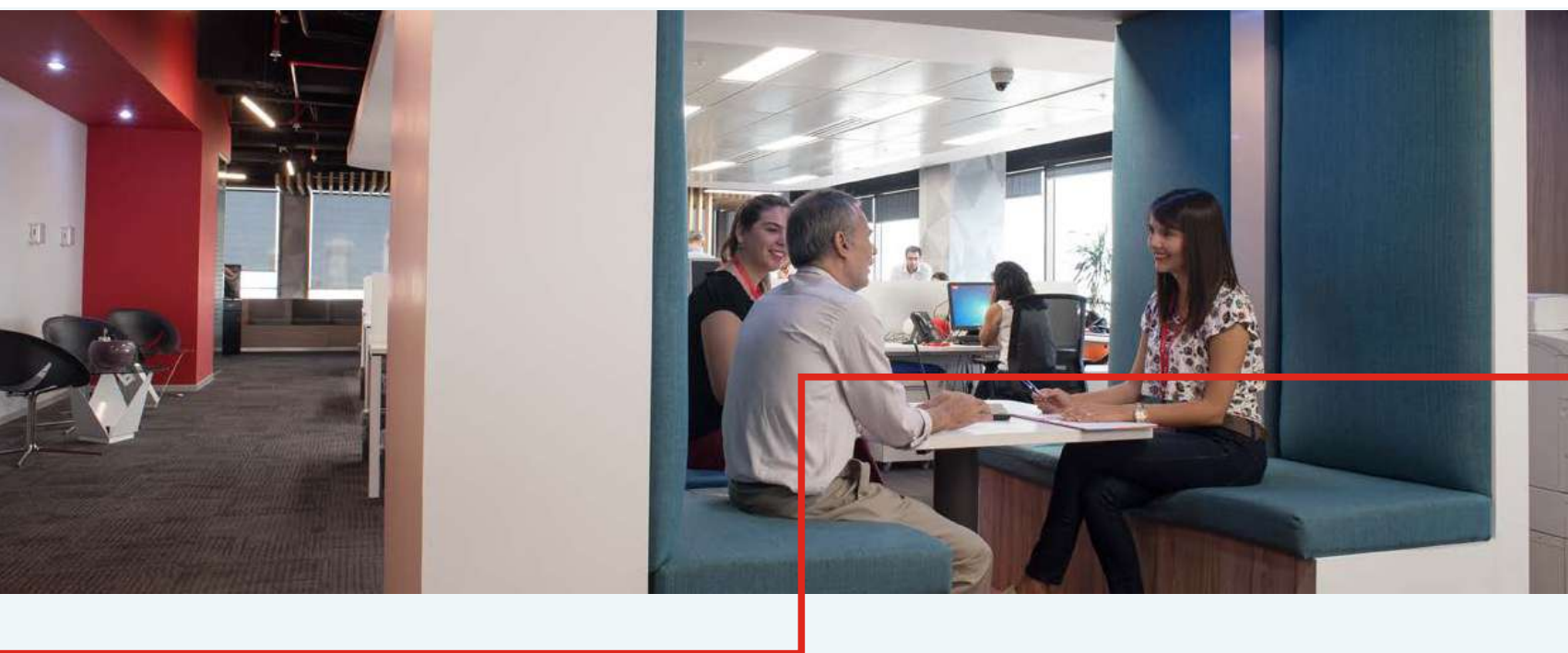
Fees rose by 24.5% during the year, after 2020 saw fees impacted by the lockdowns and sluggish economic activity. In 2021 fees recovered across practically all product lines. Card fees was the line that experienced the most vigorous drive due to the growth of our customer base and the higher annual card use. Getnet, our acquiring franchise launched in February 2021, has exceeded all expectations, ending the year with over 68,000 POS sold, earning commissions for MCh\$7,119 in its first year. Current account fees have also risen by 13.7%, partly bolstered by the opening of Life accounts throughout the year, with a total of 415,073 new accounts for this product. Also, we increased the number of ATMs in the year from 1,199 in 2020 to 1,338 in 2021, for which we received a higher volume of commissions from customers from other banks using our ATM machines.

Asset management also surged during the year due to the rate rises, making these products more attractive instead of leaving the excess liquidity in current accounts. The insurance line also grew, in line with

the rise in mortgage loans that include mandatory insurance for fire and earthquake, and also impacted by our insurtech platforms. Klare continues to improve its product offer for clients, who can use it in simple terms to compare insurances through several companies to choose the best one.

The commissions' line of intermediation and management of securities decreased by 43.2% due to the lower activity of Chilean investors in the local bonds market.

Loyal customers (those that have over four products with minimum usage and sufficient profitability levels) also increased in the year; growing by 3.8% in the high segment, 11.6% in the middle segment and 8.4% in SMEs and Middle Market.



Financial transactions, net (MCh\$)

	2021	2020	Var. 21/20 (%)
Net profit of financial transactions	(6,403)	90,800	(107.1)
Net exchange profit (loss)	139,600	50,785	174.9
Net Financial Operations Results	133,197	141,585	(5.9)

Financial transactions experienced a 5.9% contraction over 2020's figure. These results include the results of our Treasury Division's trading business and financial transactions with customers, as well as the results of our Financial Management Division.

There was a 28.1% hike in incomes derived from the Customers Treasury's financial transactions during 2021. This reflected the customers' demand to limit their exposure to volatile exchange rates and uncertain global markets. Simultaneously, the Financial Management Division, in charge of equity items, liquidity, funding



Financial transactions, net by business line (MCh\$)

	2021	2020	Var. 21/20 (%)
Client treasury services	185,884	145,096	28.1
Non-client treasury income (loss)	(52,687)	(3,511)	1,400.5
Total financial transactions. net	133,197	141,585	(5.9)

and inflation, transitioned from a loss of MCh\$3,511 into one of MCh\$52,687. As interest rates rose in 2021, the portfolio of financial assets at fair value experienced a loss.

It should be noted that the financial instruments comprising this portfolio are mainly debt instruments issued by the Central Bank of Chile, The Republic of Chile, and the Treasury of the United States. The bank also carried out balance management which included the reversal of interest coverage and exchange rate. In some instances, this resulted in an initial loss in this line, but its repercussions will improve funding costs thereafter.

Provisions

Credit Risk Indicators (MCh\$)

	2021	2020	Var. 21/20 (%)
Total provisions for credit risk in balance	958,761	976,821	(1.8)
Additional Provisions	258,000	110,000	104.8
Total provisions for credit risk (TP)	1,216,761	1,086,821	10.3
Non-performing Loans (NPL) ¹	449,835	486,435	(7.5)
Impaired Loans (IP) ²	1,652,788	1,789,983	(7.7)
Expected Loss ³ (TP/ Loans)	3.3%	3.2%	+12 bp
Non-performing Loans (NPL)/ total loans	1.2%	1.4%	-19 bp
DP/ Total loans	4.5%	5.2%	-69 bp
NPL coverage ⁴	270.5%	226.7%	+4,378 bp

1. All portfolios with at least one instalment overdue beyond 90 days.
2. Mainly includes the non-performing portfolio added to other credits signalling deterioration under the FMC standards, primarily the renegotiated loans portfolio
3. Total provision for credit risk in the balance over total loans. It also includes additional provisions.
4. Total provisions for credit risk in the balance over the non-performing portfolio. It also includes additional provisions.

Net provisions decreased by 20.6% during 2021, causing a reduction in credit cost (the result of provisions over average loans) from 1.5% in 2020 to 1.15% in 2021. Thanks to the state aid during this time, clients have had sufficient liquidity to pay their debts in time, primarily through the pension fund withdrawals and the Emergency Family Income. The portfolio's better performance across all segments has enabled the non-performing portfolio over total loans ratio to end the year at 1.2%, less than 2020's 1.4%. The NPL ratio or non-performing portfolio over total loans also improved compared to 2020, shrinking from 5.2% to 4.5% in 2020. Nevertheless, the Board decided to constitute additional provisions in 2021 in light of how the pandemic has not ended and the uncertainty in the future. This is why MCh\$132,000 in additional provisions were constituted during the year, which were directed integrally into commercial loans. With this, we now have accrued MCh\$258,000 in additional provisions since 2019, distributed as

follows: MCh\$26,000 for the consumer portfolio, MCh\$10,000 for the mortgage portfolio, and MCh\$222,000 for the commercial portfolio. If we had not constituted these additional provisions, our credit cost would have been 0.78% for all of 2022. With this, our coverage, which is measured as provisions in balance (including additional provisions) over the non-performing portfolio, reached a historical 270.5% level by 2021's end, compared to 2020's 226.7%. For more information, see Chapter on Risks.

→ For more information, see Chapter in Risks.

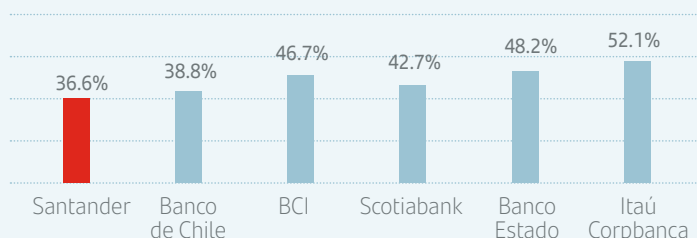
Operating expenses

In 2021, the Bank continued with its investment program in digital products and technology, which was accompanied by significant productivity and efficiency increases. Total support costs grew by 4.1% in 2021, below the inflation experienced in the year. There were lower personnel costs in line with the digitisation the Bank has undertaken. Conversely, administration costs increased along with the new digital services for clients and back-office platforms, which will create long-term efficiency. The new initiatives included: (i) Superdigital, a transactional digital platform with prepaid debit and credit cards; (ii) Santander Life, a range of products for the mass segment that rewards good financial behaviour; (iii) Klare, a digital platform for the sale of insurance products; (iv) Getnet, our acquiring franchise launched in 2021 (v) other digital processes for back-office functions; and (vi) the opening and transformation of branches with the WorkCafe format. We also continued to close Select branches throughout the year, as customers favoured attention through other customer service channels of the Bank instead. As customers begin increasing their use of digital platforms for their banking necessities, we will be able to reduce the number of traditional branches and transform them into branches with aggregated value like WorkCafes. With these investments in technology and transformation, it was possible to improve the efficiency ratio to 36.6%, once again consolidating the Bank's position as the most efficient among Chile's major banks.

Categories (MCh\$)	2021	2020	Var. 21/20 (%)
Personnel Expenses	(397,675)	(408,670)	(2.7)
Management Expenses	(280,134)	(250,450)	11.9
Depreciation and amortisation	(122,055)	(109,426)	11.5
Support Expenses¹	(799,864)	(768,546)	4.1
Deterioration	0	(638)	-
Branches	326	358	(8.9)
Traditional	220	212	3.8
Work/Café	63	59	6.8
Business Centres	7	7	-
Select	14	19	(26.3)
ATMs	1,338	1,199	11.6
Employees	9,988	10,470	(4.6)
Efficiency Ratio ²	36.6%	39.8%	-317 bp
Volume per branch ³	198,364	166,346	19.2
Volume per employee ⁴	6,474	5,688	13.8
Cost / Assets ⁵	1.2%	1.3%	-19 bp

1. It excludes deterioration and other operating expenses. / 2. Efficiency Ratio: operating costs excluding deterioration and other operating expenses over operating income. Operating income= net income of interests, commissions, net financial operations results, and other operating incomes minus other operating expenses. / 3. Loans+ deposits over branches number. / 4. Loans + deposits over employees' number. / 5. Operating expenses as defined in point 1, over total assets.

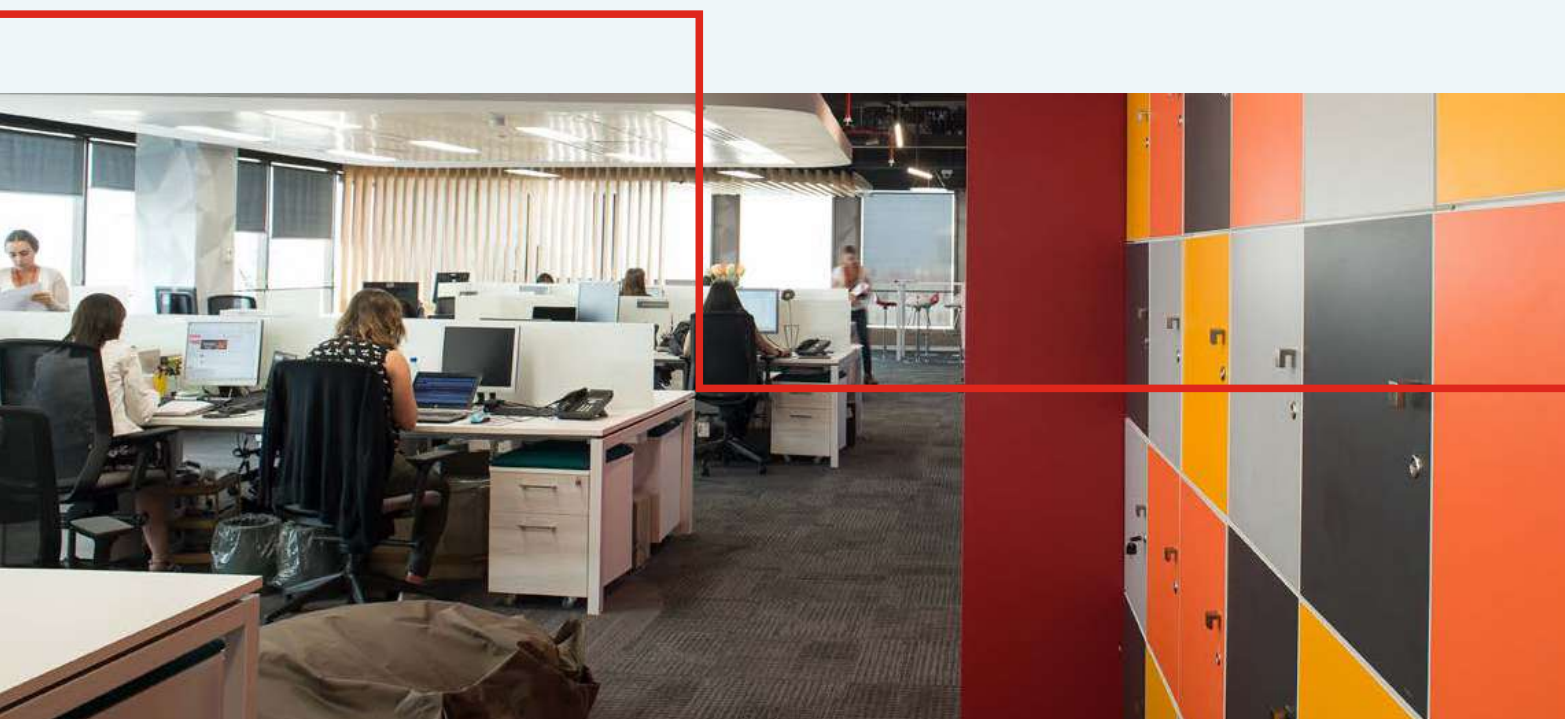
Efficiency Ratio in relation to competitors



Other operating income and expenses

Other operating expenses throughout the year decreased primarily due to a decrease in incomes from belongings received in payment, as clients' payment performance improved and therefore, it was not necessary to collect their collaterals at default. A profit concerning the sale of shares in companies was attained after Sociedad Nexus, a credit card processor company, was sold. Other operating expenses increased by 27.5% due to higher contingency provisions in answer to the COVID-19 pandemic effects, alongside the rise in insurance premiums the Bank must pay to cover for vandalism and cyber-fraud.

Categories (MCh\$)	2021	2020	Var, 21/20 (%)
Other operating incomes	20,461	21,652	(5.5)
Incomes from belongings received in payment	15,549	19,380	(19.8)
Provision releases due to contingencies	-	503	-
Fixed-asset sale profit	673	865	(22.2)
Profit from sales of shares in companies	188	-	-
Insurance companies' compensations	45	255	(82.4)
Other Incomes	4,006	649	517.3
Other Operating Expenses	(117,054)	(91,808)	27.5
Provisions and expenses of belongings received in payment	(14,993)	(18,217)	(17.7)
Contingency provisions	(12,822)	(10,175)	26.0
Other expenses	(89,239)	(63,416)	40.7
Results of investments in companies	(663)	1,388	(147.8)
Total	(97,256)	(68,768)	41.4



Taxes

In 2021, tax expenses amounted to MCh\$194,679, which involved a 48.5% growth over the MCh\$131,123 of the previous year. This rise is in line with the growth of pretax earnings. The statutory tax rate remained stable at 27% in both periods, and the effective rate did not move from 20.1%. Conversely, the price level restatement was 150.2% higher due to the acceleration in inflation.

(MCh\$)	2021	2020	Var. 21/20 (%)
Pretax earnings	969,637	653,686	48.3
Price level restatement capital ¹	(310,406)	(124,082)	150.2
Other permanent differences, deferred taxes	61,802	(43,962)	--
Net adjusted pretax earnings	721,033	485,641	48.5
Statutory Tax Rate	27%	27%	
Taxes payable	(194,679)	(131,123)	48.5
Effective tax rate	20.1%	20.1%	--

Note 1: Principally corresponds to permanent differences originated by the Monetary Correction of Taxable Capital.

Note 2: For more details please see the annexes of this report and the Financial Statements.

Note 3: Fiscal jurisdiction corresponds only to Chile.

The Bank's tax management falls under the Group's corporate guidelines, which demand the adoption of good practices to prevent and reduce both fiscal and reputational risks¹. At a local level, Santander Chile's Fiscal Policy is approved by the Board, and to ensure its adherence, there is a tax risk management system in place.

The Bank's Fiscal Policy is guided by the principles of cooperation with the competent tax authority, which in Chile corresponds to the Internal Taxing Service (Servicio de Impuestos Internos or SII). This involves providing this body with the information they require to fulfil obligations, ensuring transparency by avoiding opaque structures, respecting the regulation on transfer pricing, and providing customers with tax information regarding the products and services contracted as early as possible. Likewise, it also stipulates the cooperation with the trade unions to which the Bank is affiliated, as long as such participation does not involve a reputational risk and collaborates with

the development and implementation of more equitable and efficient legislation for the simultaneous benefit of general and business interests.

Likewise, Santander Chile's Board has determined a catalogue of special fiscal risk transactions. Those that can be included in any of the categories of Special Fiscal Risk should be referred to the Bank's tax advisory team, which depends on the Intervention and Control Management Division, which in turn directs them to Banco Santander S.A.'s Corporate Tax Counsel. If the existence of special fiscal risk is noted, the transaction is submitted to the Board's review for its approval through the Audit Committee.

6. Tax policy is available at <https://www.santander.com/es/nuestro-compromiso/politicas>



Risk Management

Credit Risk

Credit Risk is the most important one Santander has to address, given that over half of its assets are loans to individuals and companies in Chile. Each year losses produced by the risk portfolio –including provisions, penalties, and net recovered costs – comprise 1% to 1.5% of all loans. For this reason, a specialised Risk area, solid and independent risk governance, technologically advanced infrastructure, modern human resource management, robust loss models, advanced supervision and efficiency in the collection are all crucial elements for the success of a financial institution.



Credit Risk Governance

To manage this risk, the Bank has arranged a set of committees for credit approval, in which teams from the Board, the Risk Division, and the commercial areas participate to jointly assess the quantitative and qualitative parameters of each credit applicant.

a) The Risk Division and the Risk Committee have the following roles:

To cultivate a risk culture throughout the organisation.

- To verify the adherence to the Bank's strategic objectives, depending on the assumed and potential risks, and alert management about them.
- To review the level of adherence to regulatory requirements and recommendations issued by local and external supervisors, ensuring their implementation on the stipulated dates.
- To review the adequate handling of risk by management areas, formulating, when applicable, any necessary mitigation actions under policies approved by the Board.
- The monitoring, analysis and control of the limits defined in the Risk Framework and the key credit risk indicators for each area, segment, or product, identifying possible sources of concern.
- To formulate risk policies, adhere to assurance requirements, assess credits, risks rating, send reports, and comply with legal and internal regulatory requirements.
- To approve or reject individual or group credit applications via credit rating.
- To establish the structure for approval and review of credit applications.
- To determine the risk appetites the Bank wishes to undertake by client and sector, including limiting the exposure concentration of counterparties in geographical areas or industries and by the issuer, credit rating, and liquidity.
- To develop and maintain risk classifications and models in order to quantify the expected loss.

b) Mechanisms:

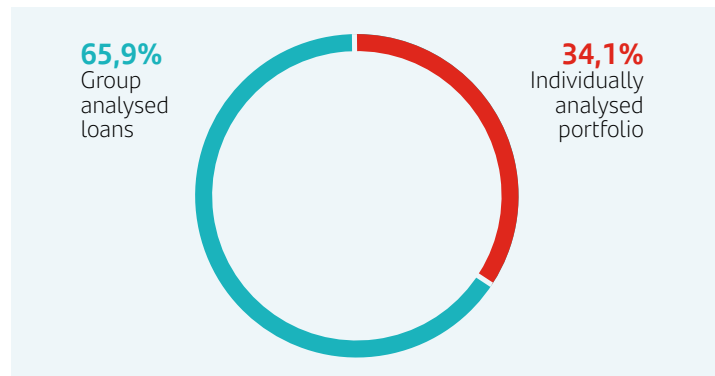
- Assign concentration limits to the credit risk by individual debtor, bank debtor, industry segment and country. Approval levels are assigned hierarchically and are continually being reviewed.

- Determine credit risk provisions for probable loan losses under the instructions issued by the FMC in the Accounting Standards Compendium, as well as the credit rating and risk assessment models approved by the Board.

c) Estimation of provisions:

The estimation of provisions is based on models of expected loss, in line with Chapter B1 of the FMC's Accounting Standards Compendium. The loan portfolio is divided into individually and collectively analysed loans.

The Bank's group assessment portfolio, including contingent loans, amounted to Ch\$31,775,439 million as of year-end 2021. Concurrently, the individual assessment portfolio, including contingent loans, amounted to Ch\$16,458,150 million.



Within each group, there are different provision models for consumer loans, mortgages, and commercial loans. The provisions of the majority of loans are determined, in simple terms, through the following formula of expected loss.

Provisions	= Exposure	x Probability of default	x Severity
	Loan value	Percentage of the probability of a debtor defaulting. This probability is determined by the type of client and their historical performance, among other variables.	Loss sustained once the customer is already in default, determined by historical data.

Provisions for individual assessments

According to the FMC (ex SBIF), an individual assessment of commercial debtors is necessary for companies that, due to their size, complexity, or level of exposure, must be analysed in detail. The debtors' analysis is primarily focused on their creditworthiness. Therefore, they are classified in the corresponding risk category and by their respective credit transactions and contingent loans before being assigned to one of the following portfolio categories: Normal, Substandard, and Impaired portfolio. For this assignment, several risk factors are considered: the industry or economic sector, their business, partners and management's situation, financial situation, payment ability, and payment performance.

Thus, the portfolio assignments are:

- 1. Normal Portfolio:** It considers debtors whose payment ability enables them to meet their obligations and commitments and in which there is no foreseeable alteration regarding their economic and financial situation. The classifications assigned to this portfolio are categories from A1 to A6.
- 2. Substandard Portfolio:** it includes debtors with financial difficulties or significant deterioration in their payment ability and of which there is reasonable doubt concerning their future reimbursement of the principal and interests within the contractual terms, displaying a limited ability to meet short-term financial obligations. The classifications assigned to this portfolio are categories from B1 to B4.
- 3. Impaired Portfolio:** it includes debtors and related loans where recovery is considered remote, as they display a reduced or null repayment capacity. This portfolio encompasses debtors who have stopped paying their loans or show clear signs they will stop paying, as well as those who require forced debt restructuring, reducing the due obligation or delaying their principal repayment or interests; and any other debtor who is beyond 90 days overdue in their payment of interests or principal. The classifications assigned to this portfolio are categories from C1 to C6.

Normal and Substandard Portfolio

As part of the individual assessment of debtors, the Bank classifies them into the following categories, assigning them a percentage for the probability of default and loss given default (severity), which results in percentages of expected loss.

Portfolio	Debtor's Category	Probability of Default (%)	Severity (%)	Expected Loss (%)
Normal Portfolio	A1	0.04	90.0	0.03600
	A2	0.10	82.5	0.08250
	A3	0.25	87.5	0.21875
	A4	2.00	87.5	1.75000
	A5	4.75	90.0	4.27500
	A6	10.00	90.0	9.00000
Substandard Portfolio	B1	15.00	92.5	13.87500
	B2	22.00	92.5	20.35000
	B3	33.00	97.5	32.17500
	B4	45.00	97.5	43.87500

Impaired portfolio

The impaired portfolio comprises all loans and 100% of the number of contingent loans of those debtors who are beyond 90 days overdue on payments of any credit interests or principal by the month's end. It also includes debtors who have been granted a loan to refinance placements beyond 60 days overdue and debtors who have undergone forced debt restructuring or partial debt forgiveness.

To calculate the provisions to cover an impaired portfolio, firstly, an expected loss rate is determined by calculating the amounts recoverable through financial guarantees and deducting the present value of recoveries obtained through collection services after related expenses. Once the expected loss range is determined, the corresponding provision percentage is applied over the exposure amount, which encompasses loans and contingent loans of the same debtor.

The provision rates applied over the calculated exposure are as follows:

Classification	Estimated range of loss	Provision
C1	Up to 3%	2%
C2	3% to 20%	10%
C3	20% to 30%	25%
C4	30% to 50%	40%
C5	50% to 80%	65%
C6	Above 80%	90%



All debtors' loans are to be maintained in the impaired portfolio until their payment ability or performance is normalised, irrespective of penalty procedures for each loan, particularly those that meet the conditions of Title II of Chapter B-2 of the CNC. To remove the debtor from this portfolio—once the circumstances leading to such classification have been overcome under the current regulations— at least the following concomitant conditions must be met:

- I. No contractual obligations the debtor has with the Bank are beyond 30 days overdue.
- II. The debtor has not been granted new refinancing to pay its obligations.
- III. At least one of the payments include the principal repayment.
- IV. If the debtor has loans with partial payments within the prior six months, he has made already two payments.
- V. If the debtor must pay monthly instalments for one or more loans, he has already paid four consecutive instalments.
- VI. The debtor does not appear to have unpaid debts in the FMC (Ex SBIF) information, except for insignificant amounts.

Provisions for group assessments

Group assessments are appropriate to address a large volume of transactions that have small individual balances belonging to individuals or small companies. To determine their provisions, group assessments require the clustering of debtors with similar characteristics in terms of debtor type and loan commitments in order to determine both the group's payment behaviour and the recovery of defaulted loans, using technically substantiated estimates and prudential criteria. The model used is based on the debtor's characteristics, payment history, outstanding loans, and defaults, among other relevant factors.

The Bank uses methodologies to determine credit risk based on internal and/or standard models to estimate the provisions of the group assessment portfolio. This considers commercial loans for debtors that are not assessed individually, mortgage and consumer loans (including instalment loans, credit cards and overdraft lines). Such methodology allows the Bank to independently identify the portfolio's performance in the year and thus determine the provision required to cover losses manifested within one year starting from the balance date.

The customers are segmented according to their internal and external characteristics into clusters or profiles to differentiate each portfolio's risk in a more appropriate and orderly manner (customer-portfolio model). This is known as the profile allocation method, which is based on a statistical construction model that, through logistic regression, establishes relations between variables –such as default, external performance, and socio-demographic data, among others – and a response variable that determines the client's risk, in this case a default equal or beyond 90 days. After this, common profiles are defined and assigned a Probability of Non Performance (PNP) and a recovery rate based on a historical analysis known as Severity (SEV).

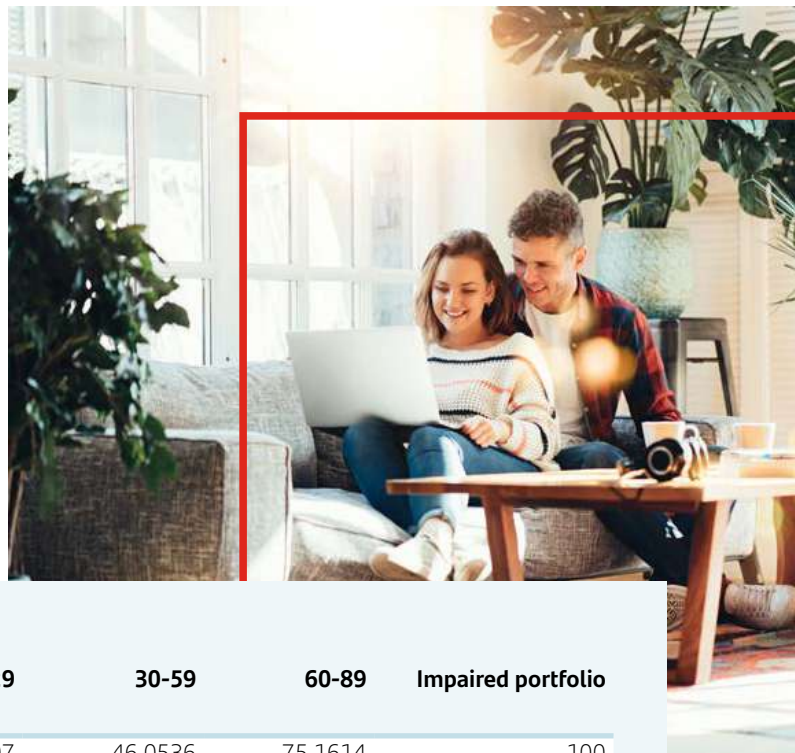
Once the customers have been profiled and assigned a PNP and a SEV in terms of their loan's profile, the exposure of default is calculated. This estimation includes the customer's book value of loans and accounts receivables added to contingent loans, minus any recoverable amount through collateral enforcement (for credits other than consumer loans).

Notwithstanding the above, to constitute provisions concerning commercial and housing loans, the Bank must establish minimum provisions adhering to the standard method set by the FMC (ex SBIF) for these types of loans. While such standard model constitutes a minimum prudential baseline, it does not relieve the Bank of its responsibility to have its own internal methodologies for determining sufficient provisions protecting this portfolio's credit risk.

Standard method of residential mortgage loan provisions

Under Circular No. 3.573 issued by the FMC (Ex SBIF), the Bank began applying the standard method of provisions for residential mortgage loans. According to this method, the expected loss factor applicable to residential mortgage loans will depend on each loan's default and the ratio –at the end of each month – of each loan's outstanding principal over their mortgage securities value (Loans to Value, LTV) at the end of each month.

The allowance rates applied according to default and LTV are the following



LTV Range	Days in default by the month's end	0	1-29	30-59	60-89	Impaired portfolio
LTV≤40%	PNP (%)	1.0916	21.3407	46.0536	75.1614	100
	Severity (%)	0.0225	0.0441	0.0482	0.0482	0.0537
	Expected loss (%)	0.0002	0.0094	0.0222	0.0362	0.0537
40%<LTV≤80%	PNP (%)	1.9158	27.4332	52.0824	78.9511	100
	Severity (%)	2.1955	2.8233	2.9192	2.9192	3.0413
	Expected loss (%)	0.0421	0.7745	1.5204	2.3047	3.0413
80%<LTV≤90%	PNP (%)	2.5150	27.9300	52.5800	79.6952	100
	Severity (%)	21.5527	21.6600	21.9200	22.1331	22.2310
	Expected loss (%)	0.5421	6.0496	11.5255	17.6390	22.2310
LTV>90%	PNP (%)	2.7400	28.4300	53.0800	80.3677	100
	Severity (%)	27.2000	29.0300	29.5900	30.1558	30.2436
	Expected loss (%)	0.7453	8.2532	15.7064	24.2355	30.2436

LTV = Loan capital/Value of collateral

In the case that the same debtor has more than one residential mortgage loan with the Bank and one of them is beyond 90 days overdue, all their loans shall be allocated to the impaired portfolio, calculating provisions for each of them per their respective LTV percentage.

For residential mortgage loans related to housing programs and grants from the Chilean government, as long as the debtor has contracted the housing foreclosure insurance provided by the latter, the allowance rate may be weighted by loss mitigation (LM), which depends on the LTV percentage and the property's price in the deed of sale (S).

Standard method of commercial loan provisions

Under the Circular N°. 3.638 and N°. 3,647, as of July 1, 2019, the Bank began applying the standard model of provisions for commercial loans to the group portfolio by their pertinence to commercial leasing, student loans, or other commercial credits. The main group models used by the Bank are:

Commercial leasing operations

For these operations, the provision factor must be applied to the current value of commercial leasing (including the purchasing option) and will depend on the delinquency of each transaction, the type of leased asset and the ratio –at the end of the month – between the current value of each operation and the value of the leased asset (PVB), as indicated in the following tables:

The PVB ratio will be determined considering the appraisal value in UF for real estate assets and in Pesos for non-real estate ones, which are recorded at the respective loan consignment, considering eventualities that could at the moment be generating temporary hikes in the asset prices.

General commercial loans and factoring

For factoring operations and all other commercial loans, the provision rate applicable to the loan's amount and the contingent credit exposure will depend on each operation's default and the existing ratio –at each month's end – between the debtor's obligations to the Bank and the corresponding collateral value (PVTG). This is shown in the following tables:



Probability of applicable Non-Performance (PNP) by their default and type of asset (%)

Number of days in default at the month's end	Type of Asset	
	Real Estate	Non-real estate
0	0.79	1.61
1-29	7.94	12.02
30-59	28.76	40.88
60-89	58.76	69.38
Impaired Portfolio	100.00	100.00



Severity (SEV) by PVB range and type of asset (%)

PVB Range (*)	Type of Asset	
	Real Estate	Non Real Estate
PVB ≤ 40%	0.05	18.20
40% < PVB ≤ 50%	0.05	57.00
50% < PVB ≤ 80%	5.10	68.40
80% < PVB ≤ 90%	23.20	75.10
PVB > 90%	36.20	78.90

(*) PVB= Current value of operation/leased asset value



Probability of non-performance (PNP) applicable by default and PVTG segment (%)

Number of days in default at the month's end	With collateral		No collateral
	PVTG ≤ 100%	PVTG > 100%	
0	1.86	2.68	4.91
1-29	11.60	13.45	22.93
30-59	25.33	26.92	45.30
60-89	41.31	41.31	61.63
Impaired Portfolio	100.00	100.00	100.00



Non-Performance Loss (NPL) applicable to PVTG segment (%)

Collaterals (with/without)	PVTG range	General commercial operations or factoring with no responsibility on the transferor	Factoring with responsibility on the transferor
	PVTG ≤ 60%	5.00	3.20
With collateral	60% < PVTG ≤ 75%	20.30	12.80
	75% < PVTG ≤ 90%	32.20	20.30
	90% < PVTG	43.00	27.10
No collateral		56.90	35.90

The collaterals employed to calculate the PVTG ratio can be specific or general in character within this method, including those simultaneously specific and general. Collateral will only be considered if, depending on its corresponding insurance clauses, it constitutes a first-degree preference in the Bank's benefit and only if it secures loans charged to the debtor (not shared with other debtors). No invoices assigned in the factoring or collaterals related to housing loans in the mortgage portfolio will be considered in the calculation independent of their coverage clauses.

For the PVTG ratio calculation, the following consideration must be taken:

- I. Specific collateralised transactions:** if the debtor grants specific collaterals for general commercial loans and factoring, then the PVTG ratio is calculated independently for each secured transaction as the division of the loan's amount over the contingent credit exposure and their corresponding collateral value.
- II. General collateralised transactions:** when the debtor granted general collaterals or general and specific collaterals, the Bank calculates the corresponding PVTG of all known commercial loans and factoring not contemplated on the above numeral point jointly (I), such as the division of all loans and contingent loan exposures and general or general and specific collaterals that, applicable to other coverage clauses, protects the considered credits in the above numeral point.

The number of collaterals employed in the PVTG ratios in the numerals I and II must be determined according to:

- The last collateral valuation, whether an appraisal or fair value, depends on the collateral type. Therefore, the criteria indicated in chapters 7-12 of the updated Regulation Compendium must be considered to determine the fair value.
- Eventual situations that could be originating temporary hikes in security values
- Limits to the coverage established in their respective clauses.

Additional provisions

According to the FMC (ex SBIF) regulations, banks can establish provisions beyond the previously described limits to protect themselves from the risk of non-predictable economical fluctuations that could affect the macro-economic environment or a specific economic sector. According to No. 9 of Chapter B-1 from the FMC Compendium of Accounting Standards, these provisions will be recorded in liabilities.

The Bank's Board has approved the constitution of additional voluntary provisions in 2021, mainly intending to ameliorate the current sanitary crisis's future effects on the Bank's loan portfolio. As a result, as of the December 31, 2021, the Bank's additional provisions amounted to Ch\$258,000 million (Ch \$126,000 million as of the December 31, 2020), which are presented in the liabilities of the 'Provisions' section of the Consolidated Financial Statements.

Covid-19 or SARS CoV-2 Measures

The Bank's support measures in the current pandemic context are being classified as new transactions including Fogape and Fogape Reactiva guarantee rights and rescheduled transactions.

In light of the Covid-19 pandemic's persistence and subsequent effects on the normal endeavour of economic activities, on April 23, 2021, the FMC instructed the extension of the exceptional treatment of group and individual loan risk provisions until July 31, 2021.

A. Rescheduling

On March 23, 2020, the FMC published a set of measures destined to provide the financial system with more flexibility:

- Regulatory treatment that eases mechanisms to delay the payment of mortgage loans in up to three instalments.
- Amenities for banks to relax loan terms for SMEs debtors for up to six months.
- The possibility to use secured mortgage loans surpluses to guarantee SMEs loans.

Furthermore, on April 2, 2020, the FMC published additional temporary measures to treat provisions. The new measures seek to offer an accounting framework for loan restructuring, ease their conditions, and prevent higher provisions. This exceptional treatment was in force until the July 31, 2020 and considered the freezing of provisions in the following situations:

Covid-19 Measures

As of December 31, 2021
\$ million

Fogape guarantee transactions	1,131,940
Fogape Reactiva	876,698
Rescheduled transactions	7,868,498

- **Mortgage:** maximum grace period or extension to six-month dividends for those debtors that have cleared arrears or have a delay of no more than 30 days within the indicated valid period.
- **Commercial:** maximum grace period or extension of four months for those debtors that have cleared arrears or have a delay of no more than 30 days or an instalment within the valid period.
- **Consumer:** maximum grace period or extension of three months for those debtors that have cleared arrears or have a delay of no more than 30 days within the indicated valid period.

As of the December 31, 2021, the total credit amount benefited by rescheduling as stipulated above was Ch\$7,868,498 million. All grace periods have expired, 97.3% have cleared their arrears, and only 2.7% of them presented deterioration by the year's end.





B. Fogape

The Government of Chile also announced a series of measures to support SMEs through the Guarantee Fund for Small and Medium-Sized Entrepreneurs (FOGAPE), which is a state fund that guarantees loans, leasing, and other credits to small businesses. An extension of the FOGAPE to cover companies with annual sales up to UF 1 million (US\$34 million) was announced, and several standards and regulations were modified to encourage banks to grant loans to small companies. Under these new FOGAPE regulations, all national banks including us could consign loans at a preferential interest rate equal to the Monetary Policy Rate added to 3% and in a 48-month period for an amount equal to three months of the company's sales. These credits received a FOGAPE guarantee right between 60% and 85% of each loan. Any recovery of the total or partial payment in default will be used firstly to meet the unsecured portion of the loan's principal amount, compounded with legal fees, continued by the secured amount provided by FOGAPE, and lastly, any accrued interest and fees due.

To receive the FOGAPE guarantee rights, such loans must have a 6-month grace period before the company must begin paying the

loan. Furthermore, those companies that receive FOGAPE secured loans under the new regulations will have a right to defer loan payments for 6 months.

In February 2021, the government approved the FOGAPE 2.0 or FOGAPE Reactiva programme. The maximum fare was set as a monthly MPR fee (overnight fee) added to 0.6%, which entails a 7.2% annual rate. The approach at this moment was to direct loans to SMEs investments and not only to the needs of capital work.

By the December 31, 2021, we had approved FOGAPE loans amounting to Ch\$2.0 trillion to our SMEs and medium-sized customers, including Ch\$876,698 million in FOGAPE Reactiva. All the grace periods have already expired. The FOGAPE Reactiva we granted did not include grace periods. Of those within a regular payment schedule, 97.4% have paid in time, while only 2.6% presented deterioration by the end of December 2021.

Credit Risk Indicators

a) Portfolio Composition

As of the December 31, 2021, the composition of the loan portfolio was as follows:

As of December 31, 2021	Assets before provisions			Constituted provisions (*)				Asset net balance MCh\$
	Normal Portfolio MCh\$	Substandard Portfolio MCh\$	Impaired Portfolio MCh\$	Total MCh\$	Individual Provisions MCh\$	Group Provisions MCh\$	Total MCh\$ I	
Commercial Loans								
Commercial credits	12,092,833	935,943	797,607	13,826,383	(262,833)	(240,273)	(503,106)	13,323,277
Foreign trade loans	1,465,936	45,075	23,782	1,534,793	(45,206)	(3,641)	(48,847)	1,485,946
Current account debtors	81,680	11,504	9,177	102,361	(3,482)	(6,575)	(10,057)	92,304
Factoring transactions	663,335	11,691	3,475	678,501	(9,264)	(1,033)	(10,297)	668,204
Student Loans	49,287	-	6,727	56,014	-	(3,496)	(3,496)	52,518
Leasing transactions	1,105,998	154,469	77,231	1,337,698	(17,402)	(11,206)	(28,608)	1,309,090
Other loans and accounts receivable	202,568	3,786	16,812	223,166	(4,855)	(10,714)	(15,569)	207,597
Subtotal	15,661,637	1,162,468	934,811	17,758,916	(343,042)	(276,938)	(619,980)	17,138,936
Mortgage Loans								
Loans with letters of credit	4,094	-	208	4,302	-	(31)	(31)	4,271
Mortgage Mutual loans	86,754	-	2,147	88,901	-	(351)	(351)	88,550
Other mutual loans for housing	13,392,371	-	390,601	13,782,972	-	(73,579)	(73,579)	13,709,393
Subtotal	13,483,219	-	392,956	13,876,175	-	(73,961)	(73,961)	13,802,214
Consumer Loans								
Consumer loans in instalments	3,447,433	-	145,481	3,592,914	-	(226,932)	(226,932)	3,365,982
Credit Card Debtors	1,272,588	-	7,736	1,280,324	-	(30,755)	(30,755)	1,249,569
Consumer leasing contract	3,184	-	16	3,200	-	(42)	(42)	3,158
Other consumer loans	121,322	-	1,489	122,811	-	(7,091)	(7,091)	115,720
Subtotal	4,844,527	-	154,722	4,999,249	-	(264,820)	(264,820)	4,734,429
Total	33,989,383	1,162,468	1,482,489	36,634,340	(343,042)	(615,719)	(958,761)	35,675,579

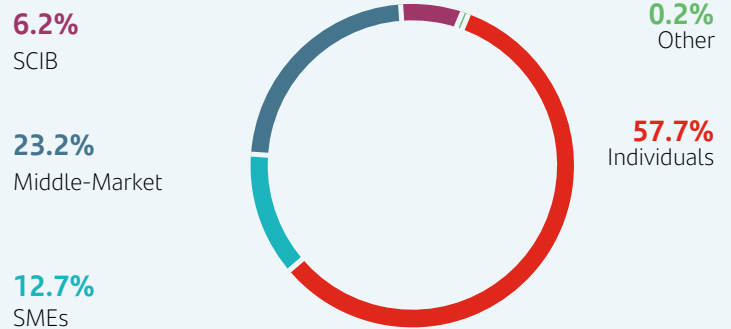
Note: provisions do not include additional ones

The Bank's credit portfolio is highly diversified in terms of business segments. 58% of the portfolio represents loans to individual people, primarily consumer and housing types. The rest of the portfolio is divided into different business segments, with SMEs representing 12.7%, Middle-Market 23.2% and SCIB 6%.

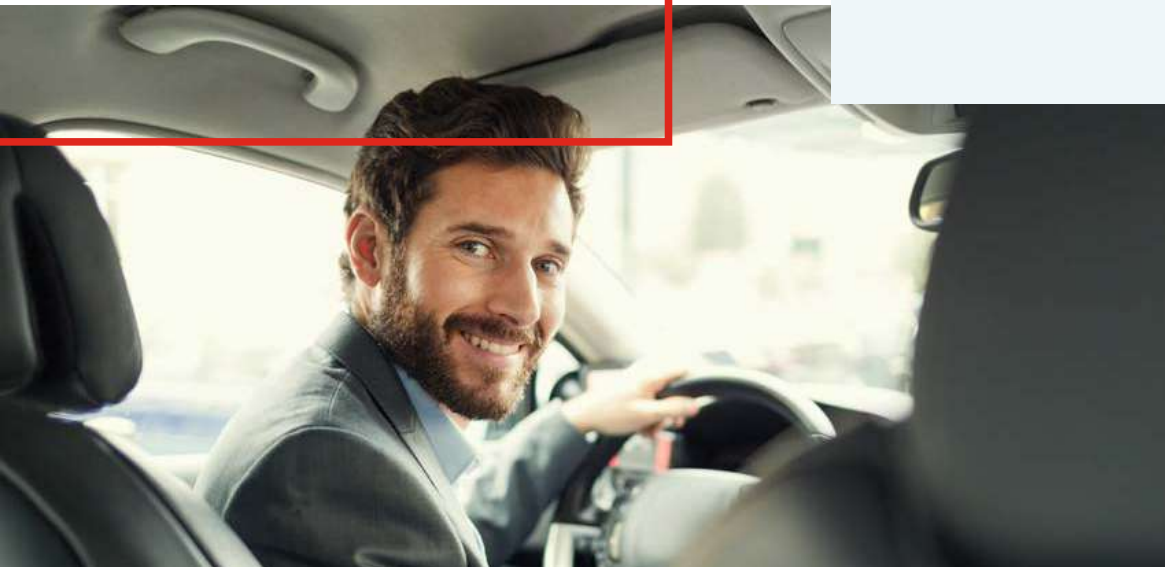
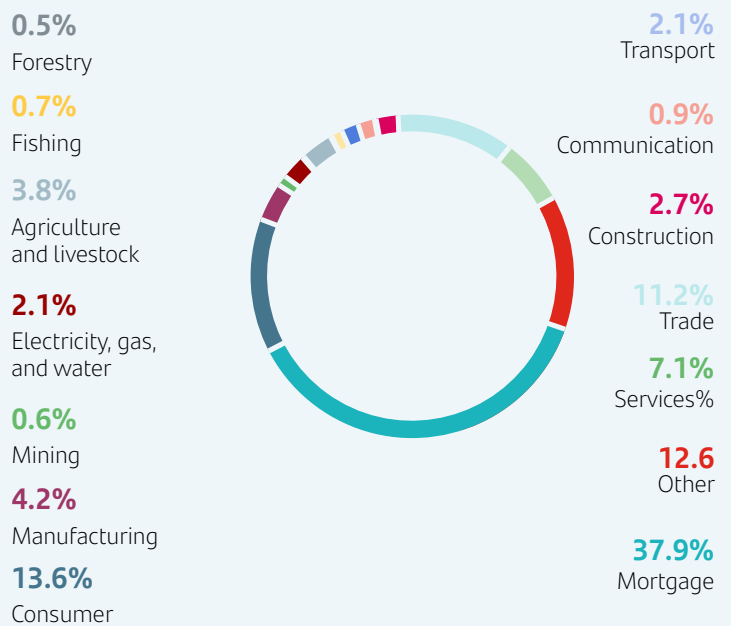
The Bank's portfolio is also highly diverse in terms of economic sector, with no particular industry representing a significant portion, therefore increasing the possibility of maintaining a stable loan book through time.

Regarding the sub-sectors most affected by the pandemic, such as airlines, hotels, recreation, travel, restaurants and fuels, the individual clients in these sectors represent only 1.1% of the total portfolio at the end of 2021. Lastly, the 20 higher exposures by economic segment only represented 9.0% of the Bank's total portfolio, which also shows a good level of diversification and concentration.

Portfolio by segment



Portfolio by Economic Activity



b) Asset Quality

As of December 31, 2021, the composition of the loan portfolio is as follows:

Categories (MCh\$)	2021	2020	Var. % or bp
Total Loans	36,634,768	34,409,170	6.5%
Consumer	4,999,249	4,940,879	1.2%
Mortgage	13,876,175	12,411,825	11.8%
Commercial	17,758,916	17,037,536	4.2%
Interbank	428	18,926	-97.7%
Total loans per B1 chap. classification	36,634,768	34,409,170	6.5%
Normal	33,989,811	31,744,001	7.1%
Substandard	1,162,468	1,065,878	9.1%
Non-Performing	1,482,489	1,599,287	-7.3%
Consumer	4,999,249	4,940,879	1.2%
Normal	4,844,527	4,697,166	3.1%
Substandard	-	-	
Non-performing	154,722	243,713	-36.5%
Mortgage	13,876,175	12,411,825	11.8%
Normal	13,483,219	12,004,931	12.3%
Substandard	-	-	
Non-performing	392,956	406,894	-3.4%
Commercial	17,758,916	17,037,536	4.2%
Normal	15,661,637	15,022,978	4.3%
Substandard	1,162,468	1,065,878	9.1%
Non-performing	934,811	948,680	-1.5%
Loan per B1 classification %			
Normal	92,8%	92,3%	48 bp
Substandard	3,2%	3,1%	7 bp
Non-performing	4,0%	4,6%	-55 bp

Categories (MCh\$)	2021	2020	Var. % or bp
Impaired portfolio²	1,652,788	1,789,983	-7.7%
Consumer	154,722	243,713	-36.5%
Mortgage	392,956	406,894	-3.4%
Commercial	1,105,110	1,139,376	-3.0%
Impaired portfolio over total%	4.5%	5.2%	-69 pb
Consumer	3.1%	4.9%	-181 bp
Mortgage	2.8%	3.3%	-47 bp
Commercial	6.2%	6.7%	-48 bp
Non-performing Portfolio³	449,835	486,435	-7.5%
Consumer	43,626	46,428	-6.0%
Mortgage	104,225	108,625	-4.1%
Commercial	301,984	331,382	-8.9%
Non-performing portfolio over total%	1.2%	1.4%	-17 pb
Consumer	0.9%	0.9%	-3 bp
Mortgage	0.8%	0.9%	-15 bp
Commercial	1.7%	1.9%	-20 bp
Provisions in the balance sheet⁴	1,216,761	1,102,821	10.3%
Consumer	290,820	294,841	-1.4%
Mortgage	83,961	71,281	17.8%
Commercial	841,980	736,689	14.3%
Expected Loss⁵	3.3%	3.2%	12 bp
Consumer	5.8%	6.0%	-18 bp
Mortgage	0.6%	0.6%	1 bp
Commercial	4.7%	4.3%	44 bp
Non-performing portfolio hedging⁶	270.5%	226.7%	4.379 pb
Consumer	666.6%	635.0%	3.162 pb
Mortgage	80.6%	65.6%	1.496 pb
Commercial	278.8%	222.3%	5.652 pb

1. Including interbank loans

2. Impaired portfolio for consumer and mortgage loans corresponds to default portfolios. In the case of debtors subject to individual assessment, it includes loans on the 'default portfolio' and those that must be classified in the B3 and B4 categories of the substandard portfolio.

3. Portfolio with at least one placement over 90 days overdue

4. Provisions in the balance sheet, including additional provisions, over loans

5. Provisions in the balance sheet, including additional provisions, over the non-performing portfolio.

Overall, the Bank's credit quality displayed a positive performance throughout 2021. This is explained by the progress in the policies and risk appetites during prior periods, the lessened credit exposure to lower-income segments, and the SMEs and people's support programmes offered by authorities and regulators.

In 2021, the Bank's 90 days overdue non-performing portfolio decreased by 7.5%, with drops of 6% in consumption, 4.1% in mortgage and 8.9% in commercial loans being of note. With this descent, the non-performing over total portfolio ratio decreased from 1.4% in 2020 to 1.2% in 2021. The impaired portfolio over total portfolio also had a positive evolution throughout 2021: it shrank from 5.2% of the portfolio in 2020 to 4.5% by 2021's end.

Despite the promising evolution of risk indicators, the Bank's Board prudentially increased coverage and expected loss through the constitution of additional provisions. In 2021, the expected loss indicator, defined as the sum of provisions in the balance including additional provisions over total loans, reached 3.3% against 3.2% by 2020's end. The granting of provisions in the balance, again including additional provisions, reached Ch\$1,216,761 million, which entails a 10.3% growth over 2020's ending figure.

With these efforts, the coverage – measured as provisions in balance over non-performing portfolio—grew from 226.7% in 2020 to a historical record of 270.5% in 2021.

Consumer Portfolio

At the end of 2021, the consumer portfolio's leading risk indicators displayed a positive annual evolution. This is explained by the Bank's lesser exposure to customers with lower incomes in their consumer portfolio. This was added to the positive impact of the pension fund withdrawals and the Emergency Family Income (IFE) on risk indicators, which improved payment performance despite the pandemic and the rise in unemployment.

In fact, the consumer impaired and non-performing portfolios decreased by 36.5% and 6.0%, respectively, in 2021. Due to this, the ratio of the impaired consumer portfolio over total consumer loans shrank from 4.9% in 2020 to 3.1% in 2021. The non-performing portfolio over the total consumer portfolio remained stable at 0.9% in 2021. The non-performing consumer portfolio coverage reached a record 666.6% level, and the expected loss of this portfolio was 5.8% in 2021 vs. 6.0% in 2020. This coverage adds to the balance the amount of Ch\$26,000 million in additional provisions into the consumer portfolio of 2020 in light of the higher uncertainty in Chile due to the pandemic.

Mortgage Portfolio

In 2021, the credit quality of the residential mortgage loan portfolio also showed a positive evolution. This is explained by the growing trend in this segment's middle and high incomes, which was impacted positively by the pension fund withdrawal and the Emergency Family Income (IFE), improving the payment behaviour.

The impaired and the non-performing mortgage portfolio decreased by 3.4% and 4.1% respectively in 2021. Thus, the ratio of impaired mortgage loans over total ones shrank from 3.3% in 2020 to 2.8% in 2021. The ratio of the non-performing mortgage loans over the total mortgage portfolio decreased from 0.9% in 2020 to 0.8% in 2021. The non-performing mortgage portfolio coverage increased from 65.6% in 2020 to 80.6% in 2021; while the expected loss of this portfolio settled at 0.6%. This coverage includes Ch\$10,000 million of additional provisions constituted in 2020 in light of the higher uncertainty in Chile due to the pandemic.

Commercial Portfolio

The commercial portfolio's credit risk indicators also recorded a positive evolution throughout 2021. The total deteriorating commercial portfolio fell by 3% in 2021, reaching 6.2% of total commercial loans. It bears reminding that for commercial loans, the impaired portfolio includes de non-performing portfolio, the restructured portfolio for group assessment customers, and in the case of debtors subject to individualised assessments, the loans of the 'default portfolio', with those classified in the B3 and B4 categories of the substandard portfolio being added. The commercial portfolio with delinquency beyond 90 days overdue decreased by 8.9% in 2021. The total impaired commercial portfolio decreased from 1.9% in 2020 to 1.7% in 2021.

Even though this portfolio's default indicators displayed a positive evolution, the Bank proactively granted additional provisions to it for Ch\$220,000 million during 2020 and 2021, in light of the higher uncertainty in Chile due to the pandemic. With this, the non-performing commercial portfolio's coverage reached 278.8%, and the expected loss reached 4.7% by 2021's end.

Market Risk

There are four significant market risks that may affect the Bank: liquidity, exchange rate, inflation, and interest rate.

1. Market Risk Governance

The measure and control of market risks are the responsibility of Market Risk Management, which is part of the Risk Division. The limits are approved by the various committees in charge, with responsibility falling primarily under the Market Committee and the Asset and Liabilities Committee. The main market risks are also reviewed by the Comprehensive Risk Committee.

The Finance Division, by means of Financial Management, is the area in charge of administrating the Bank's balance sheet, especially concerning liquidity and sensitivity analysis. This unit has the following roles, which are supervised and controlled by the Assets and Liabilities Committee ALCO and the Risk Division:

- To optimise the cost of liabilities and seek the most efficient financing strategies, including issuing bonds and bank lines.
- To address short-and long-term liquidity regulatory limits.
- To manage inflation risks.
- To manage the risk of local and foreign currency rates.

For the Bank's structural balance sheet, the rates' sensitivity is measured using, primarily, a sensitivity analysis quantifying the impact on results and in the balance of parallel shifts on the real and nominal interest yield curve, in Pesos and US Dollars.

The Treasury, through the Corporate and Investment Banking Division, is the area in charge of managing the Bank's trading portfolios and upholding the determined expected loss limits, calculated and estimated by the Market Risk Management.

To measure and control market risk involving the exchange rate and the sensitivity to the trading portfolio's interest rates, the Bank uses the Value-at-Risk (VaR) methodology. According to the Bank's calculations, the VaR is an estimate of the maximum expected loss of market value for an end-of-day determined portfolio, with a 99,00% accuracy level. In other words, it is the loss that the Bank would expect to experience only 1,0% of the time.

2. Liquidity Risk

The Finance Division manages the liquidity risk using a liquid assets portfolio to ensure the Bank always keeps enough liquidity to cover short-term fluctuations and long-term financing while adhering to regulatory internal liquidity requirements.

a) High-Quality Liquid Assets

High-Quality Liquid Assets (HQLA) are an essential component in liquidity risk management. They consist of balance sheet assets, mainly comprised of financial investments that are not consigned as collateral, have low credit risk, and have a deep secondary market.

According to the Basel III standards, these assets are divided into three levels, with Tier 1 assets being the most liquid and Tier 3 assets being the least liquid. As of the December 31, 2021 the Bank's HQLA amounted to Ch\$2,339,768 million and corresponded primarily to Level 1 liquid assets, mainly composed of bonds from the Republic of Chile, the Central Bank of Chile, and the US Treasury.

HQLA (Ch\$ million)	2021	2020
Tier 1: available	1,106,152	988,320
Tier 1: fixed income	1,223,824	2,490,810
Tier 1: fixed income	9,792	12,681
Total	2,339,768	3,491,811

The Central Bank has statutory powers to require banks to keep reserves of up to 40.0% on average for cash deposits and up to 20.0% for term deposits in order to implement monetary policies. Moreover, as the aggregate amount of cash deposits exceeds 2.5 times the bank's regulatory capital, the bank shall maintain a 'technical reserve' against them in bonds and notes at the Central Bank. Accordingly, as of the December 31, 2021, the Central Bank required us to maintain an additional technical reserve of Ch \$4,272,695 million, which represents 15.2% of our cash deposits, due to the substantial rise of this type of deposit during the year.



In terms of liquidity, the main metrics that the Bank's Finance Division manages are:

- 1. Regulatory Liquidity Index within 30 and 60 days
- 2. Liquidity Coverage Ratio (LCR).
- 3. Net Stable Finance Ratio (NSFR)

b) Regulatory Liquidity Index within 30 and 60 days

The Regulatory Liquidity Index measures and hedges mismatches of net inflows in relation to the capital. According to current regulations, the 30-day mismatch may not exceed an amount of over once the Bank's core capital, while the 90-day mismatch may not exceed this amount by more than twice. As of the December 31, 2021, the 30- day indicator reached 42%, and the 90- days indicator represented 21%, amply meeting the requirements of both terms.

c) Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) measures liquid assets over net outflows within 30 days. It is used by banks globally as part of the Basel III standards. Chilean banks were required to use it starting 2019, with a minimum level of 60%, which is set to gradually increase up to 100% by 2022. A minimum level of 80% was required for 2021.

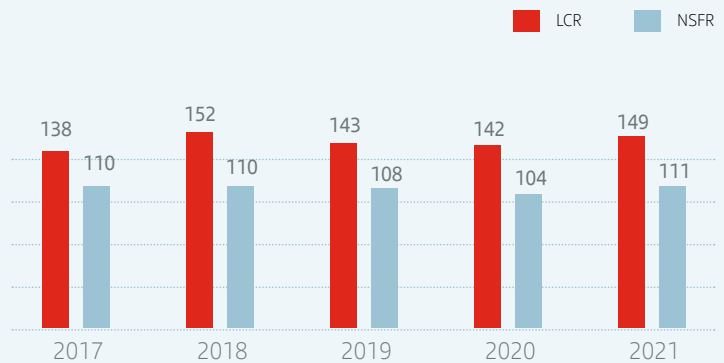
The objective of the LCR is to promote the short-term resilience of the bank's profile concerning liquidity risk. To this end, the LCR ensures that banks have an adequate stock of high-quality liquid assets (HQLA) free of charges, which can be easily and immediately converted into cash in private markets to meet short-term liquidity needs.

Santander Chile's Liquidity Coverage Ratio (LCR) was 149% by the end of 2021, amply above the minimum required by the current regulations and already above the 100% needed by 2022. This reflects the conservative liquidity policies imposed by the Board through the Asset and Liabilities Committee.

d) Net Stable Funding Ratio (NSFR)

This indicator is required by the Basel III standards and provides a sustainable maturity structure for assets and liabilities, allowing banks to maintain a stable funding profile in relation to their activities. As of the December 31, 2021, the NSFR stood at 110.8%. The Central Bank and the FMC have already determined a minimum NSFR level of 60% by 2022, set to reach 100% by 2026.

Liquidity Indicators: LCR and NSFR



3. Exchange rate risk

Under the rules established by the Asset and Liabilities Committee (ALCO) and the Market Committee, the Bank must not have significant exposure to foreign currencies. Thus, almost all exchange rate risk is included in the trading book that the Treasury manages and is measured and controlled through limits to the Value at Risk (VaR).

In 2021 the VaR of the exchange rate was on average US\$ 0.8 million, with a maximum level of de US\$ 2.3 million and a minimum level of de US\$ 0.09 million, always within the established limits.

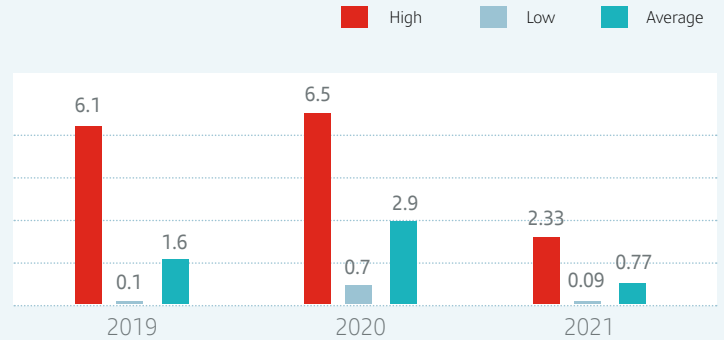
4. Interest Rate Risk Trading Book

In the case of the trading book, the risk rate of the fixed income portfolio is managed through the VaR methodology. In 2021, the Bank remained within the established limits.

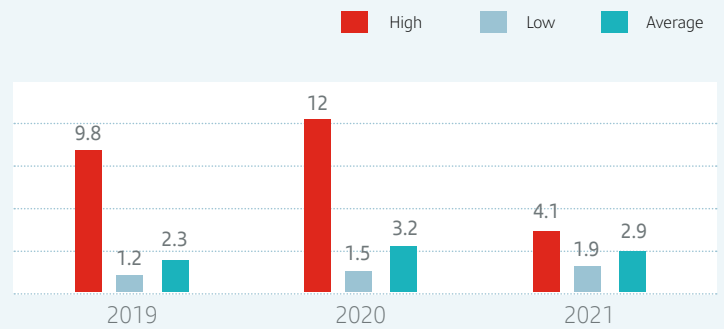
5. Consolidated market risk trading book

A consolidated VaR can be drawn by adding the Treasury's VaR in terms of its fixed-income items to the exchange rate, as shown below. As noted, the maximum value in terms of risk was US\$4.5 million, with an average of US\$3.1 million in 2021. This graph also reveals how the absolute VaR values the Bank assumes are low in general.

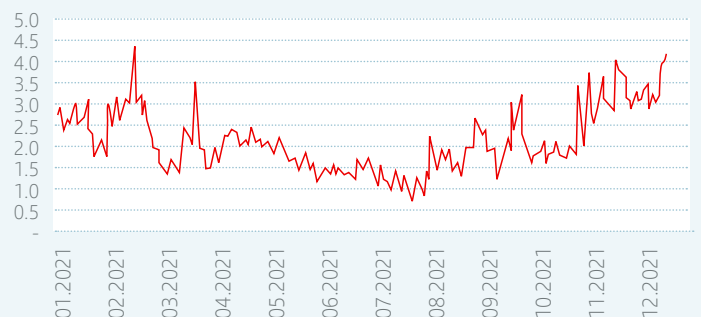
Exchange Rate VaR US\$ million



Fixed Income VaR US\$ million



VaR total diario US\$mm



VaR	2021 US\$ million	2020 US\$ million
Consolidated:		
High	4.5	5.1
Low	2.0	1.8
Average	3.1	3.0

6. Structural Interest Rate Risk

For the financial management portfolio, the Bank has more liabilities than assets exposed to short-term rates. This gives rise to mismatches when there are rate adjustments. Santander performs a sensitivity analysis with the local and foreign currencies to manage this risk.

The Bank uses sensitivity analysis to measure the structural risk inherent to interest rates fluctuations in the local and foreign currencies of the banking book (assets are not included in the trading portfolio). The Bank undertakes a simulation of scenarios, which is calculated as the difference between the present flow values in the chosen scenario (parallel shift in the yield curve of 25 bps in all its segments) and its value in the baseline scenario (present market). All the items in the local currency, including those indexed to inflation (UF), and all

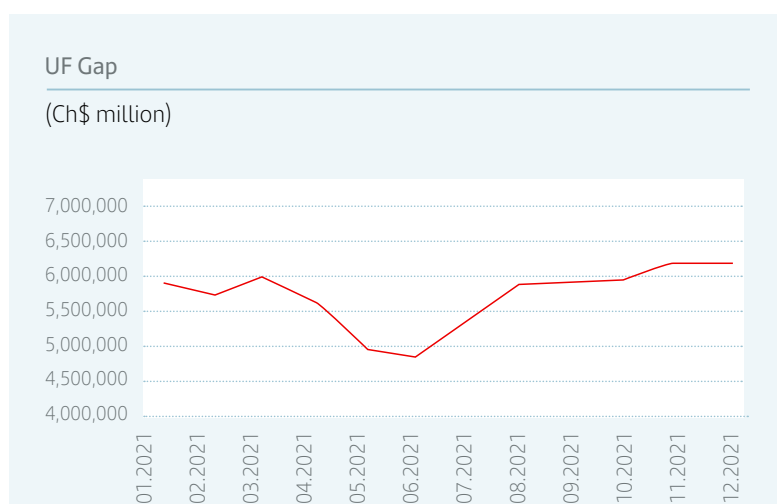
the items in the foreign currency are aggregated following a model considering a 100 bps shift to the yield curve (57 bps for real rates).

By undertaking these simulations, the Bank establishes limits to the maximum loss that this type of interest rate fluctuation may cause to the capital and the net financial income budgeted for the year. The maximum impact these shifts may have in interest and readjustments inflows is set at Ch\$32,865 million with the maximum level reached during 2021 amounting to Ch\$25,709 million for the portfolio in Pesos and foreign currency. Concerning the impact on capital, a maximum limit of Ch\$84,864 million has been set, with the maximum level reached in 2021 amounting to Ch\$78,259 million also in line with the established boundaries.

	2021		2020	
	Effect on financial income	Effect on capital	Effect on financial income	Effect on capital
Financial management portfolio - local currency (MCh\$)				
Loss limit	32,865	84,864	100,000	329,275
High	31,233	80,097	66,504	302,263
Low	13,694	41,653	26,492	214,596
Average	24,018	62,916	45,380	255,070
Financial management portfolio - foreign currency (US\$Mn)				
Loss limit	36,619	34,991	32	53
High	8,545	32,205	19	47
Low	698	1,055	2	12
Average	3,733	17,615	5	33
Financial management portfolio - consolidated (MCh\$)				
Loss limit	32,865	84,864	100,000	329,275
High	25,709	78,259	67,584	286,436
Low	12,854	56,857	25,111	210,706
Average	21,041	69,577	46,044	246,292

7. Inflation Risk

The Bank has assets and liabilities adjustable to the variation of the Chilean Indexation Unit, Unidad de Fomento (UF). In general, the Bank has more assets than liabilities in UF, which is why moderate increases in inflation have a positive effect on readjustment incomes, while a decline in UF value negatively affects the Bank's margin. To manage this risk, the ALCO sets a series of limits on the difference between UF-denominated assets and liabilities, which cannot exceed 30% of the Bank's interest-bearing assets. This mismatch is administered daily by Financial Management, with limits being calculated and monitored by the Market Risk Division.



Operating Risk

1. Management Model, Control and Tools

To achieve the operational risk goals, the Bank implemented a risk model based on three defence lines, aiming to improve and continually develop its operating risk management and control. The lines of defence are integrated by (i) areas of business and support (first line of defence), in charge of risk management related to its processes; (ii) non-financial risk area (second line of defence), in charge of supporting the first line of defence to meet its direct responsibilities and; (iii) the Internal Audit function (third line of defence), responsible of independently and periodically verifying the implementation of risk identification and management processes and procedures, in adherence to the guidelines set by the Internal Audit Policy, and to present results of its improvement suggestions to the Audit Committee.

The methodology used consists of comprehensively assessing the risks and controls of a business and includes a plan to monitor this control's effectiveness while identifying potential weaknesses. The Bank and its branches' primary goals in terms of operating risk are the following:

- Identify, assess, inform, manage, and monitor operating risk in relation to activities, products and processes undertaken or traded by the Bank and its subsidiaries.
- Build a solid culture of operating risk management and internal controls, with clearly defined responsibilities adequately distributed among the commercial and supporting functions, whether developed internally or by outsourcing third parties.
- Generate effective internal reports concerning matters related to operating risk management with a clearly defined escalation protocol.
- To create an internal and external database of risk operating incidents to improve control and knowledge of their evolution.
- To control the design and application of effective plans to face contingencies that ensure business continuity and control of losses.

2. Operating Risk during the Covid-19 pandemic

In general, the Covid-19 pandemic has resulted in greater exposure to inherent operational risks, even though the Bank has increased its supervision on controls to maintain the pre-Covid-19 operating risk levels and reinforced existing ones. The risk of transaction

processing increased due to the volume of new loans and the multiple adjustments to existing portfolios due to the granted grace periods and the FOGAPE program. Transactions also increased due to the public aid programs and the growth in the quantity of current accounts and volumes, as more clients sought digital payment solutions. Therefore, close monitoring of the following aspects has been undertaken:

- Business continuity plans to support the Bank's employees, customers, and businesses efficiently
- The COVID-19 pandemic and remote work's direct impact on the area of cybernetic threats and related risks as more employees work from home. The Bank reinforced navigation monitoring, data protection and other controls to lessen this risk.
- Increasing technological support ensuring adequate customer attention and appropriate service provision, especially in online banking and VOX.
- Transaction-processing risks that have increased due to the volume of new loans and multiple adjustments to existing portfolios due to state aid programs and internal policies.

3. Losses related to Operating Risk

In 2021, the operating risks related losses the Bank acknowledged amounted to Ch \$12,828 million a 53.3% increase over 2020. This higher figure is explained primarily by the increased loss due to data processing, given the strong growth of the customer base and the subsequent rise in transactions they carried out.

Operating Risk Related losses (Ch\$ million)	2021	2020	Var. %
Fraud	977	4,703	(79.2%)
Occupational	3,215	443	625.7%
Customers and Product	13	250	(94.8%)
Fixed Assets	228	-2,592	(108.8%)
Business Continuity / Systems	144	1,570	(90.8%)
Processing	8,251	3,992	106.7%
Total	12,828	8,366	53.3%

Reputational Risk

It consists of the risk describing an adverse current or potential economic impact due to an impairment of the perception that employees, customers, shareholders/ investors, and society, in general, have of the Bank.

In general terms, the management of reputational risk forms part of the first line of defence, and its control and monitoring are the responsibility of Compliance Management.

This risk, in particular, refers to the negative economic impact linked to a deterioration of the perception that the different groups of interest have of the Bank.

Reputational risk can arise from several sources, and in many cases, it is linked to other types of risk. Due to the latter, it requires a unique approach and control aiming to prevent any detriment to the Bank's image as an institution that could affect the decisions or perceptions of its customers, investors, and society in general.

Throughout 2021 no relevant events related to our institution's reputation took place. Considering this, we directed our work into giving continuity to the current Reputational Risk mitigation model, focusing on strengthening some Procedures, such as the Defence Area and the Sensible Areas Policy, as the Bank operates with business areas that present a higher inherent risk than others.

Among the 2021 milestones are the following:

1. Strengthening of the Reputational Risk Governance

Just like in 2020, a quarterly workgroup was scheduled in 2021. This roundtable acts as a body to tackle risk management discussions while exercising critical capacity, reporting the issues addressed to the Global Compliance Committee.

The workgroup calls for representatives from different Bank areas, both from business and support, and includes branch delegates, all of which incorporate reputational risk management into their activity. The continuity of this working group warrants the governance and correct implementation of our reputational risk mitigation model.

2. Implementation of the Control Model in Subsidiaries

While subsidiaries have been inside the monitored perimeter of the Reputational Risk mitigation model since 2020, governance instances with subsidiaries were consolidated in 2021. This involved implementing new controls to give precision to reputational risk events per the event identification and categorisation methodology. In addition, mitigation plans and monitoring were implemented when necessary.

3. Update of reputational risk management policies and Collaborators' training

In 2021, we updated the Sensitive Areas Financing Policy, incorporating new criteria for the treatment of operations in sectors that are considered of higher risk. We also updated our Defence Sector Procedure, including two annexes: considerations in the policies use, a list of prohibited entities and new formalities in application procedures and Due Diligence processes. Finally, a reputational risk specialised training programme was carried out successfully for all of the Bank's collaborators with a scope of achievement above 80%.





08.

Annexes

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Additional Information

Sustainability Accounting Standards Board (SASB) Index



SASB Metrics- Financial Inclusion & Capacity Building

[SASB FN-CB-240a.1] [FN-CB-240a.2] [FN-CB-240a.3]

Metric	Number	Value (MCh\$)
Number of loans outstanding qualified for programs designed to promote SMEs and community development	41,513	1,040,038
Number of past due and non-accrual loans qualified for programs designed to promote SMEs and community development	555	7,858
Number of no-cost retail current accounts provided to previously unbanked or underbanked customers	15,932	n/a



SASB Metrics - Selling Practices

[SASB FN-CF-270a.2] [FN-CF-270a.3]

Metric	Response
Approval rate of credit for applicants in and out of DICOM	The total approval consumer rate is around 60%, and with SICOM, it does not exceed 2%. As a protection measure for clients, the strategy evaluates whether the client has SICOM, and a rule exists approving CA if SICOM <\$50mil
Approval rate for prepaid products for applicants in and out of DICOM	n/a
Average fee from add-on products for clients in and out of DICOM	n/a
Average APR for clients in and out of DICOM	An interest rate of 1.53% for clients without SICOM and 1.66% for clients with SICOM
Average age of accounts for clients in and out of DICOM	The age of current accounts in the Bank without SICOM is 6 years, and with SICOM is 5 years
Average number of trade lines for clients in and out of DICOM	Admission is centred on clients with an adequate profile, taking care of their indebtedness, and as clients, they have access to assess the entire range of products.
Average annual fees for prepaid products for clients in and out of DICOM	n/a



SASB Metrics – Loan Practices

[SASB FN-MF-270a.1] [FN-MF-270a.2]

Metric		Without SICOM amount	With SICOM amount
Mortgage	Approval Rate (Oct, Nov, Dec)	69%	3%
	Interest Rate (Oct, Nov, Dec)	3.4%	3.4%
Approval Rate	LTV<80%	67%	3%
	80%<LTV<90%	67%	3%
	90%<LTV	71%	2%
Interest Rate	Fixed housing mortgage	4.0%	4.0%
	Mixed housing mortgage	2.8%	2.7%



Metrics SASB- Practices with professionals

[FN-IB-550b.1] [FN-IB-550b.2]

Metric	Value
Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	47.26%
Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	No malus or clawback provisions have been applied



Employees breakdown according to FMC

[GRI 2-7, 2-8]



Gender

[CMF 5.1.1]

Breakdown by Gender	Executives	Supervisors	Professionals	Administrative staff	Total
Men	100	706	2,590	1,065	4,461
Women	31	617	3,405	1,474	5,527
Total	131	1,323	5,995	2,539	9,988



Nationality

[CMF 5.1.2]

Breakdown by Nationality	Executives		Supervisors		Professionals		Administrative staff		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Argentina	4	1	7	1	6	14	0	0	17	16
Bolivia	0	0	1	0	4	5	0	4	5	9
Brasil	0	0	4	2	6	3	1	0	11	5
Chile	91	26	667	593	2,345	3,146	960	1,261	4,063	5,026
Colombia	1	1	0	2	9	20	3	10	13	33
Ecuador	0	0	0	1	0	7	0	0	0	8
Mexico	0	0	1	2	2	3	0	0	3	5
Paraguay	0	0	0	0	0	0	0	0	0	0
Peru	0	0	6	2	17	18	7	25	30	45
Uruguay	0	0	2	1	1	2			3	3
Venezuela	0	1	11	9	184	175	92	171	287	356
Other	4	2	7	4	16	12	2	3	29	21
Total	100	31	706	617	2,590	3,405	1,065	1,474	4,461	5,527



Age range

[CMF 5.1.3]

Breakdown by age range	Executives		Supervisors		Professionals		Administrative staff		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Younger than 30 years	0	0	16	9	338	409	142	363	496	781
Between 30 and 50 years old	49	18	495	495	1.836	2.592	563	974	2.943	4.079
Older than 50 years	51	13	195	113	416	404	360	137	1.022	667
Total	100	31	706	617	2,590	3,405	1,065	1,474	4,461	5,527



Seniority

[CMF 5.1.4]

Breakdown by seniority	Executives		Supervisors		Professionals		Administrative staff		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Mujeres
Less than 3 years	6	6	16	9	453	440	172	409	647	864
Between 3 and 6	13	3	55	43	693	723	185	366	946	1,135
Between 6 and 10	7	2	99	95	478	739	202	285	786	1,121
Between a 10 and 12	4	0	65	60	159	327	64	102	292	489
More than 12 years	70	20	471	410	807	1,176	442	312	1,790	1,918
Total	100	31	706	617	2,590	3,405	1,065	1,474	4,461	5,527



Disability

[CMF 5.1.5]

Metric	Executives		Supervisors		Professionals		Administrative staff		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Percentage of disabled people	1	0	4	6	34	34	28	23	67	63
Percentage of non-disabled people	1.0%	0.0%	0.6%	1.0%	1.3%	1.0%	2.6%	1.6%	1.5%	1.1%

Note: Chilean Law requires that companies have at least 1% of their staff be disabled.



Type of contract

[CMF 5.2]

Breakdown by contract	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Indefinite contract	5,119	6,058	11,177	4,785	5,677	10,462	4,397	5,348	9,745
Fixed-term contract	13	10	23	1	6	7	64	179	243
Total	5,132	6,068	11,200	4,786	5,683	10,469	4,461	5,527	9,988



Worktime type

[CMF 5.3]

Breakdown by worktime type	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	5,119	6,058	11,177	4,766	5,599	10,365	3,592	4,562	8,154
Part-time or teleworking	13	10	23	21	84	105	869	965	1,834
Total	5,132	6,068	11,200	4,787	5,683	10,470	4,461	5,527	9,988

Note: Only part-time modality was considered until 2020, not people in teleworking.

General Information

Identification of the Company

[GRI 2-1]

Banco Santander Chile was established by a formal deed dated September 7, 1977, granted by the Notary Office of Alfredo Astaburuaga Gálvez in Santiago, under the legal name Banco de Santiago, and received its permit to operate as a bank under Resolution N° 118 of the Superintendence of Banks and Financial Institutions (SBIF) on October 27, 1977.

The Bank's by-laws were approved by Resolution N° 103 of the SBIF on September 22, 1977. The by-laws excerpt and the resolution that approved them were published in the Official Gazette on September 28, 1977, and recorded on page 8,825 N° 5,017 in the 1977 Commercial Register of Santiago's Real Estate Registry.

The changes to its corporate legal name from Banco de Santiago to Banco Santiago, together with the merger with former Banco O'Higgins, the legal dissolution of the latter, and the recognition of Banco Santiago as its legal successor, all appear in Resolution N° 6 of the SBIF dated January 9, 1997, and the legal publications in the Official Gazette on January 11, 1997, which were duly notarised under N° 69 on January 13, 1997, before the Notary Office of Andrés Rubio Flores in Santiago.

On July 18, 2002, an Extraordinary Shareholders' Meeting of Banco Santiago was held. The Meeting's Minute was notarised as a formal deed on July 19, 2002, before the Notary Office of Nancy de la Fuente in Santiago. In the meeting, the merger between Banco Santander Chile and Banco Santiago was approved with the incorporation of the former into the latter. Banco Santiago acquired the assets and liabilities of Banco Santander Chile, and an agreement for the anticipated dissolution of Banco Santander Chile and the name change of Banco Santiago to Banco Santander Chile were approved. Said change was authorised by Resolution N° 79 of the SBIF on July 26, 2002, published in the Official Gazette on August 1, 2002, and recorded on page 19,992, number 16,346 of the 2002 Commercial Register of Santiago's Real Estate Registry.

Subsequently, an Extraordinary Shareholders' Meeting was held on April 24, 2007, whose Meeting's Minute was notarised to a formal deed on May 24, 2007, before the Notary Office of Nancy de la Fuente Hernández. It was modified and established that, under the Bank's by-laws and the approvals of the SBIF, the legal names Banco Santander Santiago or Santander Santiago or Banco Santander or Santander may also be used. This modification was approved by Resolution N° 61 of the SBIF on June 6, 2007. An excerpt of the minutes and the resolution were published in the Official Gazette on June 23, 2007, and registered on page 24,064 N° 17,563 of the Commercial Register of Santiago's Real Estate Registry.

In addition to the by-laws' amendments mentioned above, there have been several more amendments, with the last one being agreed upon at the Extraordinary Shareholders' Meeting held on January 9, 2017, with the Meeting's Minute notarised to a formal deed on February 14, 2017, before the Notary Office of Nancy de la Fuente Hernández. This amendment was approved by Resolution N° 17 of the SBIF on March 29, 2017. An excerpt of the amendment and the resolution were published in the Official Gazette on April 5, 2017, and were inscribed on page 27,594, N° 12,254 of the 2017 Commercial Register of Santiago's Real Estate Registry. In this last amendment, Banco Santander Chile, under its by-laws and the approvals of the SBIF, among others, reduced the number of regular Board members from 11 to 9 (maintaining two deputy directors), eliminated the possibility of using the legal names Banco Santander Santiago or Santander Santiago and determined an updated version of its social by-laws.

Santander operates in Chile. Its office headquarters can be found in Bandera 140, Santiago, Chile.

Material events

[CMF 9]

Date 08-01-2021

Reporting as a material event that on January 7 2021, an Extraordinary Shareholders' Meeting regarding the Sociedad Operadora de Tarjetas de Pago Santander Getnet Chile SA (Santander Getnet Chile Payment Card Operator Company) was held remotely, in which the following agreements were made: the shareholders' approval of the estimation and valuation of species (assets) in terms of capital monetary contribution by the shareholder Banco Santander-Chile; account on the operations in scope of Title XVI of Law 18,046 held during 2020; and other agreements of social interest and granting of powers in order to abide with and carry out the resolutions reached in this meeting

Date 10-02-2021

Reporting as a material event that on February 9, 2021, Guillermo Sabater Maroto presented his resignation for personal reasons, with Alejandro Herrera Aravena being elected in the Board's Meeting dated February 10, 2021, as a new Board member of Santander Getnet Chile Payment Card Operator Company SA. In consequence, said body is now constituted by the shareholders: Cristian Peirano Novoa, as president, Sergio Ávila Salas and Alejandro Herrera Aravena until the next Ordinary Shareholders meeting.

Date 30-03-2021

Reporting as a material event that in the Extraordinary Shareholders' Meeting dated March 30, 2021, it was agreed to summon an Ordinary Shareholders' Meeting for April 29, 2021, to submit for consideration and approval the Integrated Annual Report, the General Balance, the Financial Statements and the External Audit Report corresponding to 2020, among other matters.

Date 30-04-2021

Reporting as a material event that on April 29, an Ordinary Shareholders' Meeting was held, attached to a copy of the notice published on April 30 in the journal El Mercurio. The agreement adopted in said meeting concerning the dividend distribution of \$ 1,64751729 per share was announced, which is available to shareholders in the Bank's head office or in any of its branches in the Metropolitan Region and the rest of the country.

Date 22-06-2021

Reporting as a material event that in the Ordinary Shareholders' Meeting dated June 22 2021, the Board agreed to approve a capital increase to the financial services transactions company Transbank SA, for MCh\$ 23,532 paid through retained earnings, and for MCh\$30,000 through the issuance of assets, in proportion to their asset share in said company which corresponds to 25%, as stated by the Financial Market Commission, given it did not authorise the entity to decrease its equity interest in such company.

Date 27-08-2021

Reporting as a material event that in the Ordinary Board's Meeting dated August 24, 2021, the execution of the following operations with the parties related were approved: a purchase agreement between the entity and Santander Investment Chile Ltda in which the Bank will sell an agricultural land of 680.2 net ha, received in lieu of debt payment. The purchasing price will amount to UF 99,469, which was agreed between parties considering commercial appraisals by independent third parties.

Date 30-09-2021

In the ordinary session on September 28, the Board of Directors of Banco Santander Chile approved the following related party contracts; transfer contracts of billable services of the Santander Group to its subsidiaries. These services are given by the divisions of the corporate office in Spain, to benefit the different countries, including Banco Santander Chile.

Date 21-10-2021

Reporting as a material event that in the Ordinary Board's Meeting dated July 27, 2021, the issuance of perpetual bonds in international markets was approved, constituting additional Tier 1 capital or AT1, to be acquired by an entity of Santander Group for the amount of USD 700,000,000, as per article 55 of the General Banking Law and Chapter 21-2 of the FMC's Updated Compilation Standards UCS.

Date 25-11-2021

Reporting as a material event that in the Ordinary Board's Meeting dated November 23, 2021, the execution of the following operation with the parties related was approved: Delivery technology Contract between the entity, Santander Global Technology and Santander Back-Offices Globales Mayoristas SA; and a VRAC contract between the Bank and Aquanima Chile SA.

Shareholders and Board Committees' Comments

[CMF 10]

Santander Chile's Directors and Audit Committee

As stipulated by article 50° bis the Chilean Corporation Law N° 18,046 (LSA), the Santander Chile's Directors and Audit Committee agreed to submit for the Board's approval the following Annual Report of its management:

Committee's composition:

Per the Directors and Audit Committee By-laws, this is formed by (3) three independent directors that during 2021 were as follows: Mr Orlando Poblete Iturrate, President, Mr Rodrigo Vergara Montes, Mr Felix de Vicente Mingo.

Acting as secretary was director Mr Juan Pedro Santa María Pérez.

These are paid positions, with remuneration agreed by the Ordinary Shareholders' Meeting in its April 2021 session.

The Committee meets monthly, and accordingly, 14 meetings were held throughout 2021, 12 ordinary and 2 extraordinary in the months of June and October, respectively. These sessions usually last three hours on average and are held on a date preceding the Board meeting, to which the content of the session is reported. It must be noted that in 2021, the Committee continued to hold meetings remotely, via 'Teams', from January until December, with complete regularity and no inconvenience.

Issues covered during 2021

Audit

In their session on December 15, 2021, the Committee approved the annual Internal Audit Plan for 2021. The programme was carried out wholly and according to plan, with the Audit Director reporting progress to the Committee periodically.

In the session on November 22, 2021, the Committee positively assessed the Internal Audit Director's management, appraising the professional teams' ability he relies on, their competence and efficiency, and the budget sufficiency assigned for their functions.

In the session on March 22, 2021, the Committee recommended the firm PricewaterhouseCoopers Consultores, Auditores y Compañía Limitada for the external auditing in 2021, which had already worked as an audit firm during 2020. The Ordinary Shareholders Meeting in the April 2021 session approved the proposal, and in their July session, PwC presented to the Committee the Audit Plan for the Bank and its branches, which was carried out accordingly. The audit firm gave its opinion on the financial statements of the Bank and its branches and the state of internal control. The observations posed by the audit firm were strictly followed up and monitored by the Committee every month.

Credit rating agencies

In the session of March 22, 2021, the Committee decided to continue with Risk Classifiers Feller Rate Clasificadora de Riesgo Limitada – given the agency's ample experience and good local ratings– and ICR Chile – given its membership to international standards, its inclusion of renowned businesses and relatively low cost– for the period of 2021. This was approved in the Ordinary Shareholders Meeting in their April 2021 session.

Financial Statements and Internal Control

One of the most critical functions of the Committee is to know, analyse and state its opinion regarding the Bank's financial statements, the state of internal control and, in particular, the sufficiency of provisions. In their February session, the Consolidated Financial Statements as of December 31, 2020, were presented and approved. In the April, July and October sessions, all the background information pertaining to the interim financial statements was received, and the corresponding considerations were formulated and approved by the Committee.

Regarding the Financial Statements report, in the session of November 22, 2021, the Committee noted the main changes stemming from the implementation of the FMC's New Compendium of Financial Standards, which will be in force starting January 1, 2022. These changes are, in general, related to the presentation of the Financial Statements and the application of certain aspects of the IFRS 9 for financial instruments.

Furthermore, considering that the Bank is registered in the United States, the document titled '20-F' was issued, which presents the Bank's information for the 2020 financial year to that country's authorities.

Regarding Internal Control, in the session on February 25, the Committee received the Report on Control Environment in the Bank and Branches by 2020's end, compiled by the Non-financial Risk Management. In it, the control certifications are explained, detailing the change in methodology and its implications, among other details. It was finally determined that the Bank's internal control is adequate.

Audit Follow-up

The Committee permanently monitors the progress and timely implementation of all recommendations formulated by the various audit authorities as a result of their annual visits. In 2021 the Committee received a monthly report regarding the Audits made to the Bank by the Financial Market Commission for 2019 and 2020, which were finalised. The ones corresponding to 2021 were also reported, alongside the Bank's monthly audit report undertaken by the auditing firm PricewaterhouseCoopers Consultores Auditores SpA, all of which progressed according to plan.

Branches Reports

During 2021, the Committee learned of the year's performance of each of the Bank's subsidiaries, presented by each manager in different sessions throughout the year. The companies reporting to date are as follows: Santander Consumer Finance Limitada, Santander Corredora de Seguros Ltda, Santander SA Securitizadora, Klare Corredora de Seguros SA, Santander Asesorías Financieras Limitada and Sociedad Operadora de Tarjetas de Pago Santander Getnet Chile SA.

Concerning Santander Corredora de Bolsa Limitada, which had to present its performance in December, due to scheduling problems will be presenting regarding its management in 2021 in January 2022.

Operations with related parties

One of the roles that Law 18,046 places in the Directors Committee is to make a statement regarding the operations the Bank conducts with other companies or individuals related by property or management, in the terms defined by the Law. The goal of this analysis is for those negotiations to be carried out at market conditions, that is, that agreed-upon terms are fair.

In 2021, the Committee noted and rigorously analysed these operations and their background information, particularly those concerning contracts of technology services for the Bank. For each operation submitted, the Committee demanded a reasoned and professional explanation to back it and, in particular, objective background information regarding the fees to be paid for the service requested.

The contracts reviewed were submitted to the Bank's Board for approval in the cases deemed fit. To this effect, the Committee's Chairman formally recorded in each of the Board sessions the Committee's presentation of the corresponding contracts for their final approval.

Compliance

In the session of February 25, 2021, the Committee learnt from the Volcker Programme that the Bank had undertaken during 2020, along with the regulations that demand an Attestation from the Chief Executive Officer to certify the Bank has an Effective Compliance Programme, ensuring that permitted trading activities are undertaken per the Volcker rules. In the 2021 financial year, the Committee received monthly reports compiling all matters derived from the Volcker Rule regulatory framework in force. Likewise, it learned and was informed by Compliance Management of the regulatory reports and conflicts of interest.



Claims Box

The Committee has made available for employees of the Bank and its branches as well as suppliers a confidential communication system, managed by an external provider and international leader in this area, through which they can directly address the Committee to inform irregular, conflicting or potentially dangerous situations. Thus, the Compliance area monthly reports to the Committee the submitted claims, the cases' evolution and their results.

Remuneration System and Compensation Plan for Executives

In the session on August 23, 2021, the Human Resources Management informed the Committee about different aspects concerning the remuneration of the Bank's executives and actions taken regarding the Remuneration Policy for 2021, particularly concerning goals desired, types of compensation etc. It also presented the Committee with a wage report showing the wage distribution, fixed income vs market and total remunerations vs market.

Legal Proceedings that may affect the Bank

The Committee is informed quarterly about the status of legal processes affecting the Bank in the months of March, June, September, and December. The Legal Defence area of the Bank's Prosecutor's Office details those issues that may be riskier for the Bank and the eventual provisions that should be made to face an adverse outcome.

Regulatory Archives Committee Report/ Limits on related party transactions / Data Governance

The Committee is informed quarterly about the limits on related party transactions and the Regulation Reports sent to the Financial Market Commission concerning both the Bank and its branches. Furthermore, for the first time, it has been informed of the management conducted in strategic decision-making based on data analysis (Data Governance), which allows linking the data management with the Bank's businesses.

Subsidiaries

[CMF 6.5.1, 6.5.2]

→ Legal name of the company	Santander Asesorías Financieras Limitada
Address	Bandera 140, floor 6, Santiago
Corporate purpose	The Company's purpose will be to lend consultancy services in financial matters in any of the following activities: i) pursuit of alternative sources of funding; ii) restructuring liabilities; iii) the business of acquiring, selling or merging companies; iv) bond issuance and placement; v) placement of funds in the capital market (capital investments); vi) credit or market risk analysis; vii) assessment of new businesses; viii) knowledge in banking matters; ix) any other activity directly linked to financial assessments.
General data	Subsidiary
Equity MUSD	62,082
Income (Loss) MUSD	2,514
Direct and Indirect participation %	99.03 % (Direct)
General Manager	Javier Fernandez Saavedra (Legal Representative)
Board President	Does not apply
Directors	Does not apply

→ Legal name of the company	Santander Corredores de Bolsa Limitada
Address	Isidora Goyenechea 2800, floor 40, Las Condes
Corporate purpose	The Company will have the sole purpose of conducting securities brokerage operations on its own behalf or as an agent/ third party in the capacity of a stockbroker, executing all types of activities related to stock brokerage under the present legal and regulatory provisions or those dictated in the future, as well as conducting all complementary activities that the Superintendencia de Valores y Seguros (Securities and Insurance Commission) authorises or has already authorised for stockbrokers.
General data	Subsidiary
Equity MUSD	54,825
Income (Loss) MUSD	1,699
Direct and Indirect participation %	50.59 % (Direct) 0.41 % (Indirect)
General Manager	Axel Timmermann Fabres
Board President	Does not apply
Directors	Does not apply

→ Legal name of the company	Santander S.A. Sociedad Securitizadora
Address	Bandera 140, floor 14, Santiago
Corporate purpose	The Company's purpose exclusively consists of holding and executing all deeds and contracts that securitising companies can conduct under the applicable regulations.
General data	Subsidiary
Equity MUSD	406
Income (Loss) MUSD	-127
Direct and Indirect participation %	99.64 % (Direct)
General Manager	Cristián Eguiluz Aravena
Board President	Patricia Pérez Pallacan
Directors	Felipe Sotomayor Rojo Sergio Ávila Salas Jorge Valencia de la Cerda Osvaldo Álvarez Castillo

→ Legal name of the company	Santander Corredora de Seguros Limitada
Address	Bombero Ossa 1068, floor 6, Santiago
Corporate purpose	The Company has the primary purpose of being a remunerated intermediary in the contracted provision of all types of insurance.
General data	Subsidiary
Equity MUSD	83,213
Income (Loss) MUSD	2,311
Direct and Indirect participation %	99.75 % (Direct)
General Manager	Francisco Bedos Rodríguez
Board President	Does not apply
Directors	Does not apply

→ Legal name of the company	Santander Consumer Finance Limitada
Address	Moneda 1025, floor 7, Santiago
Corporate purpose	The Company will have the sole purpose of conducting secured and unsecured loans per stipulations of article sixty-nine number three of the General Banking Law.
General data	Subsidiary
Equity MUSD	93,338
Income (Loss) MUSD	22,431
Direct and Indirect participation %	51 % (Direct)
General Manager	Jose Joaquin Zapata Fernandez (Legal Representative)
Board President	Does not apply
Directors	Does not apply

Subsidiaries

→ Legal name of the company	Klare Corredora de Seguros S.A.
Address	Nueva Costanera 4040, floor 2, Vitacura
Corporate purpose	The Company's purpose is – whether acting on its own behalf or on others within the Republic of Chile's territory – that of brokering contracts of all types of insurances, including but not exclusive to general, life, guarantee and credit insurance; as well as the brokering of insurance-related services such as different types of assistance; and conducting advisory services, hazard mapping, consultancy, and the delivery of all types of services related to insurance provision. For this effect, the Company can execute all kinds of necessary deeds or contracts to fulfil its purpose, the development of its business, or the investment of its available funds.
General data	Subsidiary
Equity MUSD	3,828
Income (Loss) MUSD	-2,979
Direct and Indirect participation %	50.10 % (Direct)
General Manager	Nelson Alfredo Segura Muñoz
Board President	Ricardo Bartel Jeffery
Directors	Marcos Thomas Ávila Rodrigo Díaz Sergio Bórquez Olivari Alfredo Fernández Vega

→ Legal name of the company	Sociedad Operadora de Tarjetas de Pago Santander Getnet Chile S.A.
Address	Bandera 150, floor 8, Santiago
Corporate purpose	The Company's purpose is the operation of credit cards, debit cards and prepaid cards with funds provision, per the regulations of the Central Bank of Chile and the Financial Market Commission; and the conducting of all complementary activities and operations currently authorised or that will be authorised in the future by the Financial Market Commission and the Central Bank of Chile or the entity or public service that replaces or succeeds them.
General data	Subsidiary
Equity MUSD	13,134
Income (Loss) MUSD	-9,091
Direct and Indirect participation %	99.99 % (Direct) 0.01 % (Indirect)
General Manager	Carlos Rocca Vidal
Board President	Cristian Peirano Novoa
Directors	Sergio Ávila Salas Alejandro Herrera Aravena

→ Legal name of the company	Teatinos Siglo XXI Inversiones S.A.
Address	Bandera 140, floor 20, Santiago
Corporate purpose	Investing shares and rights in any type of company in Chile or abroad, alongside purchasing, selling, acquiring or disposing of shares or rights – from companies of any nature– of movable and immovable, corporeal or incorporeal property; the purchasing, selling, representation, administration, modification and exploitation of rights, capital contributions, shares and all types of transferable securities with any kind of company; and to conduct any commercial or industrial activity on its own behalf or that of third parties, and in general, execute all deeds and contracts deemed necessary or convenient to achieve said goals.
General data	Shareholder
Equity MUSD	1,908,479
Income (Loss) MUSD	312,609
Direct and Indirect participation %	Belongs to the Group
General Manager	Robert Moreno Heimlich
Board President	Miguel Mata Huerta
Directors	Emiliano Muratore Luis Araya Martínez Guillermo Sabater Maroto Cristián Florence Kauer

→ Legal name of the company	Santander Chile Holding S.A.
Address	Bandera 140, floor 20, Santiago
Corporate purpose	To conduct income investments in all types of goods, whether movable or immovable, corporeal or incorporeal; particularly shares, bonds and debentures; to manage such investments, and constitute or take part in companies of any nature.
General data	Shareholder
Equity MUSD	1,926,630
Income (Loss) MUSD	349,373
Direct and Indirect participation %	Belongs to the Group
General Manager	Guillermo Sabater Maroto
Board President	Claudio Melandri
Directors	Robert Moreno Heimlich Cristián Florence Kauer Luis Araya Martínez Miguel Mata Huerta Emiliano Muratore Sergio Ávila Salas

Subsidiaries

→ Legal name of the company	Bansa Santander S.A.
Address	Bandera 140, floor 20, Santiago
Corporate purpose	a) To buy, sell, trade, constitute, exploit and manage real estate, – whether on the Company's own behalf or that of third parties– by plotting land or planning land subdivisions b) exploiting of any titles, acquiring, disposing, renting, granting or receiving the right to use and enjoy property, receiving or leasing of any nature – whether on its own behalf or that of third parties – of all types of property whether movable or immovable, national or foreign, corporeal or incorporeal, including rights and all kinds of titles or securities, be them transferable or non-transferable c) purchasing, granting, factoring, safekeeping and collecting any types of credits, medical bonds, cheques, bills of exchange, invoices, debt securities, trade documents or bills in general – whether on the Company's own behalf or that of third parties d) to deliver administration and consultancy services in general, and brokerage of movable or immovable property e) to become a member, take interest in or form companies, communities or associations, whether they be national or foreign individuals or legal entities; and to form companies or associations with national or foreign individuals or legal entities, that are conducive to achieve the Company's purpose and f) in general, the Company can conduct all deeds and execute all contracts deemed necessary or conducive to achieve the Company's purpose previously indicated.
General data	Related Company
Equity MUSD	24,588
Income (Loss) MUSD	1,283
Direct and Indirect participation %	Belongs to the Group
General Manager	Sergio Ávila Salas
Board President	Rafael Barbudo Sepúlveda
Directors	Francisco Bedos Rodríguez Sergio Ávila Salas

→ Legal name of the company	Santander Inversiones S.A.
Address	Bandera 140, floor 20, Santiago
Corporate purpose	The development and exploitation of commerce, as well as any other activities directly or indirectly related to the ownership, purchase, sale, renting, administration and other legal acts concerning any type of movable, immovable, corporeal or incorporeal property, real estate and private equity investment. To fulfil this purpose, the Company can purchase and dispose of any title and give or take in lease or display any other form of ownership of all types of immovable, movable, corporeal or incorporeal property, including shares, bonds and bills of exchange in general; to invest in all kinds of derivatives and futures contract, instruments, transferable securities and movable capital; to receive and give loans, both in national and foreign currency; to encumber with mortgage or pledges of any kind its property, to execute any sort of contracts with companies of any nature, and to access said contracts' modifications or changes and their appointments of trustees.
General data	Related company
Equity MUSD	1,924,871
Income (Loss) MUSD	333,889
Direct and Indirect participation %	Belongs to the Group
General Manager	Robert Moreno Heimlich
Board President	Cristián Florence Kauer
Directors	Emiliano Muratore Robert Moreno Heimlich

→ Legal name of the company	Afisa S.A.
Address	Bandera 140, floor 14, Santiago
Corporate purpose	The Company's purpose is the management of investment funds as established per Law 18.815 and its regulations and Law 18,657, as well as managing any other type of fund that the current or future legislation authorises.
General data	Related company
Equity MUSD	4,114
Income (Loss) MUSD	-95
Direct and Indirect participation %	Belongs to the Group
General Manager	Danilo Castañeda Caicedo
Board President	Felipe Sotomayor Rojo
Directors	Harken Jensen Rojas Danilo Castañeda Caicedo Vacante Vacante

Subsidiaries

→ Legal name of the company	Santander Investment Chile Limitada
Address	Bandera 140, floor 14, Santiago
Corporate purpose	<p>a) To conduct advisory on the following issues: one) in the search and analysis of different funding alternatives; two) in the assessment and preparation of projects – through either its own personnel or outsourcing services – to clients who require obtaining foreign credits from suppliers, government agencies or others, or obtaining medium-term funding from government bodies; three) the negotiation, rescheduling and restructuring of liabilities; four) the sale and merger of companies or shares; five) finding local or foreign investors and/or partners for national companies; six) help companies relying on bank lending to obtain – directly in the capital market, in foreign investments per decreed law 600, chapter XIV of the Central Bank's Compendium of International Exchange Rules and other transactions of the mentioned bank – Chilean investors that require to invest abroad or in the country per chapter XVIII of the mentioned compendium.</p> <p>b) to participate in a project data bank with the aim to quickly guide potential investors and detect, at every moment, business opportunities.</p> <p>c) to conduct purchases, sales, investment and marketing of all types of movable incorporeal properties, such as shares, bonds, debentures, other transferable securities, and any other type of securities; to purchase, sell, invest or market all kinds of corporeal movable and immovable property.</p> <p>d) to constitute and form part of companies of any nature, particularly to constitute and form part of investment management companies, pension fund management companies, and in general, any other type of company that manages third-party funds.</p>
General data	Related company
Equity MUSD	540,630
Income (Loss) MUSD	6,574
Direct and Indirect participation %	Belongs to the Group
General Manager	Danilo Castañeda Caicedo
Board President	Does not apply
Directors	Does not apply

→ Legal name of the company	Aquánima Chile S.A.
Address	Alcántara 200, office301, Las Condes
Corporate purpose	The development, management, marketing, service delivery and exploitation of all kinds of advisory activities, training, consultancy, and technical or professional assistance in areas concerning the internet, e-commerce, communications, and in general, any other area related to communication technology, computer science, technology or information.
General data	Related company
Equity MUSD	3,459
Income (Loss) MUSD	850
Direct and Indirect participation %	Belongs to the Group
General Manager	Marcelo Magri
Board President	Jorge De La Vega
Directors	Marcelo Magri Sergio Ávila Salas

→ Legal name of the company	Santander Factoring S.A.
Address	Bombero Ossa 1068, floor 6, Santiago
Corporate purpose	<p>a) Invest and/or purchase and sell – on its own behalf or that of third parties – all types of corporeal and incorporeal property, rights and all kinds of titles or securities, whether they are transferable or not; b) deliver management and advisory services in general and commercial intermediation of movable corporeal goods; c) rent all kinds of goods – whether owned or from third parties – with or without call option for the tenant and being able to conduct all kinds of leasing contract to such effect, of any nature they may be;</p> <p>d) to form companies or associations of all kinds with national or foreign individuals and legal entities that are conducive.</p>
General data	Related company
Equity MUSD	41,689
Income (Loss) MUSD	-52
Direct and Indirect participation %	Belongs to the Group
General Manager	Francisco Helo Juan-Oliver
Board President	Luis Araya Martínez
Directors	Cristian Peirano Novoa Emiliano Muratore Cristián Florence Kauer Sergio Ávila Salas

Subsidiaries

→ Legal name of the company	Universia Chile S.A.
Address	Bandera 150, floor 9, Santiago
Corporate purpose	a) The comprehensive delivery of services for Universities and individuals, with the aim to provide them with all data, communication, telecommunication media, Internet services, information highway, e-commerce, virtual services and any virtual transaction and media necessary for the adequate development of all of this, from administration to management, provision of physical means, production processes and electronic or virtual storage; b) the intervention of electronic or online procurement as an authorised certifier; c) the brokerage, marketing, distribution and consultancy in this area of any type of products and services oriented at universities and individuals through physical or virtual means or electronic information; d) the brokerage and mediation of any activity concerning distribution, import and storage in the area of computing, electronic, internet or virtual worlds, any information highway in any of its established or future variants, as well as services concerning publicity, promotion, sales and distribution in any electronic, information or virtual medium; e) the indicated activities can also be developed totally or partially, directly or indirectly by the Company, through its participation in another company or other companies with a similar purpose.
General data	Related company
Equity MUSD	524
Income (Loss) MUSD	28
Direct and Indirect participation %	Belongs to the Group
General Manager	Natalia Moncada Luzio
Board President	Claudio Melandri Hinojosa
Directors	José Manuel Manzano Tagle Lucía Santa Cruz Sutil Cristián Lopicich Villouta Javier Roglá Puig Matias Rodríguez de Inciarte Claudio Elórtegui Raffo Eduardo Hebel Weiss Ennio Vivaldi Véjar Ignacio Sánchez Díaz Miguel Mata Huerta Juan Manuel Zolezzi Cid Darcy Fuenzalida O'Shee Rodrigo Alda Varas Federico Valdés Lafontaine José Antonio Guzmán Cruzat Alvaro Rojas Marín

→ Legal name of the company	Santander Gestión de Recaudación y Cobranza Limitada
Address	Bandera 150 floor 10, Santiago
Corporate purpose	Management and collection of all types of loans being able to conduct all deeds and contracts to such effect that are conducive to fulfilling this purpose.
General data	Related company
Equity MUSD	5,641
Income (Loss) MUSD	163
Direct and Indirect participation %	Belongs to the Group
General Manager	Cristián Hermosilla Bobadilla
Board President	Does not apply
Directors	Does not apply

→ Legal name of the company	Gesban Santander Servicios Profesionales Contables Limitada
Address	Bombero Ossa 1068, floor 9, Santiago
Corporate purpose	To deliver services and execute exclusively for other companies of the 'holding' to which the Company belongs, that is, Grupo Empresarial Santander, intending to satisfy the operational needs of said 'holding' or Grupo Empresarial, the following professional activities with the prohibition of offering services to other companies not belonging to the 'holding' or Grupo Empresarial explicitly established: a) management and accounting services b) conduction of studies and deliver services of consultancy, advisory and training in economic, financial, marketing, organisational and management matters.
General data	Related
Equity MUSD	585
Income (Loss) MUSD	-155
Direct and Indirect participation %	Belongs to the Group
General Manager	Jonathan Covarrubias Hernández
Board President	Does not apply
Directors	Does not apply

Subsidiaries

→ Legal name of the company	Santander Asset Management Chile S.A.
Address	Bandera 140, floor 20, Santiago
Corporate purpose	Purpose: a) to conduct sales and investment of all types of incorporeal goods, such as shares, bonds, debentures and other transferable securities; b) the advisory, investigation, analysis, assessment and study of markets, as well as the delivery of engineering services and structuring of financial products for national and foreign investors; c) the management of national or foreign portfolios, even in the capacity of a mutual funds investment agent; d) the representation of foreign entities and/or funds in all items or activities of the mentioned above before Chilean institutional investors, and the representation of Chilean institutional investors before fund managers or foreign entities; e) the purchasing, selling, investment and marketing of all kinds of corporeal movable and immovable property; f) to participate and constitute companies and funds of any kind.
General data	Related company
Equity MUSD	-6,235
Income (Loss) MUSD	-158
Direct and Indirect participation %	Belongs to the Group
General Manager	Sergio Ávila Salas
Board President	Ricardo Bartel Jeffery
Directors	Rafael Barbudo Sepúlveda Sergio Ávila Salas

→ Legal name of the company	Santander Asset Management S.A. AGF
Address	Bandera 140, floor 3, Santiago
Corporate purpose	The management of resources on behalf of third parties under law 20,712. Additionally, it can develop all activities complementing this capacity that the Superintendencia de Valores y Seguros (Superintendence of Securities and Insurance) authorises.
General data	Related company
Equity MUSD	16,120
Income (Loss) MUSD	10,076
Direct and Indirect participation %	Belongs to the Group
General Manager	Sergio Ulises Soto González
Board President	José Manuel Manzano Tagle
Directors	Oscar Von Chrismar Carvajal María Eugenia de la Fuente Núñez Jorge Valencia de la Cerda Luis Antonio García-Izquierdo Ruiz

→ Legal name of the company	Multipluca SpA.
Address	Bandera 140, floor 7, Santiago
Corporate purpose	The Company will have the purpose of developing incentive programmes to promote the purchase and intermediation of goods and services through the use of card payments on entities affiliated with such programmes; the purchase of Millas LatamPass for their marketing, sale and intermediation to the referred affiliated entities; and the purchase, sale and intermediation in the retail market, on its own behalf or that of third parties, of all kinds of movable goods and services.
General data	Related company
Equity MUSD	4,864
Income (Loss) MUSD	-155
Direct and Indirect participation %	Belongs to the Group
General Manager	Marcos Thomas Ávila
Board President	Does not apply
Directors	Does not apply

→ Legal name of the company	Redbanc S.A.
Address	Huérfanos 770, floor 12, Santiago
Corporate purpose	Financial Services Company
General data	Company lending financial services
Equity MUSD	11,627
Income (Loss) MUSD	1,654
Direct and Indirect participation %	33.43 % (Direct)
General Manager	Ignacio De La Cuadra Garretón
Board President	Jorge Díaz Vial
Directors	Víctor Osvaldo Toledo Sandoval Vesna Mandakovic Erwin Otto Gustav Hahn Huber Julio Guzman Herrera Fernando Saenz Castro Matías Braun Llona Pedro Enrique Robles Echeverría Joaquín Contardo Silva

Subsidiaries

→ Legal name of the company	Centro de Compensación Automatizado S.A.
Address	Miraflores 222, floor 12, Santiago
Corporate purpose	Financial Services Company
General data	Company lending financial services
Equity MUSD	12,555
Income (Loss) MUSD	3,076
Direct and Indirect participation %	33.33 % (Direct)
General Manager	Américo Becerra Morales
Board President	José Manuel Mena Valencia
Directors	Oscar von Chrismar José Luis De La Rosa Muñoz

→ Legal name of the company	Sociedad Interbancaria de Depósitos de Valores S.A.
Address	Nueva Costanera 4091, floor 4, Vitacura
Corporate purpose	Financial Services Company
General data	Company lending financial services
Equity MUSD	7,393
Income (Loss) MUSD	1,375
Direct and Indirect participation %	29.29 % (Direct)
General Manager	Luis Opazo
Board President	Arturo Concha Ureta
Directors	Luis Opazo Fred Meller Sunkel

→ Legal name of the company	Transbank S.A.
Address	Huérfanos 770, floor 10, Santiago
Corporate purpose	Financial Services Company
General data	Company lending financial services
Equity MUSD	99,656
Income (Loss) MUSD	-14,257
Direct and Indirect participation %	25 % (Direct)
General Manager	Patricio Santelices Abarzúa
Board President	Guillermo Antúnez Sierra
Directors	Juan Enrique Vilajuana Rigau José Luis de La Rosa Muñoz Erick Riveros Barra Fernando Cañas Berkowit Alejandro Leay Cabrera Ricardo Fry Vanni Víctor Hugo Orellana Ángel Alvaro Juan Allende Edwards Gonzalo Alberto Campero Peters

→ Legal name of the company	Administrador Financiero de Transantiago S.A.
Address	Miraflores 383, floor 19, Santiago
Corporate purpose	Financial Services Company
General data	Company lending financial services
Equity MUSD	22,421
Income (Loss) MUSD	2,253
Direct and Indirect participation %	20 % (Direct)
General Manager	Armando Espinoza
Board President	Jorge Díaz Vial
Directors	Mario Gómez Dubravcic Rosa Ackermann O'Reilly Alejandro Herrera Aravena Mauricio Chandía Díaz

Subsidiaries

→ Legal name of the company	Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A.
Address	Cerro Colorado 5240, Torre II, 8A, Las Condes
Corporate purpose	Financial Services Company
General data	Company lending financial services
Equity MUSD	7,768
Income (Loss) MUSD	458
Direct and Indirect participation %	14.99 % (Direct)
General Manager	Rodrigo Osorio Petit
Board President	Arturo Concha Ureta
Directors	Andrés Sanfuentes Vergara José Isla Valle Alejandro Alarcón Pérez René Lehuédé Fuenzalida Renato Peñafiel Muñoz Carlos Budnevich Le-Fort Mauricio Bonavía Figueroa Felipe Montt Fuenzalida

→ Legal name of the company	Servicios de Infraestructura de Mercado OTC S.A
Address	Cerro Colorado 5240, Torre II, 8A, Las Condes
Corporate purpose	Financial Services Company
General data	Company lending financial services
Equity MUSD	14,767
Income (Loss) MUSD	435
Direct and Indirect participation %	12.48 % (Direct)
General Manager	Felipe Ledermann
Board President	Arturo Concha Ureta
Directors	Andrés Sanfuentes Vergara Alejandro Alarcón Pérez Mauricio Bonavía Figueroa Renato Peñafiel Muñoz Felipe Montt Fuenzalida José Isla Valle René Lehuédé Fuenzalida Carlos Budnevich Le-Fort

→ Legal name of the company	Comder Contraparte Central S.A.
Address	
Corporate purpose	Financial Services Company
General data	Company lending financial services
Equity MUSD	13,187
Income (Loss) MUSD	1,228
Direct and Indirect participation %	12.48 % (Indirect)
General Manager	Felipe Ledermann
Board President	Arturo Concha Ureta
Directors	Andrés Sanfuentes Vergara Alejandro Alarcón Pérez Mauricio Bonavía Figueroa Renato Peñafiel Muñoz Felipe Montt Fuenzalida José Isla Valle René Lehuédé Fuenzalida Carlos Budnevich Le-Fort

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FMC

[CMF 1]

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GRI

[GRI 1, 2-2, 2-3, 3-4, 2-5]

Santander Chile presents its seventh integrated report, which includes information on all its branches in Chile and delivers the institution's economic, governance, social and environmental performance for the period from January 1 to December 31, 2021. This document was published on April 8, 2021.

This report has been prepared under the guidelines and recommendations of the International Integrated Reporting Council (IIRC), using the Sustainability Accounting Standards Board (SASB), Industry Standards Version 2018, and in compliance with the core option of the Global Reporting Initiative (GRI) Standards, as updated to 2021. Furthermore, the report is published following the provisions of General Rule 30 of the Financial Market Commission (FMC). It has integrated a large part of General Rule 461, which will be effective in 2023.

The report has undergone the external verification process by the consultancy firm EY. Any restatement of information has been explicitly stated within the document.

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Topic	Code	Metric	Page
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	FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	172
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TEMA	Código	Indicador	Página
Business Ethics	FN-CB-510a.1 FN-IB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	69, 70
	FN-CB-510a.2 FN-IB-510a.2	Description of whistle-blower policies and procedures	69, 70
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Employee Incentives & Risk Taking	FN-IB-550b.1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	215
	FN-IB-550b.2	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	215
Lending Practices	FN-MF-270a.1	(1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660	215
	FN-MF-270a.2	(1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or deeds in lieu of foreclosure by FICO scores above and below 660	215
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Limited Assurance Statement of Santander Chile 2021 Integrated Memory (free translation from the original in Independent Spanish)

To the President and Directors of Santander Chile

Scope

We performed an independent, limited assurance review of the information and data presented in Santander Chile 2021 Integrated Memory.

The preparation of the Integrated Memory is responsibility of the Management of Santander Chile. The Management of Santander Chile is also responsible for the data and affirmations included in the Integrated Memory, definition of the scope and management and control of the information systems that have provided the reported information.

Standards and limited assurance procedures

Our review was performed in accordance with the International Standard on Assurance Engagements ISAE 3000, established by the International Auditing and Assurance Board of the International Federation of Accountants; the guidelines for the preparation of sustainability reports under the Global Reporting Initiative (GRI); and the Sustainability Accounting Standards Board (SASB).

We conducted our limited assurance procedures to:

- ▶ Determine whether the information and data presented in the Santander Chile 2021 Integrated Memory are duly supported by evidence.
- ▶ Verify the traceability of the information disclosed by Santander Chile in its 2021 Integrated Memory.
- ▶ Determine whether Santander Chile has prepared its 2021 Integrated Memory in accordance with the Content and Quality Principles of the GRI Standards.
- ▶ Confirm Santander Chile self-declared "Core" option of the GRI Standards has been applied to the 2021 Integrated Memory.

Work performed

Our limited assurance procedures included enquiries to the Management of Santander Chile involved in the development of the 2021 Integrated Memory, in addition to other analytical procedures and sampling methods as described below:

- ▶ Interviews with key Santander Chile personnel, to assess the 2021 Integrated Memory preparation process, the definition of its content and its underlying information systems.
- ▶ Review of supporting documentation provided by Santander Chile.
- ▶ Review of formulas and calculations by way of recalculation.
- ▶ Review of the 2021 Integrated Memory to ensure its phrasing and format does not mislead the reader regarding the information reported.

The limited assurance over the Santander Chile 2021 Integrated Memory was carried out based on the specific review of eleven material topics defined by Santander Chile, which are related to the indicators outlined on the next page.

Our responsibility

Our responsibility is limited to the procedures and indicators outlined on the next page, corresponding to a limited assurance which is the basis for our Conclusions. By default, we do not apply reasonable verification procedures, the objective of which is to express an external verification opinion on the 2021 Integrated Memory of Santander Chile. Consequently, we do not express an opinion.

Conclusions

Subject to our limitations of scope noted above and based on our procedures for this limited assurance of Santander Chile 2021 Integrated Memory, we conclude that nothing has come to our attention that would cause us to believe that:

- ▶ The information and data disclosed in Santander Chile 2021 Integrated Memory are not presented fairly.
- ▶ Santander Chile 2021 Integrated Memory has not been prepared in accordance with the GRI and SASB Standards for the preparation of sustainability reports.
- ▶ The Santander Chile self-declared option does not meet the GRI Standards requirements for the Core option.

Improvement recommendations

Without affecting our conclusions as set out above, we have detected some improvement opportunities to the Santander Chile 2021 Integrated Memory preparation process which are detailed in a recommendations report presented to Santander Chile Administration.

Truly yours,

EY Assurance SpA



Elanne Almeida, Partner

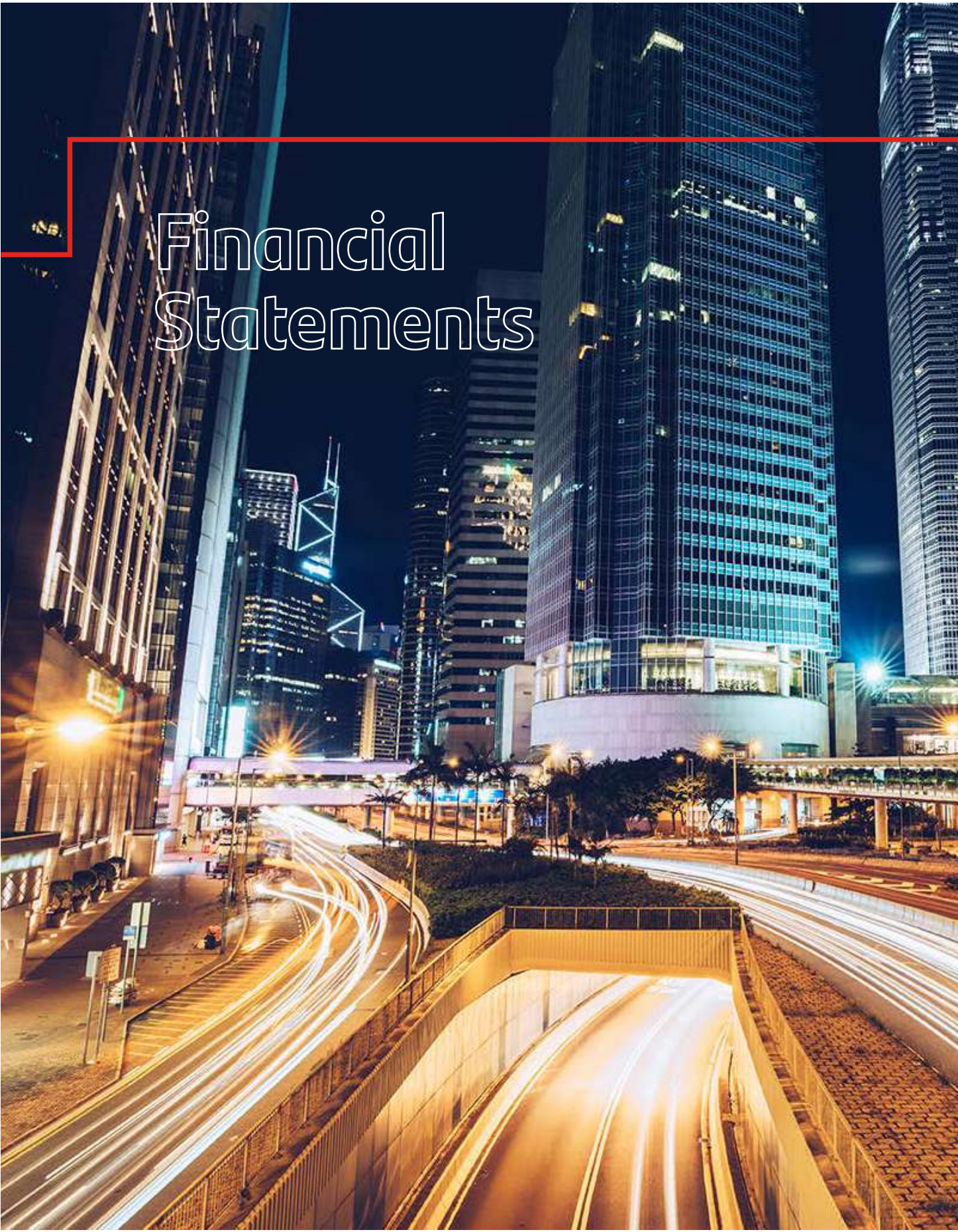
April 6th, 2022
I-00164/22

RGS/lgc

STANDARD	REFERENCE	NAME INDICATOR
GRI	Disclosure 1	Publish a GRI content index
GRI	Disclosure 2-1	Organizational details
GRI	Disclosure 2-2	Entities included in the organization's sustainability reporting
GRI	Disclosure 2-3	Reporting period, frequency and contact point
GRI	Disclosure 2-4	Restatements of information
GRI	Disclosure 2-5	External assurance
GRI	Disclosure 2-6	Activities, value chain and other business relationships
GRI	Disclosure 2-7	Employees
GRI	Disclosure 2-8	Workers who are not employees
GRI	Disclosure 2-9	Governance structure and composition
GRI	Disclosure 2-10	Nomination and selection of the highest governance body
GRI	Disclosure 2-11	Chair of the highest governance body
GRI	Disclosure 2-12	Role of the highest governance body in overseeing the management of impacts
GRI	Disclosure 2-13	Delegation of responsibility for managing impacts
GRI	Disclosure 2-14	Role of the highest governance body in sustainability reporting
GRI	Disclosure 2-15	Conflicts of interest
GRI	Disclosure 2-16	Communication of critical concerns
GRI	Disclosure 2-17	Collective knowledge of the highest governance body
GRI	Disclosure 2-18	Evaluation of the performance of the highest governance body
GRI	Disclosure 2-19	Remuneration policies
GRI	Disclosure 2-20	Process to determine remuneration
GRI	Disclosure 2-22	Statement on sustainable development strategy
GRI	Disclosure 2-23	Policy commitments
GRI	Disclosure 2-24	Embedding policy commitments
GRI	Disclosure 2-26	Mechanisms for seeking advice and raising concerns
GRI	Disclosure 2-27	Compliance with laws and regulations
GRI	Disclosure 2-28	Membership associations
GRI	Disclosure 2-29	Approach to stakeholder engagement
GRI	Disclosure 3-1	Process to determine material topics
GRI	Disclosure 3-2	List of material topics
GRI	Disclosure 3-3	Management of material topics
GRI	201-1	Direct economic value generated and distributed
GRI	202-1	Ratio of the standard entry-level wage by gender versus the local minimum wage
GRI	204-1	Proportion of spending on local suppliers
GRI	205-1	Operations assessed for risks related to corruption
GRI	205-2	Communication and training on anti-corruption policies and procedures
GRI	205-3	Confirmed cases of corruption and measures taken
GRI	206-1	Legal actions related to unfair competition and monopolistic practices and against free competition
GRI	207-1	Tax approach
GRI	207-2	Fiscal governance, control and risk management
GRI	302-1	Energy consumption within the organization
GRI	302-3	Energy intensity
GRI	302-4	Reduction of energy consumption
GRI	303-1	Interaction with water as a shared resource
GRI	303-2	Management of impacts related to water discharges
GRI	303-3	Water extraction
GRI	303-4	Water spill
GRI	303-5	Water consumption
GRI	305-1	Direct GHG emissions (scope 1)
GRI	305-2	Indirect GHG emissions when generating energy (scope 2)
GRI	305-3	Other indirect GHG emissions (scope 3)
GRI	305-4	GHG emissions intensity
GRI	306-1	Waste generation and significant impacts related to waste
GRI	306-2	Management of significant impacts related to waste
GRI	306-3	Waste generated
GRI	306-4	Waste not destined for disposal
GRI	306-5	Waste destined for disposal
GRI	401-1	New employee hires and staff turnover
GRI	401-2	Benefits for full-time employees that are not given to temporary or part-time employees
GRI	401-3	Parental leave
GRI	403-1	Occupational health and safety management system
GRI	403-2	Hazard identification, risk assessment and incident investigation
GRI	403-3	Occupational health services
GRI	403-6	Promotion of the health of workers
GRI	403-8	Coverage of the occupational health and safety management system
GRI	403-9	Work accident injuries
GRI	403-10	Occupational ailments and diseases
GRI	404-1	Average hours of training per year per employee
GRI	404-3	Percentage of employees receiving regular performance and career development reviews
GRI	405-1	Diversity in government bodies and employees
GRI	406-1	Cases of discrimination and corrective actions taken
GRI	415-1	Contributions to political parties and/or representatives
GRI	418-1	Fundamental claims relating to breaches of customer privacy and loss of customer data
SASB	FN-CB-230a.1	Data security
SASB	FN-CB-230a.2	Data security
SASB	FN-CB-240a.4	Generation of inclusion and financial capacity
SASB	FN-CB-410a.2	Incorporation of environmental, social and management factors in the credit analysis
SASB	FN-CB-510a.1	Business ethics
SASB	FN-CB-510a.2	Business ethics
SASB	FN-CB-000.A	Activity Parameters
SASB	FN-CB-000.B	Activity Parameters
SASB	FN-CF-220a.1	Customer privacy
SASB	FN-CF-220a.2	Customer privacy
SASB	FN-CF-230a.1	Data security
SASB	FN-CF-230a.2	Data security
SASB	FN-CF-230a.3	Data security
SASB	FN-CF-000.A	ACTIVITY PARAMETER
SASB	FN-CF-000.B	ACTIVITY PARAMETER



STANDARD	REFERENCE	NAME INDICATOR
SASB	FN-IB-410a.1	Incorporation of environmental, social and corporate management factors in investment banking and brokerage activities
SASB	FN-IB-410a.2	Incorporation of environmental, social and corporate management factors in investment banking and brokerage activities
SASB	FN-IB-410a.3	Incorporation of environmental, social and corporate management factors in investment banking and brokerage activities
SASB	FN-IB-510a.1	Business ethics
SASB	FN-IB-510a.2	Business ethics
SASB	FN-IB-550b.1	Employee incentives and risk taking
SASB	FN-IB-550b.2	Employee incentives and risk taking
SASB	FN-IB-330a.1	Diversity and inclusion among employees
SASB	FN-IB-000.B	ACTIVITY PARAMETER
SASB	FN-MF-000.A	ACTIVITY PARAMETER
SASB	FN-MF-000.B	ACTIVITY PARAMETER



Financial Statements



CONSOLIDATED FINANCIAL STATEMENTS 2021

For the years ended December 31, 2021 and 2020





INDEPENDENT AUDITOR'S REPORT
(A free translation from the original in Spanish)

Santiago, February 25, 2022

To the Shareholders and Directors
Banco Santander Chile

We have audited the accompanying consolidated financial statements of Banco Santander Chile and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of income, other comprehensive income, changes in equity and cash flows for the years then ended, and the related notes thereto.

Management's Responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards and instructions issued by the Commission for the Financial Market. This responsibility includes designing, implementing and maintaining internal control relevant for the preparation and fair presentation of consolidated financial statements that are free from 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 conduct our audits in accordance with Chilean generally accepted auditing standards. 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 on the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 for the preparation and fair presentation of the consolidated financial statements of the entity 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 do not express such kind of opinion. An audit also includes evaluating the 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 opinion.



Santiago, February 25, 2022
Banco Santander Chile
2

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco Santander Chile and its subsidiaries as of December 31, 2021 and 2020, and the results of its operations, and its cash flows for the years then ended, in conformity with accounting standards and instructions issued by the Commission for the Financial Market.

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Banco Santander-Chile and Subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	As of December 31,	
		2021	2020
		MCh\$	MCh\$
ASSETS			
Cash and deposits in banks	5	2,881,558	2,803,288
Cash items in process of collection	5	390,271	452,963
Trading investments	6	73,347	133,718
Investments under resale agreements	7	-	-
Financial derivative contracts	8	10,123,607	9,032,085
Interbank loans, net	9	428	18,920
Loans and accounts receivables from customers, net	10	35,675,579	33,413,429
Available for sale investments	11	5,803,139	7,162,542
Held to maturity investments	11	4,380,680	-
Investments in associates and other companies	12	35,934	10,327
Intangible assets	13	95,411	82,537
Property, plant, and equipment	14	190,290	187,240
Right of use assets	14	184,528	201,611
Current taxes	15	121,534	-
Deferred taxes	15	759,699	538,118
Other assets	16	2,955,020	1,738,856
TOTAL ASSETS		63,671,025	55,776,077
LIABILITIES			
Deposits and other demand liabilities	17	17,900,938	14,560,893
Cash items in process of being cleared	5	379,934	361,631
Obligations under repurchase agreements	7	86,634	969,808
Time deposits and other time liabilities	17	10,131,055	10,581,791
Financial derivative contracts	8	10,871,241	9,018,660
Interbank borrowing	18	8,826,583	6,328,599
Issued debt instruments	19	8,397,060	8,204,177
Other financial liabilities	19	182,907	184,318
Lease liabilities	14	139,795	149,585
Regulatory capital financial instruments issued	41	592,468	-
Current taxes	15	-	12,977
Deferred taxes	15	345,117	129,066
Provisions	21	710,419	456,120
Other liabilities	22	1,612,294	1,165,853
TOTAL LIABILITIES		60,176,445	52,123,478
EQUITY			
Attributable to the equity holders of the Bank		3,400,220	3,567,916
Capital	24	891,303	891,303
Reserves	24	2,548,965	2,341,986
Valuation adjustments	24	(577,524)	(27,586)
Retained earnings		537,476	362,213
Retained earnings from prior years		-	-
Income for the period		774,959	517,447
Provision for mandatory dividends	24	(232,488)	(155,234)
Provision for payment of interest on bonds with no fixed term of maturity		(4,995)	-
Non-controlling interest	26	94,360	84,683
TOTAL EQUITY		3,494,580	3,652,599
TOTAL LIABILITIES AND EQUITY		63,671,025	55,776,077

The accompanying notes form an integral part of these consolidated financial statements.

Banco Santander-Chile and Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the periods ended

	NOTE	As of December 31,	
		2021 MCh\$	2020 MCh\$
OPERATING INCOME			
Interest income	27	2,921,097	2,232,327
Interest expense	27	(1,104,751)	(638,479)
Net interest income		1,816,346	1,593,848
Fee and commission income	28	578,604	451,162
Fee and commission expense	28	(245,853)	(183,884)
Net fee and commission income		332,751	267,278
Net income (expense) from financial operations	29	(6,403)	90,800
Net foreign exchange gain	30	139,600	50,785
Other operating income	35	20,461	21,652
Net operating profit before provision for loan losses		2,302,755	2,024,363
Provision for loan losses	31	(405,575)	(511,073)
NET OPERATING INCOME		1,897,180	1,513,290
Personnel salaries and expenses	32	(397,675)	(408,670)
Administrative expenses	33	(280,134)	(250,450)
Depreciation and amortization	34	(122,055)	(109,426)
Impairment of property, plant and equipment	34	-	(638)
Other operating expenses	35	(117,054)	(91,808)
Total operating expenses		(916,918)	(860,992)
OPERATING INCOME		980,262	652,298
Income from investments in associates and other companies	12	(663)	1,388
Income before tax		979,599	653,686
Income tax expense	15	(194,679)	(131,123)
Result of continuous operations		784,920	522,563
Result of discontinued operations	40	-	-
NET INCOME FOR THE PERIOD		784,920	522,563
Attributable to:			
Equity holders of the Bank		774,959	517,447
Non-controlling interest	26	9,961	5,116
Earnings per share attributable to Equity holders of the Bank (expressed in Chilean pesos):			
Basic earnings	24	4,112	2,746
Diluted earnings	24	4,112	2,746

The accompanying notes form an integral part of these consolidated financial statements.

Banco Santander-Chile and Subsidiaries
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the periods ended

	NOTE	As of December 31,	
		2021	2020
		MCh\$	MCh\$
NET INCOME FOR THE PERIOD		784,920	522,563
OTHER COMPREHENSIVE INCOME - ITEMS WHICH WILL BE RECLASSIFIED TO PROFIT OR LOSS			
Available for sale investments	24	(518,761)	69,737
Cash flow hedge	24	(236,816)	(96,330)
Other comprehensive income which may be reclassified subsequently to profit or loss, before tax		(755,577)	(26,593)
Income tax related to items which may be reclassified subsequently to profit or loss		205,355	7,179
Other comprehensive income for the period which may be reclassified subsequently to profit or loss, net of tax		(550,222)	(19,414)
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		-	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD		234,698	503,149
Attributable to:			
Equity holders of the Bank		225,021	497,954
Non-controlling interest	26	9,677	5,195

The accompanying notes form an integral part of these consolidated interim financial statements.

Banco Santander-Chile and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the periods ended December 31, 2021 and 2020

	RESERVES			VALUATION ADJUSTMENTS			RETAINED EARNINGS			Total attributable to equity holders of the Bank MCh\$	Non-controlling interest (***) MCh\$	Total Equity MCh\$
	Capital MCh\$	Reserves and other retained earnings MCh\$	Effects of merger of companies under common control MCh\$	Instruments of investments (*) MCh\$	Cash flow hedge MCh\$	Income tax effects MCh\$	Prior years retained earnings MCh\$	Income for the period MCh\$	Provision for dividends MCh\$			
Equity as of December 31, 2019	891,303	2,123,372	(2,224)	29,349	(40,435)	2,993	-	552,093	(165,628)	3,390,823	79,494	3,470,317
Distribution of income from previous period	-	-	-	-	-	-	552,093	(552,093)	-	-	-	-
Equity as of January 1, 2020	891,303	2,123,372	(2,224)	29,349	(40,435)	2,993	552,093	-	(165,628)	3,390,823	79,494	3,470,317
Increase or decrease of capital and reserves	-	220,838	-	-	-	-	(220,838)	-	-	-	-	-
Transactions with own shares	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distributions/ withdrawals made	-	-	-	-	-	-	(331,255)	-	165,628	(165,627)	-	(165,627)
Other equity movements	-	-	-	-	-	-	-	-	-	-	(6)	(6)
Provision for mandatory dividends	-	-	-	-	-	-	-	-	10,394	10,394	-	10,394
Subtotal	-	220,838	-	-	-	-	(552,093)	-	10,394	(320,861)	(6)	(320,867)
Other comprehensive income	-	-	-	69,627	(96,330)	7,210	-	-	-	(19,493)	79	(19,414)
Result of continuous operations	-	-	-	-	-	-	-	517,447	-	517,447	5,116	522,563
Result of discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	69,627	(96,330)	7,210	-	517,447	-	497,954	5,195	503,149
Equity as of December 31, 2020	891,303	2,344,210	(2,224)	98,976	(136,765)	10,203	-	517,447	(155,234)	3,567,916	84,683	3,652,599
Distribution of income from previous period	-	-	-	-	-	-	517,447	(517,447)	-	-	-	-
Equity as of January 1, 2021	891,303	2,344,210	(2,224)	98,976	(136,765)	10,203	517,447	-	(155,234)	3,567,916	84,683	3,652,599
Increase or decrease of capital and reserves	-	206,979	-	-	-	-	(206,979)	-	-	-	-	-
Transactions with own shares	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distributions/ withdrawals made	-	-	-	-	-	-	(310,468)	-	155,234	(155,234)	-	(155,234)
Other equity movements	-	-	-	-	-	-	-	-	-	-	-	-
Provision for mandatory dividends	-	-	-	-	-	-	-	-	(237,483)	(237,483)	-	(237,483)
Subtotals	-	206,979	-	-	-	-	(517,447)	-	(82,249)	(392,717)	-	(392,717)
Other comprehensive income	-	-	-	(518,371)	(236,816)	205,249	-	-	-	(549,938)	(284)	(550,222)
Result of continuing operations	-	-	-	-	-	-	-	774,959	-	774,959	9,961	784,920
Result of discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	(518,371)	(236,816)	205,249	-	774,959	-	225,021	9,677	234,698
Equity as of December 30, 2021	891,303	2,551,189	(2,224)	(419,395)	(373,581)	215,452	-	774,959	(237,483)	3,400,220	94,360	3,494,580

(*) This item includes the valuation adjustment of investment instruments available for sale and investment instruments held to maturity (those that have been reclassified from "investment instruments available for sale" to "investment instruments held to maturity"). maturity" due to a change in intent and the Bank's ability to hold them to maturity).

(**) See note 1 b) for non-controlling interest.

Period	Total attributable to equity holders of the Bank MCh\$	Allocated to reserves MCh\$	Allocated to dividends MCh\$	Distributed Percentage %	Number of shares	Dividend per share (in Chilean pesos)
Year 2020 (Shareholders Meeting April 2021)	517,447	206,979	310,468	60	188,446,126,794	1,647
Year 2019 (Shareholders Meeting April 2020)	552,093	220,838	165,628	30	188,446,126,794	0,879
Año 2019 (Shareholders Meeting April 2020)	552,093	220,838	165,627	30	188,446,126,794	0,879

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

Banco Santander-Chile and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the periods ended

	NOTE	As of December 31,	
		2021 MCh\$	2020 MCh\$
A – CASH FLOWS FROM OPERATING ACTIVITIES:			
NET INCOME FOR THE PERIOD		784,920	522,563
Debits (credits) to income that do not represent cash flows		(1,354,862)	(1,155,277)
Depreciation and amortization	34	122,055	109,426
Impairments of property, plant and equipment and intangibles	34	-	638
Provision for loan losses	31	482,574	585,999
Provision from trading investments mark to market		(18,031)	43,609
Income from investments in associates and other companies	12	(2,383)	(1,388)
Net gain on sale of assets received in lieu of payment	35	(15,549)	(19,380)
Provision on assets received in lieu of payment	35	349	1,456
Net gain on sale of associates and other companies		0	20
Net gain on sale of property, plant and equipment	35	(673)	(865)
Charge off of assets received in lieu of payment	35	13,249	15,276
Net interest income	27	(1,816,346)	(1,593,848)
Net fee and commission income	28	(332,751)	(267,278)
Other (credits) debits to income that do not represent cash flows		12,822	(38,614)
Changes in deferred taxes	15	199,822	9,672
Increase/decrease in operating assets and liabilities		(27,954)	(195,491)
(Increase) decrease of loans and accounts receivables from customers, net		(2,244,100)	(1,673,357)
(Increase) decrease of financial investments		(2,960,906)	(3,015,784)
Decrease (increase) due to resale agreements (assets)		-	-
Decrease (increase) of interbank loans		18,502	(4,078)
(Increase) decrease of assets received or awarded in lieu of payment		5,050	4,098
Increase (decrease) of debits in customers checking accounts		3,042,985	3,249,540
Increase (decrease) of time deposits and other time liabilities		(450,736)	(2,611,026)
Increase (decrease) of obligations with domestic banks		(215,876)	(54,518)
Increase (decrease) of other demand liabilities or time obligations		190,050	842,080
Increase (decrease) of obligations with foreign banks		2,061,681	(1,095,961)
Increase (decrease) of obligations with Central Bank of Chile		652,179	4,959,260
Increase (decrease) of obligations under repurchase agreements		(883,174)	589,753
Increase (decrease) in other financial liabilities		(1,411)	(42,040)
Net increase of other assets and liabilities		(2,562,416)	(1,848,374)
Redemption of letters of credit		(4,835)	(6,188)
Senior bond issuances		1,471,106	1,227,166
Redemption mortgage bonds and payments of interest		(289,173)	(6,312)
Redemption and maturity of senior bonds and payments of interest		(6,483)	(2,571,384)
Interest received		2,921,097	2,232,327
Interest paid		(1,104,751)	(638,479)
Dividends received from investments in other companies	12	506	508
Fees and commissions received	28	578,604	451,162
Fees and commissions paid	28	(245,853)	(183,884)
Total cash flow provided by (used in) operating activities		(597,896)	(828,205)

The accompanying notes form an integral part of these consolidated financial statements.

Banco Santander-Chile and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the periods ended

	NOTE	December 31,	
		2021 MCh\$	2020 MCh\$
B - CASH FLOWS FROM INVESTMENT ACTIVITIES:			
Purchases of property, plant and equipment	14	(47,278)	(34,289)
Sales of property, plant and equipment		2,498	7,566
Purchase of intangible assets	13	(28,774)	(35,170)
Acquisitions of investments in companies	12	(7,499)	-
Total cash flow provided by (used in) investment activities		(81,053)	(61,893)
C - CASH FLOW FROM FINANCING ACTIVITIES:			
From shareholder´s financing activities		238,661	102,090
Increase in other obligations		-	-
Subordinated bonds emission		-	475,390
Redemption of subordinated bonds and payments of interest		-	-
Placement of bonds without a fixed maturity term		595,175	-
Dividends paid		(310,468)	(331,255)
Lease paid		(46,046)	(42,045)
From non-controlling interest financing activities		-	-
Dividends and/or withdrawals paid		-	-
Total cash flow (used in) financing activities		238,661	102,090
D - NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		(437,564)	(788,008)
E - EFFECTS OF FOREIGN EXCHANGE RATE FLUCTUATIONS		437,564	(28,706)
F - INITIAL BALANCE OF CASH AND CASH EQUIVALENTS		2,894,620	3,711,334
FINAL BALANCE OF CASH AND CASH EQUIVALENTS	5	2,891,895	2,894,620

Reconciliation of provisions for the Consolidated Statements of Cash Flows for the periods	As of December, 31,	
	2021 MCh\$	2020 MCh\$
Provision for loan losses for cash flow purposes	482,574	585,999
Recovery of loans previously charged off	(76,999)	(74,926)
Provision for loan losses - net	31	405,575
		511,073

Reconciliation of liabilities arising from financing activities	Changes other than cash						
	December, 31 2020 MCh\$	Cash Flow MCh\$	Acquisition MCh\$	Foreign Currency Movemen t MCh\$	UF Movement MCh\$	Fair Value Changes MCh\$	December, 31 2021 MCh\$
Subordinated Bonds	1,357,539	-	-	-	104,098	-	1,461,637
Bonds without a fixed maturity term	-	595,175	-	(2,707)	-	-	592,468
Paid dividends	-	(310,468)	-	-	-	-	(310,468)
Other obligations	149,585	(46,046)	-	-	36,256	-	139,795
Total liabilities from financing activities	1,507,124	238,661	-	(2,707)	140,354	-	1,883,432

The accompanying notes form an integral part of these consolidated financial statements.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

Banco Santander-Chile is a banking corporation (limited company) operating under the laws of the Republic of Chile, headquartered at Bandera N°140, Santiago. The corporation provides a broad range of general banking services to its customers, ranging from individuals to major corporations. Banco Santander-Chile and its subsidiaries (collectively referred to as the "Bank" or "Banco Santander-Chile") offers commercial and consumer banking services, including (but not limited to) factoring, collection, leasing, securities and insurance brokering, mutual and investment fund management, and investment banking.

Banco Santander Spain controls Banco Santander-Chile through its holdings in Teatinos Siglo XXI Inversiones Ltda. and Santander Chile Holding S.A., which are controlled subsidiaries of Banco Santander Spain. As of December 31 2021, Banco Santander Spain owns or controls directly and indirectly 99.5% of Santander Chile Holding S.A. and 100% of Teatinos Siglo XXI Inversiones Ltda. This makes Banco Santander Spain have control over 67.18% of the Bank's shares.

a) Basis of preparation

The present Consolidated Financial Statements have been prepared in accordance with the Compendium of Accounting Standards (CNC) and instructions issued by the Commission for the Financial Market (CMF), an entity auditor that according to Law No. 21,000 that "Creates the Commission for the Financial Market", provides in paragraph 6 of its article 5 that the Commission for the Financial Market (CMF) may "set the rules for the preparation and presentation of the reports, balance sheets, statements of situation and other financial statements of the audited entities and determine the principles according to which they must keep their accounting and in all that that is not treated by it if it does not contradict its instructions, must adhere to the generally accepted accounting criteria, which correspond to the technical standards issued by the Colegio de Contadores de Chile A.G., coinciding with the International Financial Reporting Standards agreed by the International Accounting Standards Board (IASB). In case of discrepancies between IFRS and accounting criteria issued by the CMF in its Compendium of Accounting Standards and instructions, these will prevail last.

For purposes of these consolidated financial statements the Bank uses certain terms and conventions. References to "US\$", "U.S. dollars" and "dollars" are to United States dollars, references to "EUR" are to European Economic Community Euro, references to "CNY" are to Chinese Yuan, references to "JPY" are to Japanese yen, references to "CHF" are to Swiss franc, references to "AUD" references are to Australian dollar, references "Ch\$" are to Chilean pesos, and references to "UF" are to Unidades de Fomento. The UF is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that changes daily to reflect changes in the official Consumer Price Index ("CPI") of the Instituto Nacional de Estadísticas (the Chilean National Institute of Statistics) for the previous month.

The Notes to the Consolidated Financial Statements contain additional information to support the figures submitted in the Consolidated Statement of Financial Position, Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the period. These contain narrative descriptions and details of these statements in a clear, relevant, reliable and comparable manner.

b) Basis of preparation for the Consolidated Financial Statements

The Consolidated Financial Statements as of December 31, 2021 and 2020, include the financial statements of the entities over which the Bank has control (including structured entities); and includes the adjustments, reclassifications and eliminations needed to comply with the accounting and valuation criteria established by IFRS. Control is achieved when the Bank:

- I. has power over the investee (i.e., it has rights that grant the current capacity of managing the relevant activities of the investee);
- II. is exposed, or has rights, to variable returns from its involvement with the investee; and
- III. has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

When the Bank has less than the majority of the voting rights of an investee, but it will be considered to have the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities over the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, these include:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
- the potential voting rights held by the Bank, other vote holders or other parties.
- the rights arising from other contractual agreements.
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed during the year are included in the Consolidated Statements of Income and Comprehensive Income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit in certain circumstances.

When necessary, adjustments are made to the financial statements of the subsidiaries to ensure their accounting policies are consistent with the Bank's accounting policies. All balances and transactions between consolidated entities are eliminated.

Changes in the consolidated entities ownership interests in subsidiaries that do not result in a loss of control over the subsidiaries are accounted for as equity transactions. The carrying values of the Bank's equity and the non-controlling interests' equity are adjusted to reflect the changes to their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Bank.

In addition, third parties' shares in the Bank's consolidated equity are presented as "Non-controlling interests" in the Consolidated Statement of Changes in Equity. Their share in the income for the year is presented as "Attributable to non-controlling interest" in the Consolidated Statement of Income.

The following companies are considered entities controlled by the Bank and are therefore within the scope of consolidation:

i. Entities controlled by the Bank through participation in equity

Name of the Subsidiary	Main Activity	Place of Incorporation and operation	Percent ownership share					
			As of December 31,					
			2021			2020		
			Direct %	Indirect %	Total %	Direct %	Indirect %	Total %
Santander Corredora de Seguros Limitada	Insurance brokerage	Santiago, Chile	99.75	0.01	99.76	99.75	0.01	99.76
Santander Corredores de Bolsa Limitada	Financial instruments brokerage	Santiago, Chile	50.59	0.41	51.00	50.59	0.41	51.00
Santander Asesorias Financieras Limitada	Securities brokerage	Santiago, Chile	99.03	-	99.03	99.03	-	99.03
Santander S.A. Sociedad Securitizadora	Purchase of credits and issuance of debt instruments	Santiago, Chile	99.64	-	99.64	99.64	-	99.64
Klare Corredora de Seguros S.A.	Insurance brokerage	Santiago, Chile	50.10	-	50.10	50.10	-	50.10
Santander Consumer Finance Limitada	Financial automovite	Santiago, Chile	51.00	-	51.00	51.00	-	51.00
Sociedad operadora de Tarjetas de Pago Santander Getnet Chile S.A. (1)	Card Operator	Santiago, Chile	99.99	0.01	100.00	99.99	0.01	100.00

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The details of non-controlling interest in all the subsidiaries can be seen in Note 23 – Non-controlling interest.

(1) On July 6, 2020, the registration of a new subsidiary and business support company called “Sociedad operadora de Tarjetas de Pago Santander Getnet Chile S.A.” was made.

NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

ii. Entities controlled by the Bank through other considerations

The following companies have been consolidated based on the fact that the relevant activities of them are determined by the Bank (companies complementary to the banking sector) and therefore the Bank exercises control:

- Santander Gestión de Recaudación y Cobranza Limitada (collection services).
- Bansa Santander S.A. (management of repossessed assets and leasing of properties).
- Multiplica SpA (Development card incentive programs).

iii. Associates

An associate is an entity over which the Bank has the ability to exercise significant influence, but not control or joint control. This ability is usually represented by a share equal to or higher than 20% of the voting rights of the Company and is accounted for using the equity method.

The following companies are considered “Associates” in which the Bank accounts for its participation using the equity method:

Associates	Main activity	Place of Incorporation and operation	Percentage of ownership share	
			As of December 31, 2021 %	2020 %
Centro de Compensación Automatizado S.A.	Electronic fund transfer and compensation services	Santiago, Chile	33.33	33.33
Sociedad Interbancaria de Depósito de Valores S.A.	Repository of publically offered securities	Santiago, Chile	29.29	29.29
Cámara Compensación de Alto Valor S.A.	Payments clearing	Santiago, Chile	15.00	15.00
Administrador Financiero del Transantiago S.A.	Administration of boarding passes to public transportation	Santiago, Chile	20.00	20.00
Servicios de Infraestructura de Mercado OTC S.A.	Administration of the infrastructure for the financial market of derivative instruments	Santiago, Chile	12.48	12.48
Redbanc S.A. (*)	ATM services	Santiago, Chile	33.43	33.43
Transbank S.A. (*)	Credit and debit card services	Santiago, Chile	25.00	25.00

(*) During 2020, these companies that were listed as “non-current assets classified as held for sale” in 2021 return to their initial status as “associated entities”.

In the case of Cámara Compensación Alto Valor S.A., Banco Santander-Chile has a representative in the Board of Directors, which is why Management has concluded that it exercises significant influence over the same.

In the case of Servicios de Infraestructura de Mercado OTC S.A., the Bank participates, through its executives, actively in the administration, which is why Management has concluded that it exercises significant influence over it.

iv. Share or rights in other companies

Entities over which the Bank has no control or significant influence are presented in this category. These holdings are shown at acquisition value (historical cost) less impairment, if any.

c) Non-controlling interest

Non-controlling interest represents the portion of gains or losses and net assets which the Bank does not own, either directly or indirectly. It is presented separately in the Consolidated Statement of Income, and separately from shareholders' equity in the Consolidated Statement of Financial Position.

In the case of entities controlled by the Bank through other considerations, income and equity are presented in full as non-controlling interest, since the Bank controls them, but does not have any ownership.

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

d) Reporting segments

The Bank's operating segments correspond to the units whose operating results are regularly reviewed by the highest decision-making authority. Two or more operating segments can be added into one, only when the aggregation is consistent with the basic principle of International Financial Reporting Standard 8 "Operating Segments" (IFRS 8) and the segments have similar economic characteristics and are similar in each one of the following aspects:

- i. the nature of the products and services;
- ii. the nature of the production processes;
- iii. the type or category of customers to whom your products and services are destined;
- iv. the methods used to distribute your products or provide services; and
- v. if applicable, the nature of the regulatory framework, for example, banking, insurance, or public services.

The Bank reports separately on each operating segment that exceeds any of the following quantitative thresholds:

- i. Its reported revenue, from both external customers and intersegment sales or transfers, is 10% or more of the combined internal and external revenue of all the operating segments.
- ii. the absolute amount of its reported profit or loss is equal to or greater than 10%: (i) the combined reported profit of all the operating segments that did not report a loss; (ii) the combined reported loss of all the operating segments that reported a loss.
- iii. its assets represent 10% or more of the combined assets of all the operating segments.

Operating segments that do not meet any of the quantitative threshold may be treated as segments to be reported, in which case the information must be disclosed separately if management believes it could be useful for the users of the Consolidated Financial Statements.

Information about other business activities of the segments not separately reported is combined and disclosed in the "Other segments" category.

According to the information presented, the Bank's segments were selected based on an operating segment being a component of an entity that:

- i. Engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses from transactions with other components of the same entity);
- ii. whose operating results are regularly reviewed by the entity's chief executive officer, who makes decisions about resources allocated to the segment and assess its performance;
- iii. for which discrete financial information is available.

e) Functional and presentation currency

The Bank, in accordance with IAS 21 "Effects of Variations in Exchange Rates of the Foreign Currency", has defined as functional and presentation currency the Chilean Peso, which is the currency of the primary economic environment in which the Bank operates, it also obeys the currency that influences the structure of costs and revenues. Therefore, all balances and transactions denominated in currencies other than the Chilean Peso are considered as "Foreign currency".

f) Foreign currency transactions

The Bank performs transactions in foreign currencies, mainly in U.S. dollar. Assets and liabilities denominated in foreign currencies and held by the Bank are translated to Chilean pesos based on the representative market rate (discounted spot) on the month end date. The rate used was Ch\$712.47 per US\$1 for December, 2021.

The amount of net foreign exchange gains and losses include recognition of the effects that exchange rate variations have on assets and liabilities denominated in foreign currencies and the profits and losses on foreign exchange spot and forward transactions undertaken by the Bank.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

g) Definitions and classification of financial instruments

i. Definitions

A "financial instrument" is any contract that gives rise to a financial asset of an entity, and a financial liability or equity instrument of another entity.

An "equity instrument" is a legal transaction that evidences a residual interest on the assets of an entity deducting all of its liabilities.

A "financial derivative" is a financial instrument whose value changes in response to changes with regard to an observed market variable (such as an interest rate, a foreign exchange rate, a financial instrument's price, or a market index, including credit ratings), whose initial investment is very small compared with other financial instruments having a similar response to changes in market factors, and which is generally settled at a future date.

"Hybrid financial instruments" are contracts that simultaneously include a non-derivative host contract together with a financial derivative, known as an embedded derivative, which is not separately transferable and has the effect that some of the cash flows of the hybrid contract vary in a way similar to a stand-alone derivative. As of December 31, 2021, Banco Santander-Chile did not keep implicit derivatives in its portfolio.

ii. Classification of financial assets for measurement purposes

Financial assets are classified into the following specified categories: financial assets trading investments at fair value through profit or loss (FVTPL), 'held to maturity investments', 'available for sale investments' (AFS) financial assets and 'loans and accounts receivable from customers'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. In this way, the different financial instruments are assigned in portfolios that respond to specific business models. Each portfolio has its own business objective and seeks to deal with the most effective management of Liquidity, Readjustability (Inflation) and Interest Rate risks. Due to the exceptional changes produced in the liquidity in the market, changes that should be maintained in the short and medium term, the need arose for the Bank to maintain collaterals that had a maturity in the range of the years 2024 to 2026, this for purposes of the constitution of guarantees related to the program of Conditional Financing Facilities to the increase in Placements of the Central Bank (FCIC), in addition to the obligation to constitute greater technical reserves due to the increase in sight balances maintained by the Bank's clients. Given the foregoing, the Bank defined the creation of a new business model called "Held to collect investments", whose objective is to better manage these high levels of liquidity, where the Bank also has both the intention and the capacity to preserve them. until expiration. A conventional purchase or sale of financial assets is the purchase or sale of a financial asset that requires the delivery of the asset during a period that is generally regulated or arises from a convention established in the market. A conventional purchase or sale of financial assets will be recognized and written off, as appropriate, by applying the accounting of the date of contracting or that of the settlement date. Financial assets are initially recognized at fair value plus, in the case of financial assets that aren't accounted for at fair value with changes in profit or loss, transaction costs that are directly attributable to the acquisition or issue.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for loans and accounts receivables other than those financial assets classified at fair value through profit or loss.

Trading investments

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if:

- It has been acquired with the purpose of selling it in the short term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

A financial asset other than a financial asset held for trading may be designated as FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as FVTPL.

Financial assets FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised incorporates any dividend or interest earned on the financial asset and is included in the 'net income (expense) from financial operations' line item.

Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less impairment.

Available for sale investments

AFS investments are non-derivatives that are either designated as AFS or are not classified as (a) loans and accounts receivable from customers, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss (trading investments).

Financial instruments held by the Bank that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Bank also has investments in financial instruments that are not traded in an active market but that are also classified as AFS investments and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available for sale investments are recognised in other comprehensive income and accumulated under the heading of "Valuation Adjustment". When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Bank's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated as the described in f) above. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset.

Loans and accounts receivables from customers

Loans and accounts receivable from customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and accounts receivables from customers (including loans and accounts receivable from customers and interbank loans) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where discounting effects are immaterial.

iii. Classification of financial assets for presentation purposes

For presentation purposes, the financial assets are classified by their nature into the following line items in the Consolidated Financial Statements:

Banco Santander-Chile and Subsidiaries

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- Cash and deposits in banks: this line includes cash balances, checking accounts and on-demand deposits with the Central Bank of Chile and other domestic and foreign financial institutions. Amounts invested as overnight deposits are included in this item and in the corresponding items. If a special item for these operations is not mentioned, they will be included along with the accounts being reported.
- Trading investments: this item includes financial instruments held-for-trading and investments in mutual funds which must be adjusted to their fair value.
- Investments under resale agreements: This item presents the balances corresponding to the transactions for the purchase of instruments with an agreement and the securities loans. In accordance with current regulations, the Bank does not register as its own portfolio those papers purchased with retro-purchase agreements.
- Financial derivative contracts: financial derivative contracts with positive fair values are presented in this item. It includes both independent contracts as well as derivatives that should and can be separated from a host contract, whether they are for trading or accounted for as derivatives held for hedging, as shown in Note 8.
- Trading derivatives: includes the fair value of derivatives which do not qualify for hedge accounting, including embedded derivatives separated from hybrid financial instruments.

Banco Santander-Chile and Subsidiaries

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

- Hedging derivatives: includes the fair value of derivatives designated as being in a hedging relationship, including the embedded derivatives separated from the hybrid financial instruments.
- Interbank loans: this item includes the balances of transactions with domestic and foreign banks, including the Central Bank of Chile, other than those reflected in certain other financial asset classifications listed above.
- Loans and accounts receivables from customers: these loans are non-derivative financial assets for which fixed or determined amounts are charged, that are not listed on an active market and which the Bank does not intend to sell immediately or in the short term. When the Bank is the lessor in a lease, and it substantially transfers the risks and rewards incidental to the leased asset, the transaction is presented in loans and accounts receivable from customers while the leased asset is removed from the Bank's financial statements.
- Investment instruments: are classified into two categories: held-to-maturity investments, and available-for-sale investments. The held-to-maturity investment classification includes only those instruments for which the Bank has the ability and intent to hold to maturity. The remaining investments are treated as available for sale.

iv. Classification of financial liabilities for measurement purposes

Financial liabilities are classified as either financial liabilities FVTPL or other financial liabilities.

Financial liabilities FVTPL

As of December 31, 2021 and 2020, the Bank has financial liabilities with changes in results, which correspond to derivative contracts financial.

Other financial liabilities

Other financial liabilities (including interbank borrowings, issued debt instruments and other payables) are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.

v. Classification of financial liabilities for presentation purposes

Financial liabilities are classified by their nature into the following items in the Consolidated Statement of Financial Position:

- Deposits and other on-demand liabilities: this includes all on-demand obligations except for term savings accounts, which are not considered on-demand instruments in view of their special characteristics. Obligations whose payment may be required during the period are deemed to be on-demand obligations. Operations which become callable the day after the closing date are not treated as on-demand obligations.
- Cash items in process of collection: this item includes balances from asset purchase operations that are not settled the same day, and sale of currencies not yet delivered.
- Obligations under repurchase agreements: this includes the balances of sales of financial instruments under securities repurchase and loan agreements. The Bank does not record as own portfolio instruments acquired under repurchase agreements.
- Time deposits and other time liabilities: this shows the balances of deposit transactions in which a term at the end of which they become callable has been stipulated.
- Financial derivative contracts: this includes financial derivative contracts with negative fair values (i.e. a liability of the Bank), whether they are for trading or for hedge accounting, as set forth in Note 8.
 - Trading derivatives: includes the fair value of derivatives which do not qualify for hedge accounting, including embedded derivatives separated from hybrid financial instruments.
 - Hedging derivatives: includes the fair value of derivatives designated as being in a hedging relationship, including the embedded derivatives separated from the hybrid financial instruments.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

- Obligations with banks: Includes obligations with other banks in the country, with foreign banks or with the Central Bank of Chile and which were not classified in any previous definition.
- Issued debt instruments: there are three types of instruments issued by the Bank: Obligations under letters of credit, Subordinated bonds and Senior bonds placed in the local and foreign market.
- Other financial liabilities: this item includes credit obligations to persons other than domestic banks, foreign banks, or the Central Bank of Chile, for financing purposes or operations in the normal course of business.

vi. Modified of financial assets

When the contractual modification of the cash flows has its origin in financial difficulties of the counterparty and said flows have been adapted so that it can comply with its payment obligations, this modification will not be considered as substantial and therefore will not imply the cancellation of the current financial instrument.

On the other hand, when the modification of the contractual flows originate for eminently commercial reasons, said modification will be considered as substantial and therefore will imply the cancellation of the original financial instrument and the recognition of a new one. Any difference that is generated between the book value of the derecognized financial instrument and the fair value of the new financial instrument will be recognized in the Consolidated Statement of Income.

h) Valuation of financial instruments and recognition of fair value changes

Generally, financial assets and liabilities are initially recognized at fair value, which, in the absence of evidence against it, is deemed to be the transaction price. Financial instruments, other than those measured at fair value through profit or loss, are initially recognized at fair value plus transaction costs. Subsequently, and at the end of each reporting period, financial instruments are measured with the following criteria:

i. Valuation of financial instruments

Financial assets are measured according to their fair value, gross of any transaction costs that may be incurred in the course of a sale, except for credit investments and held to maturity investments.

According to IFRS 13 *Fair Value Measurement*, "fair value" is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When measuring fair value an entity shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability, or (b) in the absence of a principal market, the most advantageous market for the asset or liability. Even when there is no observable market to provide pricing information in connection with the sale of an asset or the transfer of a liability at the measurement date, the fair value measurement shall assume that the transaction takes place, considered from the perspective of a potential market participant who intends to maximize value associated with the asset or liability.

When using valuation techniques, the Bank shall maximize the use of relevant observable inputs and minimize the use of unobservable inputs as available. If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy (i.e. Level 1, 2 or 3).

Although the use of average prices is allowed as a practical resource to determine the fair value of an asset or a liability, the Bank makes a adjustment (FVA or fair value adjustment) when there is a gap between the purchase and sale price (close out cost).

IFRS 13 establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Every derivative is recorded in the Consolidated Statements of Financial Position at fair value as previously described. This value is compared to the valuation at the trade date. If the fair value is subsequently measured positive, this is recorded as an asset, if the fair value is subsequently measured negative, this is recorded as a liability. The fair value on the trade date is deemed, in the absence of evidence to the contrary, to be the transaction price. The changes in the fair value of derivatives from the trade date are recorded in "Net income (expense) from financial operations" in the Consolidated Statement of Income.

Specifically, the fair value of financial derivatives included in the portfolios of financial assets or liabilities held for trading is deemed to be their daily quoted price. If, for exceptional reasons, the quoted price cannot be determined on a given date, the fair value is determined using similar methods to those used to measure over the counter (OTC) derivatives. The fair value of OTC derivatives is the sum of the future cash flows resulting from the instrument, discounted to present value at the date of valuation ("present value" or "theoretical close") using valuation techniques commonly used by the financial markets: "net present value" (NPV) and option pricing models, among other methods. Also, within the fair value of derivatives are included Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA), all with the objective that the fair value of each instrument includes the credit risk of its counterparty and Bank's own risk. Counterparty Credit Risk (CVA) is a valuation adjustment to derivatives contracted in non-organized markets as a result of exposure to counterparty credit risk. The CVA is calculated considering the potential exposure to each counterparty in future periods. Own-credit risk (DVA) is a valuation adjustment similar to the CVA, but generated by the Bank's credit risk assumed by our counterparties.

"Loans and accounts receivable from customers" and Held-to-maturity instrument portfolio are measured at amortized cost using the effective interest method. Amortized cost is the acquisition cost of a financial asset or liability, plus or minus, as appropriate, prepayments of principal and the cumulative amortization (recorded in the consolidated income statement) of the difference between the initial cost and the maturity amount as calculated under the effective interest method. For financial assets, amortized cost also includes any reductions for impairment or uncollectibility. For loans and accounts receivable designated as hedged items in fair value hedges, the changes in their fair value related to the risk or risks being hedged are recorded in "Net income (expense) from financial operations".

The "effective interest rate" is the discount rate that exactly matches the initial amount of a financial instrument to all its estimated cash flows over its remaining life. For fixed-rate financial instruments, the effective interest rate incorporates the contractual interest rate established on the acquisition date. Where applicable, the fees and transaction costs that are a part of the financial return are included. For floating-rate financial instruments, the effective interest rate matches the current rate of return until the date of the next review of interest rates.

The amounts at which the financial assets are recorded represent the Bank's maximum exposure to credit risk as at the reporting date. The Bank has also received collateral and other credit enhancements to mitigate its exposure to credit risk, which consist mainly of mortgage guarantees, equity instruments and personal securities, assets under leasing agreements, assets acquired under repurchase agreements, securities loans and derivatives.

Capital instruments whose fair value cannot be determined sufficiently objectively and financial derivatives that have these instruments as underlying assets and are settled by delivery thereof are maintained at their acquisition cost, corrected, where appropriate, by losses for deterioration they have experienced.

ii. Valuation techniques

Financial instruments at fair value, determined on the basis of price quotations in active markets, include government debt securities, private sector debt securities, equity shares, short positions, and fixed-income securities issued.

In cases where price quotations cannot be observed in available markets, the Bank's management determines a best estimate of the price that the market would set using its own internal models. In most cases, these models use data based on observable market parameters as significant inputs however for some valuations of financial instruments, significant inputs are unobservable in the market. To determine a value for those instruments, various techniques are employed to make these estimates, including the extrapolation of observable market data.

The most reliable evidence of the fair value of a financial instrument on initial recognition is usually the transaction price, however due to lack of availability of market information, the value of the instrument may be derived from other market transactions performed with the same or similar instruments or may be measured by using a valuation technique in which the variables used include only observable market data, mainly interest rates.

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The main techniques used as of December 31, 2021 and 2020, by the Bank's internal models to determine the fair value of the financial instruments are as follows:

- i. In the valuation of financial instruments permitting static hedging (mainly forwards and swaps), the present value method is used. Estimated future cash flows are discounted using the interest rate curves of the related currencies. The interest rate curves are generally observable market data.
- ii. In the valuation of financial instruments requiring dynamic hedging (mainly structured options and other structured instruments), the Black-Scholes model is normally used. Where appropriate, observable market inputs are used to obtain factors such as the bid-offer spread, exchange rates, volatility, correlation indexes and market liquidity.
- iii. In the valuation of certain financial instruments exposed to interest rate risk, such as interest rate futures, caps and floors, the present value method (futures) and the Black-Scholes model (plain vanilla options) are used. The main inputs used in these models are observable market data, including the related interest rate curves, volatilities, correlations and exchange rates.

The fair value of the financial instruments calculated by the aforementioned internal models considers contractual terms and observable market data, which include interest rates, credit risk, exchange rates, quoted market price of shares and market rates of raw materials, volatility, prepayments and liquidity. The Bank's management considers that its valuation models are not significantly subjective, since these methodologies can be adjusted and evaluated, as appropriate, through the internal calculation of fair value and the subsequent comparison with the related actively traded price.

iii. Hedging transactions and macrohedge

The Bank uses financial derivatives for the following purposes:

- i. To sell to customers who request these instruments in the management of their market and credit risks;
- ii. to use these derivatives in the management of the risks of the Bank entities' own positions and assets and liabilities ("hedging derivatives"), and
- iii. to obtain profits from changes in the price of these derivatives (trading derivatives).

All financial derivatives that are not held for hedging purposes are accounted for as trading derivatives.

A derivative qualifies for hedge accounting if all the following conditions are met:

1. The derivative hedges one of the following three types of exposure:
 - a. Changes in the value of assets and liabilities due to fluctuations, among others, in inflation (UF), the interest rate and/or exchange rate to which the position or balance to be hedged is subject ("fair value hedge");
 - b. Changes in the estimated cash flows arising from financial assets and liabilities, commitments and highly probable forecasted transactions ("cash flow hedge");
 - c. The net investment in a foreign operation ("hedge of a net investment in a foreign operation").
2. It is effective in offsetting exposure inherent in the hedged item or position throughout the expected term of the hedge, which means that:
 - a. At the date of arrangement the hedge is expected, under normal conditions, to be highly effective ("prospective effectiveness").
 - b. There is sufficient evidence that the hedge was actually effective during the life of the hedged item or position ("retrospective effectiveness").
3. There must be adequate documentation evidencing the specific designation of the financial derivative to hedge certain balances or transactions and how this effective hedge was expected to be achieved and measured, provided that this is consistent with the Bank's management of own risks.

Banco Santander-Chile and Subsidiaries

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The changes in the value of financial instruments qualifying for hedge accounting are recorded as follows:

- a. For fair value hedges, the gains or losses arising on both hedging instruments and the hedged items (attributable to the type of risk being hedged) are included as "Net income (expense) from financial operations" in the Consolidated Statement of Income.
- b. For fair value hedges of interest rate risk on a portfolio of financial instruments, gains or losses that arise in measuring hedging instruments and other gains or losses due to changes in fair value of the underlying hedged item (attributable to the hedged risk) are recorded in the Consolidated Financial Statement of Income under "Net income (expense) from financial operations".
- c. For cash flow hedges, the change in fair value of the hedging instrument is included as "Cash flow hedge" in "Other comprehensive income".
- d. The differences in valuation of the hedging instrument corresponding to the ineffective portion of the cash flow hedging transactions are recorded directly in the Consolidated Statement of Income under "Net income (expense) from financial operations".

If a derivative designated as a hedging instrument no longer meets the requirements described above due to expiration, ineffectiveness or for any other reason, hedge accounting treatment is discontinued. When "fair value hedging" is discontinued, the fair value adjustments to the carrying amount of the hedged item arising from the hedged risk are amortized to gain or loss from that date, when applicable.

When cash flow hedges are discontinued any cumulative gain or loss of the hedging instrument recognized under "Other comprehensive income" (from the period when the hedge was effective) remains recorded in equity until the hedged transaction occurs, at which time it is recorded in the Consolidated Statement of Income, unless the transaction is no longer expected to occur, in which case any cumulative gain or loss is recorded immediately in the Consolidated Statement of Income.

iv. Embedded Derivatives in hybrid financial instruments

Embedded Derivatives in other financial instruments or in other host contracts are accounted for separately as derivatives if 1) their risks and characteristics are not closely related to the host contracts, 2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and 3) provided that the host contracts are not classified as "Trading investments" or as other financial assets (liabilities) at fair value through profit or loss.

v. Offsetting of financial instruments

Financial asset and liability balances are offset, i.e., reported in the Consolidated Statements of Financial Position at their net amount, only if there is a legally enforceable right to offset the recorded amounts and the Bank intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. As of December 31, 2021 and 2020, there is not offsetting of financial asset and liability balances.

vi. Derecognition of financial assets and liabilities

The accounting treatment of transfers of financial assets is determined by the extent and the manner in which the risks and rewards associated with the transferred assets are transferred to third parties:

- i. If the Bank transfers substantially all the risks and rewards of ownership to third parties, as in the case of unconditional sales of financial assets, sales under repurchase agreements at fair value at the date of repurchase, sales of financial assets with a purchased call option or written put option deeply out of the money, utilization of assets in which the transferor does not retain subordinated debt nor grants any credit enhancement to the new holders, and other similar cases, the transferred financial asset is derecognized from the Consolidated Statement of Financial Position and any rights or obligations retained or created in the transfer are simultaneously recorded.
- ii. If the Bank retains substantially all the risks and rewards of ownership associated with the transferred financial asset, as in the case of sales of financial assets under repurchase agreements at a fixed price or at the sale price plus interest, securities lending agreements under which the borrower undertakes to return the same or similar assets, and other similar cases, the transferred financial asset is not derecognized from the Consolidated Financial Statement of Financial Position and continues to be measured by the same criteria as those used before the transfer. However, the following items are recorded:

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

- An associated financial liability for an amount equal to the consideration received; this liability is subsequently measured at amortized cost.
 - Both the income from the transferred (but not removed) financial asset as well as any expenses incurred due to the new financial liability.
- iii. If the Bank neither transfers nor substantially retains all the risks and rewards of ownership associated with the transferred financial asset—as in the case of sales of financial assets with a purchased call option or written put option that is not deeply in or out of the money, securitization of assets in which the transferor retains a subordinated debt or other type of credit enhancement for a portion of the transferred asset, and other similar cases, the following distinction is made:
- a. If the transferor does not retain control of the transferred financial asset: the asset is derecognized from the Consolidated Statement of Financial Position and any rights or obligations retained or created in the transfer are recognized.
 - b. If the transferor retains control of the transferred financial asset: it continues to be recognized in the Consolidated Statement of Financial Position for an amount equal to its exposure to changes in value and a financial liability associated with the transferred financial asset is recorded. The net carrying amount of the transferred asset and the associated liability is the amortized cost of the rights and obligations retained, if the transferred asset is measured at amortized cost, or the fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

Accordingly, financial assets are only derecognized from the Consolidated Statement of Financial Position when the rights over the cash flows they generate have terminated or when all the inherent risks and rewards of ownership have been substantially transferred to third parties. Similarly, financial liabilities are only derecognized from the Consolidated Financial Statement Financial Position when the obligations specified in the contract are discharged or cancelled or the contract has matured.

i) Recognizing income and expenses

The most significant criteria used by the Bank to recognize its revenues and expenses are summarized as follows:

i. Interest revenue, interest expense, and similar items

Interest revenue, expense and similar items are recorded on an accrual basis using the effective interest method.

However, when a given operation or transaction is past due by 90 days or more, originated from a refinancing or renegotiation, or when the Bank believes that the debtor poses a high risk of default, the interest and adjustments pertaining to these transactions are not recorded directly in the Consolidated Statement of Income unless they have been actually received.

This interest and adjustments are generally referred to as “suspended” and are recorded as memorandum accounts in they are reported as part of the complementary information thereto and as memorandum accounts. This interest is recognized as income, when collected.

The resumption of interest income recognition of previously impaired loans only occurs when such loans become current (i.e. payments were received such that the loans are contractually past-due for less than 90 days) or they are no longer classified under the C3, C4, C5, or C6 risk categories (for loans individually evaluated for impairment).

ii. Commissions, fees, and similar items

Fee and commission income and expenses are recognized in the Consolidated Statement of Income using criteria established in IFRS 15 “Revenue from contracts with customers”.

Under IFRS 15, the Bank recognize revenue when (or as) satisfied a performance obligations by transferring a service (ie an asset) to a customer; under this definition an asset is transferred when (or as) the customer obtains control of that asset. The Bank considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

The Bank transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, and/or the Bank satisfies the performance obligation at a point in time.

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The main income arising from commissions, fees and similar items correspond to:

- Fees and commissions for lines of credits and overdrafts: includes accrued fees related to granting lines of credit and overdrafts in checking accounts.
- Fees and commissions for guarantees and letters of credit: includes accrued fees in the period relating to granting of guarantee payment for current and contingent third party obligations.
- Fees and commissions for card services: includes accrued and earned commissions in the period related to use of credit cards, debit cards and other cards.
- Fees and commissions for management of accounts: includes accrued commissions for the maintenance of checking, savings and other accounts.
- Fees and commissions for collections and payments: includes income arising from collections and payments services provided by the Bank.
- Fees and commissions for intermediation and management of securities: includes income from brokerage, placements, administration and securities custody services.
- Fees and commissions for insurance brokerage fees: includes income arising for insurances distribution.
- Other fees and commissions: includes income arising from currency changes, financial advisory, cashier check issuance, placement of financial products and online banking services.

The main expense arising from commissions, fees and similar items correspond to:

- Compensation for card operation: includes commission expenses for credit and debit card operations related to income commissions card services.
- Fees and commissions for securities transactions: includes commissions expense for deposits, securities custody service and securities brokerage.
- Other fees and commissions: includes mainly expenses generated from online services.

The Bank has incorporated disaggregated revenue disclosure and reportable segment relationship in Note 28.

Additionally, the Bank maintains certain loyalty programme associated to its credit cards services, for which has deferred a percentage of the consideration received in the statement of financial position to comply with its related performance obligation according IFRS 15, or has liquidated on a monthly basis as far they arise.

iii. Non-financial income and expenses

They are recognized in accordance with the criteria established in IFRS 15, identifying the performance obligation and when they are satisfied (accrued).

iv. Commissions in the formalization of loans

The financial commissions that arise in the formalization of loans, mainly the opening or study and information commissions, are periodized and recorded in the Statement of the Consolidated Income throughout the life of the loan.

j) Impairment of Non-financial assets:

The Bank's non-financial assets, excluding investment properties, are reviewed at the reporting date to determine whether they show signs of impairment (i.e. its carrying amount exceeds its recoverable amount). If any such evidence exists, the recoverable amount of the asset is estimated, in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

In connection with other assets, impairment losses recorded in prior periods are assessed at each reporting date to determine whether the loss has decreased and should be reversed. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. Losses for goodwill impairment recognized through capital gains are not reversed.

k) Property, plant, and equipment

This category includes the amount of buildings, land, furniture, vehicles, computer hardware and other fixed assets owned by the consolidated entities or acquired under finance leases. Assets are classified according to their use as follows:

i. Property, plant and equipment for own use

Property, plant and equipment for own use includes but is not limited to tangible assets received by the consolidated entities in full or partial satisfaction of financial assets representing accounts receivable from third parties which are intended to be held for continuing own use and tangible assets acquired under finance leases. These assets are presented at acquisition cost less the related accumulated depreciation and, if applicable, any impairment losses resulting from comparing the net value of each item to the respective recoverable amount.

Depreciation is calculated using the straight line method over the acquisition cost of assets less their residual value, assuming that the land on which buildings and other structures stand has an indefinite life and, therefore, is not subject to depreciation.

The Bank applies the following useful lives for the tangible assets that comprise its assets:

ITEM	Useful life (in months)
Land	-
Paintings and works of art	-
Carpets and curtains	36
Computers and hardware	36
Vehicles	36
IT systems and software	36
ATMs	60
Other machines and equipment	60
Office furniture	60
Telephone and communication systems	60
Security systems	60
Rights over telephone lines	60
Air conditioning systems	84
Other installations	120
Buildings	1,200

The consolidated entities assess at each reporting period whether there is any indicator that the carrying amount of any tangible asset exceeds its recoverable amount. If this is the case, the carrying amount of the asset is reduced to its recoverable amount and future depreciation charges are adjusted in accordance with the revised carrying amount and to the new remaining useful life.

The estimated useful lives of the items of property, plant and equipment held for own use are reviewed at the end of each reporting period to detect significant changes. If changes are detected, the useful lives of the assets are adjusted by correcting the depreciation charge to be recorded in the Consolidated Statement of Income in future years on the basis of the new useful lives.

Maintenance expenses relating to tangible assets held for own use are recorded as an expense in the period in which they are incurred.

ii. Assets leased out under operating leases

The criteria used to record the acquisition cost of assets leased out under operating leases, to calculate their depreciation and their respective estimated useful lives, and to record their impairment losses, are the same as those for property, plant and equipment held for own use.

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

I) Leases

At inception of a contract the Bank assesses whether a contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct. If the supplier has a substantive substitution right, then the asset is not identified;
- the Bank has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- the Bank has the right to direct the use of the asset – this is decision-making purpose for which asset is used.

a. As a Lessee

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date in accordance with IFRS 16 “Leases”. The main contracts that the Bank has are offices and branches related, which are necessary to carry out its activities.

At the beginning, the right-of-use asset is equal to the lease liability and is calculated as the present value of the lease payments discounted using the incremental interest rate at the commencement date, considering the lease term of each contract. The average incremental interest rate is 0.95%. After initial recognition, the right-of-use is subsequently depreciated using the straight-line method in accordance with the lease term of the contract, and the lease liability is amortised in accordance with the effective interest method. Financial interest is charged to interest expense for obligations for lease contracts and depreciation is charged to depreciation expense for each year.

The term of the lease comprises non-cancelable periods established within each contract, while for lease contracts with an indefinite useful life, the Bank has determined to assign a useful life equal to the longer non-cancelable period of its lease agreements. The Bank has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term. Any modification in the terms or lease should be treated as a new measurement.

At initial measurement, the Bank measures the right-of-use asset at cost. The rent of these leases are according in UF, and payable in Chilean pesos. According to the provisions of Circular No. 3,649 of the CMF, the monthly variation in UF that affects the contracts established in said monetary unit should be treated as a new measurement, and therefore, readjustments should be recognized as a modification to the obligation and in parallel the amount of the asset must be adjusted for the right to use leased assets.

The Bank has not entered into lease agreements with guarantee clauses for residual value or variable lease payments.

b. As a lessor

When the Bank acts as a lessor, it determines at the beginning if it corresponds to a financial or operating lease. To do this, it evaluates whether it has substantially transferred all the risks and benefits of the asset. In the affirmative case, it corresponds to a financial lease, otherwise it is a financial lease.

The Bank recognizes operating lease income received as income on a straight-line basis over the term of the contract.

c. Third party financing

The Bank recognises the loans with third parties within “Loans and accounts receivable from customers” in the Consolidated Statements of Financial Position, the sum of the present value of the lease payments receivable from the lessee, including the exercise price of the lessee’s purchase option at the end of the lease term, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

The finance income and expenses arising from these contracts are recorded under “Interest income” and “Interest expense” respectively, in Consolidated Statements of Income to achieve constant return rate over the lease term.

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

m) Factoring transactions

Factored receivables are valued at the amount disbursed by the Bank in exchange of invoices or other commercial instruments representing the credit which the transferor assigns to the Bank. The price difference between the amounts disbursed and the actual face value of the credits is recorded as interest income in the Consolidated Statement of Income using the effective interest method over the financing period.

When the assignment of these instruments involves no liability on the part of the assignee, the Bank assumes the risks of insolvency of the parties responsible for payment.

n) Intangible assets

Intangible assets are identified as non-monetary assets (separately identifiable from other assets) without physical substance which arise as a result of legal or contractual rights. The Bank recognizes an intangible asset, whether purchased or self-created (at cost), when the cost of the asset can be measured reliably and it is probable that the future economic benefits that are attributable to the asset will flow to the Bank.

Intangible assets are recorded initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses.

Internally developed computer software is recorded as an intangible asset if, among other requirements (basically the Bank's ability to use or sell it), it can be identified and its ability to generate future economic benefits can be demonstrated.

Intangible assets are amortized linearly based on the estimated useful life, which has been defined by default in 36 months, and can be modified to the extent that it is demonstrated that the Bank will benefit from the use of the intangible for a different period mentioned above.

Expenditure on research activities is recorded as an expense in the year in which it is incurred and cannot be subsequently capitalized.

o) Cash and cash equivalents

The indirect method is used to prepare the cash flow statement, starting with the Bank's consolidated pre-tax income and incorporating non-cash transactions, as well as income and expenses associated with cash flows, which are classified as investing or financing activities.

The cash flow statement was prepared considering the following definitions:

- i. Cash flows: Inflows and outflows of cash and cash equivalents, such as deposits with the Central Bank of Chile, deposits in domestic banks, and deposits in foreign banks.
- ii. Operating activities: Principal revenue-producing activities performed by banks and other activities that cannot be classified as investing or financing activities.
- iii. Investing activities: The acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- iv. Financing Activities: Activities that result in changes in the size and composition of equity and liabilities that are not operating or investing activities.

p) Allowances for loan losses

The Bank continuously evaluates the entire loan portfolio and contingent loans, as it is established by the CMF, to timely provide the necessary and sufficient provisions to cover expected losses associated with the characteristics of the debtors and their loans, which determine payment behavior and recovery.

The Bank has established provisions for probable losses in credits and accounts receivable from customers in accordance with the instructions issued by the CMF and the credit risk rating and evaluation model approved by the Board of Directors, including the modifications introduced by Circulars N° 3,573 and N° 3,584 and their subsequent amendments which establish the standard method for residential mortgage loans and Circulars N° 3,638 and N° 3,647 related to commercial loans for group portfolio, complement and specify instructions on provisions and credits that make up the impaired portfolio.

Banco Santander-Chile and Subsidiaries

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Bank uses the following models established by the CMF, to evaluate its loan portfolio and credit risk:

- Individual assessment - where the Bank assesses a debtor as individually significant when their loans are significant, or when the debtor cannot be classified within a group of financial assets with similar credit risk characteristics, due to its size, complexity or level of exposure.
- Group assessment - a group assessment is relevant for analyzing a large number of transactions with small individual balances due from individuals or small companies. The Bank groups debtors with similar credit risk characteristics giving to each group a default probability and recovery rate based on a historical analysis. The Bank has implemented standard models for mortgage loans (Circular N°3,573 and N°3,584), and commercial loan (Circular N° 3,638 and N°3,647) and internal models for consumer loans.

For the company Santander Consumer Finance Limitada the determination of the provision for credit risk is made using internal models under IFRS 9 to determine the expected losses for this default. These internal models are reviewed monthly and the modifications to said models are approved by the Board of Directors on a quarterly basis, after review and approval by the Company's General Management. These models collectively evaluate the receivables, for which said loans are grouped based on similar credit risk characteristics, which indicate the debtor's ability to pay on the entire debt, principal and interest, in accordance with the terms of the contract. In addition, this allows evaluating a large number of transactions with low individual amounts, regardless of whether they belong to individuals or small companies. Therefore, debtors and loans with similar characteristics are grouped together and each group has a risk level assigned to it. During the first half of 2021, Santander Consumer Finance Limitada carried out a calibration of its credit risk provision models, with the aim of improving the prediction parameters of customer behavior and maintaining the statistical monitoring standards, which resulted in a higher provision with an effect on results of Ch \$ 1,900 million. In April 2021, with the aim of improving the prediction of customer behavior and maintaining high monitoring standards, the Bank implemented a calibration of its group credit risk provision models. The effects of this calibration involved a larger allocation of provisions for an approximate amount of \$28,000 million.

I. Allowances for individual assessment

An individual assessment of commercial debtors is necessary according to the CMF, in the case of companies which, due to their size, complexity or level of exposure, must be known and analyzed in detail.

The analysis of the debtor is primarily focused on their credit quality and their risk category classification of the debtor and of their respective contingent loans and loans. These are assigned to one of the following portfolio categories: Normal, Substandard and Impaired. The risk factors considered are: industry or economic sector, owners or managers, financial situation and payment ability, and payment behavior.

The portfolio categories and their definitions are as follows:

- Normal Portfolio includes debtors with a payment ability that allows them to meet their obligations and commitments. Evaluations of the current economic and financial environment do not indicate that this will change. The classifications assigned to this portfolio are categories from A1 to A6.
- Substandard Portfolio includes debtors with financial difficulties or a significant deterioration of their payment ability. There is reasonable doubt concerning the future reimbursement of the capital and interest within the contractual terms, with limited ability to meet short-term financial obligations. The classifications assigned to this portfolio are categories from B1 to B4.
- Impaired Portfolio includes debtors and their loans where repayment is considered remote, with a reduced or no likelihood of repayment. This portfolio includes debtors who have stopped paying their loans or that indicate that they will stop paying, as well as those who require forced debt restructuring, reducing the obligation or delaying the term of the capital or interest, and any other debtor who is over 90 days overdue in his payment of interest or capital. The classifications assigned to this portfolio are categories from C1 to C6.

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Notes to the Consolidated Financial Statements

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NOTE 01 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Normal and Substandard Compliance Portfolio

As part of individual assessment, the Bank classifies debtors into the following categories, assigning them a probability of non-performance (PNP) and severity (SEV), which result in the expected loss percentages:

Portfolio	Debtor's Category	Probability of Non-Performance (%)	Severity (%)	Expected Loss (%)
Normal Portfolio	A1	0.04	90.0	0.03600
	A2	0.10	82.5	0.08250
	A3	0.25	87.5	0.21875
	A4	2.00	87.5	1.75000
	A5	4.75	90.0	4.27500
	A6	10.00	90.0	9.00000
Substandard Portfolio	B1	15.00	92.5	13.87500
	B2	22.00	92.5	20.35000
	B3	33.00	97.5	32.17500
	B4	45.00	97.5	43.87500

The Bank first determines all credit exposures, which includes the accounting balances of loans and accounts receivable from customers plus contingent loans, less any amount recovered through executing the financial guarantees or collateral covering the operations. The percentages of expected loss are applied to this exposure. In the case of collateral, the Bank must demonstrate that the value assigned reasonably reflects the value obtainable on disposal of the assets or equity instruments. When the credit risk of the debtor is substituted for the credit quality of the collateral or guarantor, this methodology is applicable only when the guarantor or surety is an entity qualified in a assimilable investment grade by a local or international company rating agency recognized by the CMF. Guaranteed securities cannot be deducted from the exposure amount, only financial guarantees and collateral can be considered.

Notwithstanding the foregoing, the Bank must maintain a minimum provision of 0.5% over loans and contingent loans in the normal portfolio.

Impaired Portfolio

The impaired portfolio includes all loans and the entire value of contingent loans of the debtors that are over 90 days overdue on the payment of interest or principal of any loan at the end of the month. It also includes debtors who have been granted a loan to refinance loans over 60 days overdue, as well as debtors who have undergone forced restructuring or partial debt condonation.

The impaired portfolio excludes: a) residential mortgage loans, with payments less than 90 days overdue; and, b) loans to finance higher education according to Law 20,027, provided the breach conditions outlined in Circular N°3,454 of December 10, 2008 are not fulfilled.

The provision for an impaired portfolio is calculated by determining the expected loss rate for the exposure, adjusting for amounts recoverable through available financial guarantees and deducting the present value of recoveries made through collection services after the related expenses.

Once the expected loss range is determined, the related provision percentage is applied over the exposure amount, which includes loans and contingent loans related to the debtor.

The allowance rates applied over the calculated exposure are as follows:

Classification	Estimated range of loss	Allowance
C1	Up to 3%	2%
C2	Greater than 3% and less than 20%	10%
C3	Greater than 20% and less than 30%	25%
C4	Greater than 30% and less than 50%	40%
C5	Greater than 50% and less than 80%	65%
C6	Greater than 80%	90%

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Loans are maintained in the impaired portfolio until their payment ability is normal, notwithstanding the write off of each particular credit that meets conditions of Title II of Chapter B-2. Once the circumstances that led to classification in the Impaired Portfolio have been overcome, the debtor can be removed from this portfolio once all the following conditions are met:

- i. The debtor has no obligations of the debtor with the Bank more than 30 days overdue;
- ii. the debtor has not been granted loans to pay its obligations;
- iii. at least one of the payments include the amortization of capital;
- iv. if the debtor has made partial loan payments in the last six months, two payments have already been made;
- v. if the debtor must pay monthly installments for one or more loans, four consecutive installments have been made;
- vi. the debtor does not appear to have bad debts in the information provided by the CMF, except for insignificant amounts.

II. Allowances for group assessments

Group assessments are used to estimate allowances required for loans with low balances related to individuals or small companies.

Group assessments require the formation of groups of loans with similar characteristics by type of debtor and loan conditions, in order to establish both the group payment behavior and the recoveries of their defaulted loans, using technically substantiated estimates and prudential criteria. The model used is based on the characteristics of the debtor, payment history, outstanding loans and default among other relevant factors.

The Bank uses methodologies to establish credit risk, based on internal models to estimate the allowances for the group-evaluated portfolio. This portfolio includes commercial loans with debtors that are not assessed individually, mortgage and consumer loans (including installment loans, credit cards and overdraft lines). These methods allow the Bank to independently identify the portfolio behavior and establish the provision required to cover losses arising during the year.

The customers are classified according to their internal and external characteristics into profiles, using a customer-portfolio model to differentiate each portfolio's risk in an appropriate manner. This is known as the profile allocation method.

The profile allocation method is based on a statistical construction model that establishes a relationship through logistic regression between variables (for example default, payment behavior outside the Bank, socio-demographic data) and a response variable which determines the client's risk, which in this case is over 90 days overdue. Hence, common profiles are established and assigned a Probability of Non-Performance (PNP) and a recovery rate based on a historical analysis known as Severity (SEV).

Therefore, once the customers have been profiled, and the loan's profile assigned a PNP and a SEV, the exposure at default (EXP) is calculated. This exposure includes the book value of the loans and accounts receivable from the customer, plus contingent loans, less any amount that can be recovered by executing guarantees (for credits other than consumer loans).

Notwithstanding the above, on establishing provisions associated with mortgage and commercial loans, the Bank must recognize minimum provisions according to standard methods established by the CMF for those types of loans. While this is considered to be a prudent minimum base, it does not relieve the Bank of its responsibility to have its own methodologies of determining adequate provisions to protect the credit risk of the portfolio.

Standard method of residential mortgage loan provisions

In accordance with Circular N° 3,573 issued by the CMF, the Bank began applying the standard method of provisions for residential mortgage loans. According to this method, the expected loss factor applicable to residential mortgage loans will depend on the default of each loan and the relationship between the outstanding principal of each loan and the value of the associated mortgage guarantee (Loans to Value, LTV) at the end of each month.

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Notes to the Consolidated Financial Statements

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NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The allowance rates applied according to default and LTV are the following:

LTV Range	Default days at month closing	0	1-29	30-59	60-89	Impaired portfolio
LTV ≤ 40%	PNP(%)	1.0916	21.3407	46.0536	75.1614	100
	Severity (%)	0.0225	0.0441	0.0482	0.0482	0.0537
	Expected Loss (%)	0.0002	0.0094	0.0222	0.0362	0.0537
40% < LTV ≤ 80%	PNP(%)	1.9158	27.4332	52.0824	78.9511	100
	Severity (%)	2.1955	2.8233	2.9192	2.9192	3.0413
	Expected Loss (%)	0.0421	0.7745	1.5204	2.3047	3.0413
80% < LTV ≤ 90%	PNP(%)	2.5150	27.9300	52.5800	79.6952	100
	Severity (%)	21.5527	21.6600	21.9200	22.1331	22.2310
	Expected Loss (%)	0.5421	6.0496	11.5255	17.6390	22.2310
LTV > 90%	PNP(%)	2.7400	28.4300	53.0800	80.3677	100
	Severity (%)	27.2000	29.0300	29.5900	30.1558	30.2436
	Expected Loss (%)	0.7453	8.2532	15.7064	24.2355	30.2436

LTV = Loan capital/Value of guarantee

If the same debtor has more than one residential mortgage loan with the Bank and one of them over 90 days overdue, all their loans shall be allocated to the impaired portfolio, calculating provisions for each of them in accordance with their respective LTV.

For residential mortgage loans related to housing programs and grants from the Chilean government, the allowance rate may be weighted by a factor of loss mitigation (LM), which depends on the LTV percentage and the price of the property in the deed of sale (S), as long as the debtor has contracted auction insurance provided by the Chilean government.

Standard method of commercial loan provisions

In accordance with the Circular N°. 3,638 and N°. 3,647, the Bank began applying the standard model of provisions for student loans or other types of commercial loans.

Prior to the implementation of the standard method, the Bank used its internal models for the determination of group business provisions.

a. Commercial leasing operations

For these operations, the provision factor must be applied to the current value of commercial leasing operations (including the purchase option) and will depend on the delinquency of each operation, the type of leased asset and the relationship, at closing of each month, between the current value of each operation and the value of the leased asset (PVB), as indicated in the following tables:

Probability Non-Performance (PNP) by default and type of asset (%)		
Default days at month closing	Type of asset	
	Real Estate	Non real Estate
0	0.79	1.61
1-29	7.94	12.02
30-59	28.76	40.88
60-89	58.76	69.38
Impaired portfolio	100.00	100.00

Severity (SEV) by stage and type of asset (%)		
PVB Stage	Real Estate	Non real Estate
PVB ≤ 40%	0.05	18.2
40% < PVB ≤ 50%	0.05	57.00
50% < PVB ≤ 80%	5.10	68.40
80% < PVB ≤ 90%	23.20	75.10
PVB > 90%	36.20	78.90

PVB = Current value of operation/leased asset value

The determination of the PVB relationship will be made considering the appraisal value, expressed in UF for real estate and pesos for non-real estate, recorded at the time of granting the respective credit, taking into account any situations that may be causing pricing rises of the asset at that time.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

b. Student loans

For these operations, the provision factor should be applied to the student loan and the exposure of the contingent credit, when applicable. The determination of this factor depends on the type of student loan and the enforceability of the payment of capital or interest, at the end of each month. When payment is due, the factor will also depend on its default.

For the purposes of the classification of the loan, a distinction is made between those granted for the financing of higher studies granted in accordance with Law No. 20.027 (CAE) and, on the other hand, the CORFO guarantee credits or other student loans.

Probability Non-Performance (PNP) according enforceability, default and type of loan (%)			
Is the principal and interest enforceable	Default days at month closing	Student loans	
		CAE	CORFO and other
Yes	0	5.20	2.90
	1-29	37.20	15.00
	30-59	59.00	43.40
	60-89	72.80	71.90
	Impaired portfolio	100.00	100.00
No	N/A	41.60	16.50

Severity (SEV) by stage PVB and type of asset (%)		
Is the principal and interest enforceable	Student loans	
	CAE	CORFO and other
Yes	70.90	
No	50.30	45.80

c. Generic commercial loans and factoring

For factoring operations and other commercial loans, the provision factor, applicable to the amount of the loans and the exposure of the contingent credit will depend on the default of each operation and the relationship that exists, at the end of each month, between the obligations that the debtor has with the bank and the value of the real guarantees that protect them (PTVG), as indicated in the following tables:

Probability Non-Performance (PNP) by default and PTVG stage (%)			
Default days at month closing	Guarantee		No guarantee
	PTVG ≤ 100%	PTVG > 100%	
0	1.86	2.68	4.91
1-29	11.60	13.45	22.93
30-59	25.33	26.92	45.30
60-89	41.31	41.31	61.63
Impaired portfolio	100.00	100.00	100.00

Severity (SEV) by PTVG stage (%)			
Guarantee	PTVG stage	Factoring and other commercial loans without responsibility	Factoring with responsibility
Guarantee	PTVG ≤ 60%	5.00	3.20
	60% < PTVG ≤ 75%	20.30	12.80
	75% < PTVG ≤ 90%	32.20	20.30
	90% < PTVG	43.00	27.10
No guarantee		56.90	35.90

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The guarantees used for the purposes of calculating the PTVG relationship of this method may be specific or general, including those that are simultaneously specific and general. A guarantee can only be considered if, according to the respective coverage clauses, it was constituted in the first degree of preference in favor of the bank and only guarantees the debtor's credits with respect to which it is imputed (not shared with other debtors). The invoices assigned in the factoring operations, nor the guarantees associated with the mortgage loans, regardless of their coverage clause, will not be considered in the calculation.

For the calculation of the PTVG ratio, the following considerations must be taken:

- i. Transactions with specific guarantees: when the debtor granted specific guarantees, for generic commercial loans and factoring, the PTVG ratio is calculated independently for each secured transaction, such as the division between the amount of the loans and the contingent credit exposure and the value of the real guarantee that protects it.
- ii. Transactions with general guarantees: when the debtor granted general or general and specific guarantees, the Bank calculates the respective PTVG, jointly for all generic commercial loan and factoring and not contemplated in the preceding paragraph i), as the division between the sum of the amounts of the loans and exposures of contingent credits and the general, or general and specific guarantees that, according to the scope of the remaining coverage clauses, safeguard the credits considered in the numerator of the mentioned ratio.

The amounts of the guarantees used in the PTVG ratio of numbers i) and ii) must be determined according to:

- The last valuation of the guarantee, be its appraisal or fair value, according to the type of real guarantee in question. For the determination of fair value, the criteria indicated in Chapter 7-12 of the Updated Collection of Standards should be considered.
- Possible situations that could be causing temporary increases in the values of the guarantees.
- Limitations on the amount of coverage established in their respective clauses.

d. Provisions related to financing with a FOGAPE Covid-19 guarantee

On July 17, 2020, the CMF requested to determine specific provisions of the credits guaranteed by the FOGAPE Covid-19 guarantee, for which the expected losses must be determined estimating the risk of each operation, without considering the substitution of credit quality of the guarantee, according to the corresponding individual or group analysis method, in accordance with the provisions of Chapter B-1 of the Compendium of Accounting Standards. This calculation must be carried out in an aggregate manner, grouping all those operations to which the same deductible percentage is applicable. Therefore, the total amount of the expected losses resulting from the aggregate calculation of each group of operations must be contrasted with the respective total deductible amount that corresponds to them and proceed as follows: when the expected losses of the operations of a group to which the same percentage of deductible corresponds, determined according to the procedure indicated are less than or equal to the aggregate amount of the deductible, the provisions will be determined without considering the coverage of FOGAPE Covid-19, that is, without substituting the credit quality of the direct debtor for the guarantee and when they are greater than the aggregate amount of the deductible, the provisions will be determined using the substitution method provided in section 4.1 letter a) of Chapter B-1 of the Compendium of Accounting Standards and will be recognized in separate accounts at that of commercial, consumption and housing provisions. As of December 31, 2021, the Bank maintains a stock of \$35,303 million (\$35,789 million as of December 31, 2020). See Note No. 10 and No. 31.

III. Additional provisions

According to CMF regulation, banks are allowed to establish provisions over the limits already described, to protect themselves from the risk of non-predictable economical fluctuations that could affect the macro-economic environment or a specific economic sector. According to N°09 B-1 Chapter from the CMF Compendium of Accounting Standards, these provisions will be recorded in liabilities, similar to provisions for contingent loans.

IV. Charge-offs

As a general rule, charge-offs should be done when the contract rights over cash flow expire. In the case of loans, even if the above does not happen, the Bank will charge-off these amounts in accordance with Title II of Chapter B-2 of the Compendium of Accounting Standards (CMF).

These charge-offs refer to the derecognition from the Consolidated Statements of Financial Position of the respective loan, including any not yet due future payments in the case of installment loans or leasing transactions (for which partial charge-offs do not exist).

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Charge-offs are always recorded as a charge to loan risk allowances according to Chapter B-1 of the Compendium of Accounting Regulations, no matter the reason for the charge-off. Any payment received related to a loan previously charged-off will be recognized as recovery of loan previously charged-off at the Consolidated Statement of Income.

Loan and accounts receivable charge-offs are recorded for overdue, past due, and current installments when they exceed the time periods described below since reaching overdue status:

Type of loan	Term
Consumer loans with or without collateral	6 months
Other transactions without collateral	24 months
Commercial loans with collateral	36 months
Mortgage loans	48 months
Consumer leasing	6 months
Other non-mortgage leasing transactions	12 months
Mortgage leasing (household and business)	36 months

V. Recovery of loans previously charged off and accounts receivable from customers

Any recovery on "Loans and accounts receivable from customers" previously charged-off will be recognized as a reduction in the credit risk provisions in the Consolidated Statement of Income.

Any renegotiation of a loan previously charged-off will not give rise to income, as long as the operation continues being considered as impaired. The cash payments received must be treated as recoveries of charged-off loans.

The renegotiated loan can only be included again in assets if it is no longer considered as impaired, also recognizing the capitalization income as recovery of charged-off loans.

q) Provisions, contingent assets, and contingent liabilities

Provisions are liabilities of uncertain timing or amount. Provisions are recognized in the Consolidated Statements of Financial Position when the Bank:

- Has a present obligation (legal or constructive) as a result of past events, and
- it is probable that an outflow of resources will be required to settle these obligations and
- the amount of these resources can be reliably measured.

Contingent assets or contingent liabilities are any potential rights or obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within control of the Bank.

The Consolidated Financial Statements reflect all significant provisions for which it is estimated that the probability of having to meet the obligation is more than likely than not. Provisions are quantified using the best available information regarding the consequences of the event giving rise to them and are reviewed and adjusted at the end of accounting period. Provisions are used when the liabilities for which they were originally recognized are settled. Partial or total reversals are recognized when such liabilities cease to exist or are reduced.

Provisions are classified according to the obligation covered as follows:

- Provisions for employee salaries and expenses
- Provisions for mandatory dividends
- Provisions for contingent loan risks
- Provisions for contingencies

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

r) Income taxes and deferred taxes

The Bank records, when appropriate, deferred tax assets and liabilities for the estimated future tax effects attributable to differences between the carrying amount of assets and liabilities and their tax bases. The measurement of deferred tax assets and liabilities is based on the tax rate, in accordance with the applicable tax laws, using the tax rate that applies to the period when the deferred asset and liability will be recovered or settled. The future effects of changes in tax legislation or tax rates are recorded in deferred taxes from the date on which the law is enacted or substantially enacted.

Current taxes for the asset correspond to the provisional payments that exceed the provision for income tax or other loans at income tax, such as training expenses or donations to universities. Additionally, the monthly tax payment (P.P.M.) for recovering by profits absorbed by tax losses. In the case of liabilities they correspond to the provision for income tax calculated according to the results tax for the period, deducted the mandatory or voluntary provisional payments and other credits that apply to this obligation.

s) Use of estimates

The preparation of the financial statements requires the Bank's management to make estimates and assumptions that affect the application of the accounting policies and the reported values of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

In certain cases, International Financial Reporting Standards (IFRS) require that assets or liabilities be recorded or disclosed at their fair values. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between informed market participants at the measurement date. When available, quoted market prices in active markets have been used as the basis for measurement. When quoted market prices in active markets are not available, the Bank has estimated such values based on the best information available, including the use of internal modeling and other valuation techniques.

The Bank has established allowances to cover probable losses, to estimate allowances. These allowances must be regularly reviewed taking into consideration factors such as changes in the nature and volume of the loan portfolio, trends in forecasted portfolio quality, credit quality and economic conditions that may adversely affect the borrowers' ability to pay. Increases in the allowances for loan losses are reflected as "Provision for loan losses" in the Consolidated Statement of Income.

Loans are charged-off when the contractual rights for the cash flows expire, however, for loans and accounts receivable from customers the bank will charge-off in accordance with Title II of Chapter B-2 of the Compendium of Accounting Standards issued by the CMF. Charge-offs are recorded as a reduction of the allowance for loan losses.

The relevant estimates and assumptions made to calculate provisions are regularly reviewed by the Bank's Management to quantify certain assets, liabilities, revenues, expenses, and commitments. Revised accounting estimates are recorded in the period in which the estimate is revised and in any affected future period.

These estimates are based on the best available information and mainly refer to:

- Allowances for loan losses (Notes 9, 10, and 31)
- Impairment losses of certain assets (Notes 8, 8, 10, 11, and 34)
- The useful lives of tangible and intangible assets (Notes 13, 14 and 34)
- The fair value of assets and liabilities (Notes 6, 7, 8, 11 and 38)
- Commitments and contingencies (Note 23)
- Current and deferred taxes (Note 15)

t) Non-current assets held for sale

Non-current assets held for sale and discontinued operations

As of December 31, 2021 and 2020, the Bank classified the investments in associates held up to now in Redbanc and Transbank as held for sale, in accordance with the provisions of IFRS 5 "Non-current assets held for sale and discontinued operations", because expects to recover the book value primarily through the sale of these investments. In order to carry out this reclassification, the Bank has ensured that it complies with the requirements established for this:

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- It must be available in its current conditions for immediate sale and its sale must be highly probable.
- For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or group of assets for its disposal), and a program to find a buyer and complete said purchase must have been actively initiated.
- I must also expect the sale to meet the conditions for recognition as a sale ended within the year following the date of classification.

For this, the Bank will measure investments at book value, since it represents the lower value in relation to fair value less costs of sale. Additionally, the Bank will recognize any impairment loss on non-current assets held for sale, as a reduction of the value of said assets up to fair value less costs to sell.

As of December 31, 2021, the Bank does not have assets classified as "non-current assets held for sale".

Assets received or awarded in lieu of payment.

Assets received or awarded in lieu of payment of loans and accounts receivable from clients are recognized at their fair value. A price is agreed upon by the parties through negotiation or, when the parties do not reach an agreement, at the amount at which the Bank is awarded those assets at a judicial auction. In both cases, an independent appraisal is performed.

Any excess of the outstanding loan balance over the fair value is recognized in the Consolidated Statement of Income under "Provision for loan losses".

These assets are subsequently valued at the lower of the amount initially recorded and the net realizable value, which corresponds to its fair value (liquidity value determined through an independent appraisal) less their respective costs of sale. The difference between both are recognized in the Consolidated Statement under "Other operating expenses".

At the end of each year the Bank performs an analysis to review the "selling costs" of assets received or awarded in lieu of payments which will be applied at this date and during the following year. On December 2021 the average selling cost has been estimated at 3.2% of the appraisal value (3.1% for December 31, 2020). Additionally, every 18 months a review of the appraisals (independent) is carried out to adjust the fair value of the assets.

In general, it is estimated that these assets will be disposed of within a period of one year from their award date. In compliance with the provisions of article 84 of the General Banking Law, those goods that are not sold within said period are punished in a single installment. On March 25, 2021, the CMF issued circular No. 2247 where it has resolved to grant an additional period of eighteen months for the sale of all assets that financial institutions have received in payment or are awarded between 1 March 2020 until September 30, 2021, also allowing the punishment of said assets to be carried out in installments, proportional to the number of months between the date of receipt and the date set by the bank for disposal.

u) Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the equity holders of the Bank by the weighted average number of shares outstanding during the reported period. Diluted earnings per share are calculated in a similar manner to basic earnings, but the weighted average number of outstanding shares is adjusted to take into consideration the potential diluting effect of stock options, warrants, and convertible debt. As of December 31, 2021 and 2020, the Bank did not have any instruments that generated dilution.

v) Temporary acquisition (assignment) of assets and liabilities

Purchases or sales of financial assets under non-optional repurchase agreements at a fixed price (repos) are recorded in the Consolidated Statements of Financial Position as a financial assignment based on the nature of the debtor (creditor) under "Deposits in the Central Bank of Chile," "Deposits in financial institutions" or "Loans and accounts receivable from customers" ("Central Bank of Chile deposits," "Deposits from financial institutions" or "Customer deposits").

Differences between the purchase and sale prices are recorded as financial interest over the term of the contract.

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w) Assets under management and investment funds managed by the Bank

Assets owned by third parties and managed by certain companies that are within the Bank's scope of consolidation (Santander S.A. Sociedad Securitizadora), are not included in the Consolidated Statement of Financial Position. Management fees are included in "Fee and commission income" in the Consolidated Statement of Income.

x) Provision for mandatory dividends

As of December 31, 2021 and 2020, the Bank recorded a provision for minimum mandatory dividends. This provision is made pursuant to Article 79 of the Corporations Act, which is in accordance with the Bank's internal policy, which requires at least 30% of net income for the period is distributed, except in the case of a contrary resolution adopted at the respective shareholders' meeting by unanimous vote of the outstanding shares. This provision is recorded as a deduction from "Retained earnings" - "Provision for mandatory dividends" in the Consolidated Statement of Changes in Equity with offset to Provisions.

y) Employee benefits

i. Post-employment benefits - Defined Benefit Plan:

According to current collective labor agreements and other agreements, the Bank has an additional benefit available to its principal executives, consisting of a pension plan, whose purpose is to endow them with funds for a better supplementary pension upon their retirement.

Features of the Plan:

The main features of the Post-Employment Benefits Plan promoted by the Banco Santander-Chile are:

- I. Aimed at the Bank's management.
- II. The general requirement is that the beneficiary must still be employed by the Bank when reaching 60 years old.
- III. The Bank will mixed collective life and savings insurance policy for each beneficiary in the plan. Regular voluntary installments will be paid into this fund by the beneficiary and matched by the Bank.
- IV. The Bank will be responsible for granting the benefits directly.

The projected unit credit method is used to calculate the present value of the defined benefit obligation and the current service cost.

Components of defined benefit cost include:

- Current service cost and any past service cost, which are recognized in profit or loss for the period;
- net interest on the liability (asset) for net defined benefit, which is recognized in profit or loss for the period;
- new liability (asset) remeasurements for net defined benefit include: (a) actuarial gains and losses; (b) the performance of plan assets, and;
(c) changes in the effect of the asset ceiling which are recognized in other comprehensive income.

The liability (asset) for net defined benefit is the deficit or surplus, calculated as the difference between the present value of the defined benefit obligation less the fair value of plan assets.

Plan assets comprise the pension fund taken out by the Bank with a third party that is not a related party. These assets are held by an entity legally separated from the Bank and exist solely to pay benefits to employees.

The Bank recognizes the present service cost and the net interest of the Personnel wages and expenses on the Consolidated Statement of Income. Given the plan's structure, it does not generate actuarial gains or losses. The plan's performance is established and fixed during the period; consequently, there are no changes in the asset's cap. Accordingly, there are no amounts recognized in other comprehensive income.

The post-employment benefits liability, recognized in the Consolidated Statement of Financial Position, represents the deficit or surplus in the defined benefit plans of the Bank. Any surplus resulting from the calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions.

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When employees leave the plan before meeting the requirements to be eligible for the benefit, contributions made by the Bank are reduced.

ii. Severance provision:

Severance provision for years of employment are recorded only when they actually occur or upon the availability of a formal and detailed plan in which the fundamental modifications to be made are identified, provided that such plan has already started to be implemented or its principal features have been publicly announced, or objective facts about its execution are known.

iii. Cash-settled share based compensation

The Bank allocates cash-settled share based compensation to executives of the Bank and its Subsidiaries in accordance with IFRS 2. The Bank measures the services received and the obligation incurred at fair value.

Until the obligation is settled, the Bank calculates the fair value at the end of each reporting period, as well as at the date of settlement, recognizing any change in fair value in the income statement for the period.

z) New accounting pronouncements

I. Adoption of new accounting standards and instructions issued by both the current Commission for the Financial Market (CMF) and by The International Accounting Standards Board:

At the date of issuance of these Consolidated Financial Statements, the new accounting pronouncements issued by both the current CMF and the International Accounting Standards Board, which have been fully adopted by the Bank, are detailed below.

1. Accounting Standards issued by the current Financial Market Commission (CMF), exSuperintendency of Banks and Financial Institutions.

Circular N° 2,285 – Financial report R11 on Systemic Bank Classification. Instructions are supplemented and first report deadline is extended.

This circular released January 26, 2021, supplements the instructions to prepare the new report R11, it also extends its first deadline until March 1, 2021. The first report will contain information related to each month of the 2020 year. The bank immediately implemented this circular and is currently reporting the report in the right time and manner.

Circular N° 2,288 - Incorporates new files R01, R02, R06, R07 and R08 related to the measurement of solvency levels, equity cash and assets weighted by credit, market and operational risk. This circular issued on April 27, 2021, in order to obtain the information that is required for the application of the new Chapters 21-1 to 21-30 of the Updated Compilation of Standards for Banks, on the implementation of the capital framework of the Basel III standards, the files R01 "Limits of solvency and effective equity" are created, R02 "Regulatory capital instruments", R06 "Assets weighted by credit risk", R07 "Assets weighted by market risk" and R08 "Assets weighted by operational risk", together with the new tables that complement them.

2. Accounting Standards issued by the International Accounting Standards Board

Reform of the benchmark interest rate. Phase 2 - On August 27, 2020 the IASB has finalized its response to the ongoing rate reform of interbank offer (IBOR) and other reference interest rates by issuing a package of amendments to IFRS Standards. The amendments are intended to help companies provide investors with useful information on the effects of the reform on the states financial institutions of those companies. The amendments complement those issued in 2019 and focus on the effects on the financial statements when a company replaces the rate of reference interest for an alternative reference rate as a result of the reform.

The modifications of this final phase refer to:

- changes in contractual cash flows: a company will not have to derecognise or adjust the carrying amount of instruments due to the changes required by the reform, but will update the effective interest rate to reflect the change to the reference rate alternative;
- hedge accounting - a business will not have to discontinue its hedge accounting just because it makes the changes required by the reform, if the hedge meets the other hedge accounting criteria; Y

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- disclosures: a company will be required to disclose information about new risks arising from the reform and how it manages the transition at alternative reference rates.

These amendments are effective for annual reporting periods beginning on or after January 1, 2021, and early adoption is permitted. The Bank has been working since 2019 on the transition of different risk-free reference rates (hereinafter also "RFR"), including the LIBOR rate. In this context, the Bank's work plan includes the identification of the impacted customers, the impacted areas, the various risks to which the Bank is exposed, the determination of work teams regarding each risk, the involvement of the high administration in a robust project governance plan and an action plan for each of the impacted identified risk/areas, which we allowed to face this challenge successfully, see note N° 39.

Amendment to IFRS 16 - Rental concessions related to Covid-19. On May 29, 2020, the IASB issued this amendment to provide an exception to tenants from not accounting for a lease concession as a lease amendment if it is related to Covid-19. But you must disclose the application of this exception. The modification is effective as of June 1, 2020, with early application allowed even for financial institutions that have not yet been authorized as of May 28, 2020. The Bank has decided not to take any concession in relation to its lease contracts, therefore that this modification has not had an impact on the Bank's Consolidated Financial Statements.

II. New accounting standards and instructions issued by both the Commission for the Financial Market (CMF) and by the International Accounting Standards Board that have not come into effect as of December 31, 2021.

As of the closing date of these financial statements, new International Financial Reporting Standards had been published as well as interpretations of them, which were not mandatory as of December 31, 2021. Although in some cases the early application is permitted by the IASB, the Bank has not taken that option.

1. Accounting Standards issued by the current Financial Market Commission (CMF), exSuperintendency of Banks and Financial Institutions.

Circular N° 2243 - Compendium of Accounting Standards for Banks. On December 20, 2019, the CMF issued the updated version of the compendium of accounting standards for banks (CNCB), which mainly incorporates the new modifications introduced by the International Accounting Standards to the international financial reporting standards (IFRS) in recent years, particularly IFRS 9, 15 and 16, also establishes new limitations or precisions due to the need to follow more prudential criteria (ie. Chapter 5 of impairment of IFRS 9) that are detailed in chapter A-2. The amendments seek greater convergence with IFRS, improve financial information disclosures and contribute to the transparency of the banking system. On April 20, 2020, the CMF issued Circular No. 2249 that postpones the entry into force of the new CNCB from January 1, 2011 with a transition date of January 1, 2021 for purposes of comparative financial statements in March 2022. Additionally, the change of criteria for the suspension of the recognition of income for interest and readjustments (chapter B-2), must be adopted no later than January 1, 2022, with the transition date the beginning of any previous month as of such date, recording the impact against equity and revealing the date on which this criterion was adopted. *The Bank has determined that the main impacts are related to with the application of IFRS 9 in the valuation of financial instruments and the application of the new exposure factors to determine the provisions associated with contingent loans. These changes implied an increase in the Bank's Equity by approximately 6.7%.*

Circular No. 2,295 - Compendium of Accounting Standards and Information System Manual. Adjust and update instructions. This circular issued on October 7, 2021, As a result of various analyzes carried out for the implementation of the Basel III standards, this Commission has decided to modify some instructions of the Compendium of Accounting Standards, in order to adapt it to them. Likewise, some adjustments are contemplated that aim to perfect the modifications introduced to the aforementioned Compendium through Circular No. 2,243, of December 20, 2019, whose main purpose was to reconcile it with various changes observed in the International Financial Reporting Standards (IFRS), particularly with regard to provisions of IFRS9, replacing IAS39.

Circular N° 2283 - Promotion of market discipline and transparency through the disclosure of information requirements from banking entities (Pillar 3). Incorporates Chapter 21-20 to the Updated Compilation of Standards. Issued on December 1, 2020, this regulation introduces the requirements for banking institutions to disclose information regarding their position and capital structure in a single format, in order to reduce information asymmetries. To do this, banking entities must publish the Pillar 3 document independently or together with their financial statements, reporting each of the tables and forms established in the standard, this will allow the market and users of the information a better evaluation of the situation of each entity when knowing the risk profile of local banking institutions. This regulation becomes effective as of December 1, 2022, and must be published for the first time in 2023 (1st quarter). The Bank is evaluating the impact of implementing this regulation.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Accounting Standards issued by the International Accounting Standards Board

IFRS 9, Financial Instruments - On July 24, 2014, the IASB published the final version of IFRS 9 - Financial Instruments, including the regulations already issued together with a new expected loss model and minor modifications to the classification and measurement requirements for financial assets, adding a new category of financial instruments: assets at fair value with changes in other comprehensive result for certain debt instruments. It also includes an additional guide on how to apply the business model and testing of contractual cash flow characteristics.

On October 12, 2017, "Amendment to IFRS 9: Characteristics of Anticipated Cancellation with Negative Compensation" was published, which clarifies that according to the current requirements of IFRS 9, the conditions established in Test SPPI are not met if the Bank should make a settlement payment when the client decides to terminate the credit. With the introduction of this modification, in relation to termination rights, it is allowed to measure at amortized cost (or FVOCI) in the case of negative compensation.

At the local level, the CMF of Banks has established that this standard is part of the new CNCB applicable as of January 1, 2021, except in relation to the impairment of financial instruments (chapter 5.5) and paragraphs 5.4.1 (a) and (b), 5.4.3. and 5.4.4. regarding placements ("Debt from Banks" and "Credits and accounts receivable from customers", or contingent credits), since the criteria for these topics are defined in chapters B-1 and B-3 of the aforementioned Compendium .

Amendments to IFRS 10 and IAS 28 - Sale and Contribution of Assets between an Investor and its Associate or Joint Venture - On September 11, 2014, the IASB published this amendment, which clarifies the scope of the gains and losses recognized in a transaction that involves to an associate or joint venture, and that this depends on whether the asset sold or contribution constitutes a business. Therefore, the IASB concluded that all of the gains or losses should be recognized against the loss of control of a business. Likewise, profits or losses resulting from the sale or contribution of a non-business subsidiary (IFRS 3 definition) to an associate or joint venture must be recognized only to the extent of unrelated interests in the associate or business set.

This standard was initially effective as of January 1, 2016, however, on December 17, 2015 the IASB issued "Effective Date of Amendment to IFRS 10 and IAS 28" indefinitely postponing the entry into force of this standard.

Modification to IAS 1 - Classification of liabilities as current and non-current - On January 23, 2020 the IASB issued this modification that affects only the presentation of liabilities in the statement of financial position. The classification as current or non-current should be based on the rights existing at the end of the reporting period and align the wording in all the affected paragraphs by referring to the right to defer settlement for at least 12 months and specify that only the rights in force at the end The reporting period affects the classification of a liability. Along the same lines, it clarifies that the classification is not affected by the expectations of whether an entity will exercise its right to defer the settlement of a liability and makes it clear that the settlement refers to the transfer to the counterparty of cash, equity instruments , other assets or services. This modification is effective as of January 1, 2022 with retroactive effect, and early application allowed. *This standard has no impact on the Bank's financial position.*

Annual Improvements to IFRSs 2018-2020. On May 15, 2020, the IASB issued the following improvements:

- IFRS 1 First Adoption of IFRS's - Subsidiary as first-time adopter: the amendment allows a subsidiary that applies paragraph D16 (a) of IFRS 1 measure the accumulated differences using the amounts reported by its parent, based on the date.
- IFRS 9 Financial Instruments - Fees in the "10% test" for derecognition of financial liabilities: The amendment clarifies that Fees should include an entity when it applies the "10% test" in paragraph B3.3.6 of IFRS 9 when assessing derecognition of a financial liability. A entity will include only commissions paid and received between the entity (the debtor) and the lender, including commissions paid and received by the entity or the lender on behalf of others.
- IFRS 16 Leases - Lease Incentives: The amendment to Illustrative Example 13 that accompanies IFRS 16 removes from the example the illustration of reimbursement of improvements to the landlord to resolve any possible confusion regarding the treatment of leasing that may arise because of how lease incentives are illustrated in that example.
- IAS 41 Agriculture - Taxes on fair value measurement: the amendment eliminates the requirement of paragraph 22 of IAS 41 for entities exclude cash flows from taxes when measuring the fair value of a biological asset using the present value technique. This will guarantee consistency with the requirements of IFRS 13.

The improvements to IFRS 1, IFRS 9 and IAS 41 are effective as of January 1, 2022, with earlier application permitted. The amendment to IFRS 16 only

refers to an illustrative example, so it does not set an effective date. The Bank's management will evaluate the impact that this standard will have on the presentation of the situation.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Improvements to IAS 16 Property, plant and equipment - Income before intended use. On May 15, 2020, the IASB published this improvement, which prohibits deducting from the cost of an item of property, plant and equipment any income from the sale of items produced while they are located and placed in the necessary conditions for it to operate, in the manner intended by management. Instead, an entity recognizes the income from the sale of those items and the cost of producing them, in profit or loss. This amendment is effective as of January 1, 2022, with early application permitted. The Bank's administration will evaluate the impact that this regulation will have on the presentation of the statement of situation.

Modification IAS 37 - Onerous contracts, costs of fulfilling a contract. On May 15, 2020, the IASB published this amendment, which establishes that the cost of fulfilling a contract comprises the costs that are directly related to the contract. The costs that are directly related to a contract can be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that are directly related to the fulfillment of contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used to fulfill the contract). This amendment is effective as of January 1, 2022, with early application allowed. The Bank's management will evaluate the impact that this standard will have on the presentation of the statement situation.

Modification to IFRS 3 - Reference to the conceptual framework. On May 15, 2020 the IASB published this amendment which updates IFRS 3 to refer to the 2018 Conceptual Framework instead of the 1989 Framework. Additionally, it adds to IFRS 3 a requirement for transactions and other events within the scope of IAS 37 or IFRIC 21, for an acquirer to apply IAS 37 or IFRIC 21 (instead of the Conceptual Framework) in identifying liabilities assumed in a business combination, and adds an explicit statement stating that an acquirer should not recognize assets contingents acquired in a business combination. This amendment is effective as of January 1, 2022, with early application permitted. The Bank's management will evaluate the impact that this standard will have on the presentation of the balance sheet.

Amendment to IAS 8 - Definition of accounting estimates. On February 12, 2021, the IASB published this amendment to help companies entities to distinguish between accounting policy and accounting estimate. The definition of change in accounting estimates is replaced with a definition of accounting estimates. According to the new definition, accounting estimates are "monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. The above application is allowed. The Bank management will assess the impact that this standard will have on the presentation of the statement of financial position.

Modification to IAS 1 and Statements of practice of IFRS 2 - Disclosures of accounting policies. On February 12, 2021, the IASB published This amendment is intended to help preparers in the decision to identify which accounting policies should be disclosed in their statements financial. Modifications include:

- An entity is required to disclose its material accounting policy information rather than its significant accounting policies;
- explains how an entity might identify material accounting policies and gives examples of when accounting policies are likely to be materials;
- the amendments clarify that information on accounting policies may be material due to its nature, even if the amounts related are immaterial; the amendments clarify that information about accounting policies is material if the users of the statements financiers of an entity will need it to understand other material information in the financial statements; and
- the amendments clarify that, if an entity discloses immaterial accounting policy information, such information will not hide the information accounting policy material.

In addition, the IFRS 2 Practice Statement has been modified by adding guidance and examples to explain and demonstrate the application of the "process of four-step materiality" to accounting policy information to support the amendments to IAS 1.

Modifications are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is allowed. Once the entity applies the amendments to IAS 1, it is also allowed to apply amendments to the IFRS 2 Practice Statement. The Bank's management will assess the impact that this standard will have on the presentation of the state of affairs.

Modification of IAS 12 - Deferred taxes on assets and liabilities generated from a single transaction. This Amendment issued on May 7 of 2021, on the treatment of deferred taxes on operations such as leases and decommissioning obligations. In these situations, entities must recognize deferred assets and liabilities in the event that temporary differences occur, both deductible and taxable for the same amount. The modifications are effective for fiscal years beginning on or after January 1, 2023, with application advance allowed. The Bank's management will evaluate the impact that this standard will have on the presentation of the statement of financial position.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 01

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Modification of IFRS 17 - Initial Application of IFRS 17 and IFRS 9, Comparative information. This Amendment issued on December 9, 2021. This amendment allows an entity that applies IFRS 17 and IFRS 9 for the first time at the same time, to apply a "classification overlap", for the purpose of presenting comparative information about financial assets if the comparative information about such financial assets has not been restated under IFRS9. Comparative information on a financial asset will not be restated if the entity elects not to restate prior periods or the entity restates prior periods but the financial asset has been derecognized during those prior periods. A The entity that chooses to apply the modification applies it when it applies IFRS 17 for the first time. The Bank's management will evaluate the impact that this rule will have on the presentation of the statement of financial position

NOTE 02

ACCOUNTING CHANGES

As of the date of these Consolidated Financial Statements, there are no accounting changes to disclose.

NOTE 03

SIGNIFICANT EVENTS

As of December 31, 2021, the following significant events have occurred and affected the Bank's operations and Consolidated Financial Statements.

a) The Board

On March 30, 2021, in an extraordinary session of the Board of Directors, it was agreed to modify the summons to the Ordinary Shareholders Meeting, initially scheduled for April 29, 2021, with the in order to propose a new distribution of profits and payment of dividends, taking it from the 60% of the retained earnings as of December 31, 2020 equivalent to \$ 1.64751729 per share and to propose that 40% of the profits for the fiscal year 2020 is destined to increase the Bank's reserves.

b) Shareholders Meeting

At the Ordinary Shareholders' Meeting of Banco Santander-Chile held on April 29, 2021, together with approving the Financial Statements for the year 2020, it was agreed to distribute 60% of the net profits for the year (which are called in the financial statements " Profit attributable to equity holders of the Bank "), which amounted to \$ 517,447 million. Said profits correspond to a dividend of \$ 1.64751729 for each share. Likewise, it was approved that the remaining 40% of the profits be destined to increase the Bank's reserves.

Appointment of external auditors: the appointment of PricewaterhouseCoopers Consultores Auditores SpA as external auditors for the 2021 financial year is approved.

c) COVID-19

The aid measures that the Bank has granted in the current pandemic context are classified into new operations granted under Fogape guarantees and rescheduled operations:

Covid-19	As of December 31, 2021	
	MCh\$	
Operations with Fogape guarantee		1,131,940
Reschedulings		7,877,036
Reactivate Fogape		876,698

In view of the persistence of the Covid-19 pandemic, with the consequent effects on the normal development of economic activities, on April 23, 2021, the CMF instructed to extend until July 31, 2021, the exceptional treatment of provisions group and individual credit risk.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 03

SIGNIFICANT EVENTS, continued

d) Laws and Regulation

Central Bank of Chile

Due to the importance of the FCIC for the implementation of monetary policy and financial stability and considering the evolution of the financing needs of companies and the adjustments in the Government's guarantee programs, the Central Bank of Chile announced on 27 January 2021, the start of a third stage of this instrument (FCIC3). In particular, this new stage is aimed at: (i) completing the committed execution of this monetary policy instrument, and (ii) deepening and extending commercial credit due to the prolongation of the sanitary emergency and the need to support the country's reactivation process, responding to the current financial needs of companies, complementing the recently enacted Fogape-Reactiva program, especially in its refinancing line. FCIC 3 came into effect on March 1, 2021 and there will be a limit of US \$ 2 billion per bank. Additionally, the Fogape-Reactiva program is a new economic support measure that includes financing for working capital, investment and refinancing for SMEs until December 31, 2021.

Others

On April 13, 2021, Law No. 21,314 was published in the Official Gazette, which, among other matters, establishes new transparency requirements and reinforces the responsibilities of market agents. One of the requirements is that companies issuing public offering securities must publish, at least 30 days in advance, the date on which the next financial statements will be disclosed, be they annual or quarterly. The Bank complied with this requirement on its website.

e) Companies

On January 7, 2021, the Extraordinary Shareholders' Meeting of Sociedad Operadora de Tarjetas de Pago Santander Getnet Chile SA agreed to pay the total subscribed and unpaid equity by its shareholders, for a total amount of Ch\$ 3,727 million. Shareholder Santander Asesorias Financieras made its payment in cash for Ch\$ 800 thousand. The shareholder Banco Santander-Chile made its payment in part with cash for Ch\$ 38 million and also contributing assets valued by the extraordinary Shareholders' Meeting at Ch\$ 3,689 million.

On January 29, 2021, in exempt resolution N°704, the Council of the Financial Market Commission adopted in the Ordinary Session N°. 220 dated January 28, 2021, to approve the application for authorization of operation for Sociedad Operadora de Tarjetas de Pago Santander Getnet Chile S.A. as a bank support company and its registration in the single register of Payment Card Operators of this Institution.

On March 22, 2021, Getnet, through an Extraordinary Shareholders' Meeting, agreed to modify the company's bylaws with regard to the number of Directors, from 3 to 5.

f) Issuance of bank bonds and regulatory capital instruments

f.1) Senior bonds

During December 2021, the Bank has issued current bonds for USD 693,000,000, JPY 25,000,000,000 y CHF 340,000,000. The detail of the placements made during the current year is included in Note 19.

Series	Currency	Term (years)	Issuance rate (Annual) %	Issue date	Amount	Maturity date
USD	USD	2 years and 10 months	0.71	02-25-2021	50,000,000	12-28-2023
USD	USD	2 years and 11 months	0.72	02-26-2021	100,000,000	01-26-2024
USD	USD	7 years	2.05	06-09-2021	27,000,000	06-09-2028
USD	USD	5 years	1.64	07-15-2021	16,000,000	07-15-2026
USD	USD	10 years	3.18	10-21-2021	500,000,000	10-26-2031
Total	USD				693,000,000	

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 03

SIGNIFICANT EVENTS, continued

JPY	JPY	5 years	0.35	05-13-2021	10,000,000,000	05-13-2026
JPY	JPY	4 years	0.40	07-12-2021	2,000,000,000	07-22-2025
JPY	JPY	4 years	0.42	07-13-2021	10,000,000,000	07-28-2025
JPY	JPY	4 years and 5 months	0.48	11-08-2021	3,000,000,000	05-18-2026
Total	JPY				25,000,000,000	
CHF	CHF	6 years	0.33	06-22-2021	150,000,000	06-27-2027
CHF	CHF	5 years	0.30	10-12-2021	190,000,000	10-22-2026
Total	CHF				340,000,000	

f.2 Regulatory capital instruments

On October 21, 2021, Banco Santander Chile issued a perpetual bond in foreign markets, which contributed to satisfy our level 1 capital requirement (AT1). This perpetual bond was acquired by a related company for an amount of USD700,000,000 at a 4.625% interest rate. See note 41.

g) Additional provisions

The Bank's Board of Directors approved the constitution of additional voluntary provisions in order to mitigate eventual future effects of the current health crisis on the Bank's loan portfolio. During 2021, additional provisions were constituted for a total amount of \$132,000 million, the detail is as follows:

- February 3, 2021 for MCh \$ 24,000.
- May 25, 2021 for MCh \$ 18,000.
- July 27, 2021 for MCh \$ 15,000.
- August 24, 2021 for MCh \$ 15,000.
- October 21, 2021 for MCh \$ 30,000.
- November 25, 2021 for MCh \$ 20,000.
- December 28, 2021 for MCh \$ 10,000.

h) Investments in companies

In Ordinary Session dated June 22, 2021, the Board of Directors agreed to participate in the capital increase of the company Transbank S.A.

On July 15, 2021, the sale of the shares held in the Banco Latinoamericano de Comercio Exterior (Bladex), whose book value was \$ 136 million, was carried out, which generated a profit of \$ 148 million.

During July 2021 and September 2021, the Bank made disbursed Ch\$2,500 million and Ch\$4,999 million, respectively for the capital increases of Transbank S.A.

The Bank manages and measures the performance of its operations by business segments. The information disclosed in this note is not necessarily comparable to that of other financial institutions, since it is based on management's internal information system by segment.

Inter-segment transactions are conducted under normal arm's length commercial terms and conditions. Each segment's assets, liabilities, and income include items directly attributable to the segment to which they can be allocated on a reasonable basis. A business segment comprises clients to whom a differentiated product offering is directed but which are homogeneous in terms of their performance and which is measured in a similar way.

In order to achieve compliance with the strategic objectives established by senior management and adapt to changing market conditions, from time to time, the Bank makes adjustments in its organization, modifications that in turn impact to a greater or lesser extent, in the way in which it is managed. As such, current disclosure provides information for all periods presented on how the Bank is managed as of December 31, 2021.

The Bank has the reportable segments noted below:

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 04 REPORTING SEGMENTS

Retail Banking

Consists of individuals and small to middle-sized entities (SMEs) with annual income less than Ch\$2,000 million. This segment gives customers a variety of services, including consumer loans, credit cards, auto loans, commercial loans, foreign exchange, mortgage loans, debit cards, checking accounts, savings products, mutual funds, stockbrokerage, and insurance brokerage. Additionally the SME clients are offered government-guaranteed loans, leasing and factoring.

Middle-market

This segment is made up of companies and large corporations with annual sales exceeding Ch\$2,000 million. It serves institutions such as universities, government entities, local and regional governments and companies engaged in the real estate industry who carry out projects to sell properties to third parties and annual sales exceeding Ch\$800 million with no upper limit. The companies within this segment have access to many products including commercial loans, leasing, factoring, foreign trade, credit cards, mortgage loans, checking accounts, transactional services, treasury services, financial consulting, savings products, mutual funds, and insurance brokerage. Also companies in the real estate industry are offered specialized services to finance residential projects, with the aim of expanding sales of mortgage loans.

Global Corporate Banking

This segment consists of foreign and domestic multinational companies with sales over Ch\$10,000 million. The companies within this segment have access to many products including commercial loans, leasing, factoring, foreign trade, credit cards, mortgage loans, checking accounts, transactional services, treasury services, financial consulting, investments, savings products, mutual funds and insurance brokerage.

This segment also consists of a Treasury Division which provides sophisticated financial products, mainly to companies in the Middle-market and Global Corporate Banking segments. These include products such as short-term financing and fund raising, brokerage services, derivatives, securitization, and other tailor-made products. The Treasury area may act as brokers to transactions and also manages the Bank's investment portfolio.

Corporate Activities ("Other")

This segment mainly includes the results of our Financial Management Division, which develops global management functions, including managing inflation rate risk, foreign currency gaps, interest rate risk and liquidity risk. Liquidity risk is managed mainly through wholesale deposits, debt issuances and the Bank's available for sale portfolio. This segment also manages capital allocation by unit. These activities usually result in a negative contribution to income.

In addition, this segment encompasses all the intra-segment income and all the activities not assigned to a given segment or product with customers.

The segments' accounting policies are those described in the summary of accounting policies. The Bank earns most of its income in the form of interest income, fee and commission income and income from financial operations. To evaluate a segment's financial performance and make decisions regarding the resources to be assigned to segments, the Chief Operating Decision Maker (CODM) bases his assessment on the segment's interest income, fee and commission income, and expenses.

Below are the tables showing the Bank's results by business segment, for the periods ending as of December 31, 2021 and 2020:

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 04
REPORTING SEGMENTS, continued

	December 31, 2021							
	Loans and accounts receivable from customers (1)	Demand and time deposits (2)	Net interest income	Net fee and commission income	Financial transactions, net (2)	Provision for loan losses	Support expenses (3)	Segment's net contribution
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
	25,784,719	14,779,739						536,302
Retail Banking	8,511,500	6,232,188	1,044,730	262,265	37,932	(192,338)	(616,287)	234,027
Middle-market			334,768	43,903	20,132	(70,055)	(94,721)	164,246
Global Corporate Banking	2,260,031	6,010,150	97,817	33,256	112,198	(1,974)	(77,051)	142,280
Other	78,518		339,031	(6,673)	(37,065)	(141,208)	(11,805)	
		1,009,916						
Total	36,634,768	28,031,993	1,816,346	332,751	133,197	405,575	(799,864)	1,076,855
Other operating income								20,461
Other operating expenses								(117,054)
Income from investments in associates and other companies								(663)
Income tax expense								(194,679)
Result of continuous operations								784,920
Result of discontinued operations								-
Net income for the period								784,920

(1) Loans receivable from customers plus the balance indebted by banks, without deducting their allowances for loan losses.

(2) The sum of net income (expense) from financial operations and foreign exchange gains or losses.

(3) The sum of personnel salaries and expenses, administrative expenses, depreciation and amortization.

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 04
REPORTING SEGMENTS, continued

	December 31, 2020							
	Loans and accounts receivable from customers (1)	Demand and time deposits (2)	Net interest income	Net fee and commission income	Financial transactions, net (2)	Provision for loan losses	Support expenses (3)	Segment's net contribution
	MCh\$		MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Retail Banking	24,279,248	12,018,691	1,049,543	213,431	28,051	(253,261)	(596,464)	441,300
Middle-market	8,136,402	5,588,657	346,225	38,335	18,311	(105,846)	(91,132)	205,893
Global Corporate Banking	1,704,494	5,051,538	114,229	23,180	78,165	(49,295)	(72,715)	93,564
Other	289,026	2,483,798	83,851	(7,668)	17,058	(102,671)	(8,235)	(17,665)
Total	34,409,170	25,142,684	1,593,848	267,278	141,585	(511,073)	(768,546)	723,092
Other operating income								21,652
Other operating expenses								(92,446)
Income from investments in associates and other companies								1,388
Income tax expense								(131,123)
Result of continuous operations								522,563
Result of discontinued operations								-
Net income for the period								522,563

(1) Loans receivable from customers plus the balance indebted by banks, without deducting their allowances for loan losses.

(2) The sum of net income (expense) from financial operations and foreign exchange gains or losses.

(3) The sum of personnel salaries and expenses, administrative expenses, depreciation and amortization.

NOTE 05
CASH AND CASH EQUIVALENTS

a) The detail of the balances included under cash and cash equivalents is as follows:

	As of December 31,	
	2021	2020
	MCh\$	MCh\$
Cash and deposit in banks		
Cash	883,322	665,397
Deposit in the Central Bank of Chile	673,396	1,313,394
Deposit in domestic banks	30,265	1,571
Deposit in foreign banks	1,294,575	822,926
Subtotal	2,881,558	2,803,288
Cash items in process of collection, net	10,337	91,332
Cash and cash equivalents	2,891,895	2,894,620

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 05
CASH AND CASH EQUIVALENTS continued

The balance of funds held in cash and at the Central Bank of Chile reflects the reserves that the Bank must maintain on average each month.

b) Operations in process of settlement:

Operations in process of settlement are transactions with only settlement pending, which will increase or decrease the funds of the Central Bank of Chile or of banks abroad, usually within the next 24 or 48 working hours to each end of operation. These operations are as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Assets		
Documents held by other banks (document to be cleared)	122,474	137,396
Funds receivable	267,797	315,567
Subtotal	390,271	452,963
Liabilities		
Funds payable	379,934	361,631
Subtotal	379,934	361,631
Cash items in process of collection, net	10,337	91,332

NOTE 06
TRADING INVESTMENTS

The detail of instruments deemed as financial trading investments is as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Chilean Central Bank and Government securities		
Chilean Central Bank Bonds	713	419
Chilean Central Bank Notes	-	-
Other Chilean Central Bank and Government securities	67,936	131,827
Subtotal	68,649	132,246
Other Chilean securities		
Time deposits in Chilean financial institutions	-	-
Mortgage finance bonds of Chilean financial institutions	-	-
Chilean financial institutions bonds	-	-
Chilean corporate bonds	4,698	1,472
Other Chilean securities	-	-
Subtotal	4,698	1,472
Foreign financial securities		
Foreign Central Banks and Government securities	-	-
Other foreign financial instruments	-	-
Subtotal	-	-
Investments in mutual funds		
Funds managed by related entities	-	-
Funds managed by third parties	-	-
Subtotal	-	-
Total	73,347	133,718

As of December 31, 2021 and 2020, there were no trading investments sold under contracts to resell to clients and financial institutions.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTA 07

INVESTMENTS UNDER RESALE AGREEMENTS AND OBLIGATION UNDER REPURCHASE AGREEMENTS

a) As of December 31, 2021 and 2020, the Bank does not have investment under resale agreements.

b) Obligations arising from repurchase agreements

The Bank raises funds by selling financial instruments and committing itself to buy them back at future dates, plus interest at a predetermined rate. As of December 31, 2021 and 2020, obligations related to instruments sold under repurchase agreements are as follows:

	As of December 31,							
	2021				2020			
	From 1 day and less than 3 month MCh\$	More tan 3 months and less than 1 year MCh\$	More than 1year MCh\$	Total MCh\$	From 1 day and less than3 month MCh\$	More than 3 months and less than 1 year MCh\$	More than 1 year MCh\$	Total MCh\$
Securities from the Chilean Government and the Chilean Central Bank:								
Chilean Central Bank Bonds	-	-	-	-	-	-	-	-
Chilean Central Bank Notes	76,725	-	-	76,725	461,961	-	-	461,961
Other securities from the Government and the Chilean Central Bank	9,829	-	-	9,829	507,448	-	-	507,448
Subtotal	86,554	-	-	86,554	969,409	-	-	969,409
Instruments from other domestic institutions:								
Timedeposits in Chilean fiancial institutions	80	-	-	80	399	-	-	399
Mortgage finance bonds of Chilean financial institutions	-	-	-	-	-	-	-	-
Chilean financial institutions bonds	-	-	-	-	-	-	-	-
Chilean corporate bonds	-	-	-	-	-	-	-	-
Other Chilean securities	-	-	-	-	-	-	-	-
Subtotal	80	-	-	80	399	-	-	399
Foreign financial securities:								
Foreign government or central bank securities	-	-	-	-	-	-	-	-
Other foreign Chilean securities	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
Investments in mutual funds:								
Funds managed by related entities	-	-	-	-	-	-	-	-
Funds managed by other	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
Total	86,634	-	-	86,634	969,808	-	-	969,808

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTA N°07

INVESTMENTS UNDER RESALE AGREEMENTS AND OBLIGATION UNDER REPURCHASE AGREEMENTS, continued

c) Below is the detail by portfolio of collateral associated with repurchase agreements as of December 31, 2021 and 2020, value at fair value:

	As of December 31,					
	2021			2020		
	Available for sale portfolio MCh\$	Trading portfolio MCh\$	Total MCh\$	Available for sale portfolio MCh\$	Trading portfolio MCh\$	Total MCh\$
Securities from the Chilean Government and the Chilean Central Bank:						
Chilean Central Bank Bonds	-	-	-	-	-	-
Chilean Central Bank Notes	76,786	-	76,786	461,965	-	461,965
Other securities from the Government and the Chilean Central Bank	9,877	-	9,877	507,543	-	507,543
Subtotal	86,663	-	86,663	969,508	-	969,508
Other Chilean securities:						
Time deposits in Chilean financial institutions	80	-	80	399	-	399
mortgage finance bond of Chilean financial institutions	-	-	-	-	-	-
Chilean financial institution bonds	-	-	-	-	-	-
Chilean corporate bonds	-	-	-	-	-	-
Other Chilean securities	-	-	-	-	-	-
Subtotal	80	-	80	399	-	399
Foreign financial securities:						
Foreign Central Bank and Government securities	-	-	-	-	-	-
Other Foreign financial instruments	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	86,743	-	86,743	969,907	-	969,907

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 08
DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

a) As of December 31, 2021 and 2020, the Bank holds the following portfolio of derivative instruments:

	As of December 31, 2021					
	Notional amount				Fair value	
	Up to 3 Months MCh\$	More than 3 months to 1 year MCh\$	More than 1 year MCh\$	Total MCh\$	Assets MCh\$	Liabilities MCh\$
Fair value hedge derivatives						
Currency forwards	-	-	-	-	-	-
Interest rate swaps	210,000	87,817	8,505,400	8,803,217	22,933	587,702
Cross currency swaps	338,475	3,056,063	5,026,463	8,421,001	493,175	118,199
Call currency options	-	-	-	-	-	-
Call interest rate options	-	-	-	-	-	-
Put currency options	-	-	-	-	-	-
Put interest rate options	-	-	-	-	-	-
Interest rate futures	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-
Subtotal	548,475	3,143,880	13,531,863	17,224,218	516,108	705,901
Cash flow hedge derivatives						
Currency forwards	359,062	920,278	-	1,279,340	3,497	1,590
Interest rate swaps	-	-	-	-	-	-
Cross currency swaps	456,684	1,033,671	11,469,640	12,959,995	109,531	656,719
Call currency options	-	-	-	-	-	-
Call interest rate options	-	-	-	-	-	-
Put currency options	-	-	-	-	-	-
Put interest rate options	-	-	-	-	-	-
Interest rate futures	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-
Subtotal	815,746	1,953,949	11,469,640	14,239,335	113,028	658,309
Trading derivatives						
Currency forwards	20,194,866	12,383,299	11,511,386	44,089,551	1,088,194	1,199,062
Interest rate swaps	13,982,685	25,156,483	104,333,279	143,472,447	3,009,922	2,997,634
Cross currency swaps	4,920,123	14,514,848	164,061,282	183,496,253	5,392,946	5,308,260
Call currency options	37,321	45,852	427	83,600	3,232	1,137
Call interest rate options	-	-	-	-	-	-
Put currency options	35,482	174,910	-	210,392	177	892
Put interest rate options	-	-	-	-	-	-
Interest rate futures	-	-	-	-	-	-
Other derivatives	-	-	504,000	504,000	-	46
Subtotal	39,170,477	52,275,392	280,410,374	371,856,243	9,494,471	9,507,031
Total	40,534,698	57,373,221	305,411,877	403,319,796	10,123,607	10,871,241

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 08

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING, continued

	As of December 31, 2020					
	Notional amount				Fair value	
	Up to 3 months MCh\$	More than 3 months to 1 year MCh\$	More than 1 year MCh\$	Total MCh\$	Assets MCh\$	Liabilities MCh\$
Fair value hedge derivatives						
Currency forwards	-	-	-	-	-	-
Interest rate swaps	50,000	410,687	5,064,113	5,524,800	33,816	83,666
Cross currency swaps	317,400	601,987	5,634,700	6,554,087	294,562	178,529
Call currency options	-	-	-	-	-	-
Call interest rate options	-	-	-	-	-	-
Put currency options	-	-	-	-	-	-
Put interest rate options	-	-	-	-	-	-
Interest rate futures	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-
Subtotal	367,400	1,012,674	10,698,813	12,078,887	328,378	262,195
Cash flow hedge derivatives						
Currency forwards	2,121,326	503,280	601,582	3,226,188	2,985	3,556
Interest rate swaps	-	-	-	-	-	-
Cross currency swaps	424,358	498,373	9,777,491	10,700,222	35,902	183,386
Call currency options	-	-	-	-	-	-
Call interest rate options	-	-	-	-	-	-
Put currency options	-	-	-	-	-	-
Put interest rate options	-	-	-	-	-	-
Interest rate futures	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-
Subtotal	2,545,684	1,001,653	10,379,073	13,926,410	38,887	186,942
Trading derivatives						
Currency forwards	22,729,787	12,175,074	8,215,576	43,120,437	1,085,327	1,158,904
Interest rate swaps	14,006,503	22,118,742	97,803,009	133,928,254	3,651,651	3,588,912
Cross currency swaps	6,719,065	15,138,056	138,352,345	160,209,466	3,921,440	3,819,446
Call currency options	129,339	31,641	57,581	218,561	1,527	909
Call interest rate options	-	-	-	-	-	-
Put currency options	112,145	16,173	58,276	186,594	4,875	1,352
Put interest rate options	-	-	-	-	-	-
Interest rate futures	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-
Subtotal	43,696,839	49,479,686	244,486,787	337,663,312	8,664,820	8,569,523
Total	46,609,923	51,494,013	265,564,673	363,668,609	9,032,085	9,018,660

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 08

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING, continued

b) Microhedge accounting

Fair value microhedge

The Bank uses cross-currency swaps, interest rate swaps and call money swaps to hedge its exposure to changes in fair value of hedged items attributable to interest rates. The aforementioned hedging instruments change the effective cost of long-term issuances from a fixed interest rate to a variable interest rate.

The hedged items and hedge instruments under fair value hedges as of December 31, 2021 and 2020, classified by term to maturity are as follows:

As of December 31, 2021	Within 1 year	Between 1 and 3 years	Between 3 and 6 years	Over 6 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Hedged item					
Available for sale investments					
Chilean Sovereign bonds	12,817	-	71,093	18,371	102,281
Mortgage finance bonds	202	-	-	-	202
American treasury bonds	-	-	427,240	1,012,559	1,439,799
Chilean General treasury bonds	-	-	73,915	-	73,915
Central bank bonds (BCP)	-	-	-	-	-
Time deposits and other demand liabilities					
Time deposits	250,896	-	-	-	250,896
Issued debt instruments					
Senior bonds	646,751	1,182,672	2,570,773	1,042,756	5,442,952
Subordinated bonds	-	85,448	-	170,896	256,344
Obligations with Banks:					
Interbank loans	2,049,044	-	-	-	2,049,044
Central bank loans	-	6,178,000	-	-	6,178,000
Total	2,959,710	7,446,120	3,143,021	2,244,582	15,793,433
Hedging instrument					
Cross currency swaps	2,811,893	1,168,120	2,644,687	615,516	7,240,216
Interest rate swaps	147,817	6,278,000	498,334	1,629,066	8,553,217
Total	2,959,710	7,446,120	3,143,021	2,244,582	15,793,433
<hr/>					
As of December 31, 2020	Within 1 year	Between 1 and 3 years	Between 3 and 6 years	Over 6 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Hedged item					
Available for sale investments					
Chilean Sovereign bonds	10,687	10,687	138,044	249,440	408,858
Mortgage financing bonds	-	918	-	-	918
American treasury bonds	-	-	178,118	-	178,118
Chilean General treasury bonds	-	-	-	-	-
Central bank bonds	-	-	-	-	-
Time deposits and other demand liabilities					
Time deposits	58,238	58,217	-	-	116,455
Issued debt instruments					
Senior bonds	88,023	801,349	2,112,831	1,220,521	4,222,724
Subordinated bonds	-	-	249,363	142,494	391,857
Obligations with Banks:					
Interbank loans	-	-	-	-	-
Total	156,948	871,171	6,543,356	1,612,455	9,183,930
Hedging instrument					
Cross currency swaps	96,261	835,484	2,056,864	1,220,521	4,209,130
Interest rate swaps	60,687	35,687	4,486,492	391,934	4,974,800
Total	156,948	871,171	6,543,356	1,612,455	9,183,930

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 08

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING, continued

Cash flow microhedges

The Bank uses cross currency swaps to hedge the risk from variability of cash flows attributable to changes in the interest rates of mortgages, bonds and interbank loans at a variable rate. To cover the inflation risk in some items, both forwards as well as currency swaps are used.

The notional values of the hedged items as of December 31, 2021 and 2020, and the periods when the cash flows will be generated are as follows:

As of December 31, 2021	Within 1 year	Between 1 and 3 years	Between 3 and 6 years	Over 6 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Hedged item					
Loans and accounts receivables from customers					
Mortgage loan	1,818,996	4,364,910	2,660,486	1,532,213	10,376,605
Available for sale investments					
Time deposits (ASI)	-	-	-	-	-
Chilean Sovereign bonds	-	-	-	-	-
Chilean Central Bank bonds	-	-	532,190	209,411	741,601
Time deposits and other time liabilities					
Time deposits	85,448	-	-	-	85,448
Issued debt instruments					
Senior bonds (variable rate)	-	-	-	-	-
Senior bonds (fixed rate)	566,184	738,136	952,084	480,210	2,736,614
Interbank borrowings					
Interbank loans	299,067	-	-	-	299,067
Total	2,769,695	5,103,046	4,144,760	2,221,834	14,239,335
Hedging instrument					
Cross currency swaps	1,490,355	5,103,046	4,144,760	2,221,834	12,959,995
Currency forwards	1,279,340	-	-	-	1,279,340
Total	2,769,695	5,103,046	4,144,760	2,221,834	14,239,335
<hr/>					
As of December 31, 2020	Within 1 year	Between 1 and 3 years	Between 3 and 6 years	Over 6 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Hedged item					
Loans and accounts receivables from customers					
Mortgage loan	1,926,918	2,520,951	2,761,742	2,084,180	9,293,791
Commercial loans	-	-	-	-	-
Available for sale investments					
Time deposits	-	-	42,532	-	42,532
Chilean Sovereign bonds	-	-	-	-	-
Chilean Central Bank bonds	-	175,875	891,791	196,428	1,264,094
Time deposits and other time liabilities					
Time deposits	-	-	-	-	-
Issued debt instruments					
Senior bonds (variable rate)	167,430	-	-	-	167,430
Senior bonds (fixed rate)	1,125,253	610,385	643,700	415,865	2,795,203
Interbank borrowings					
Interbank loans	327,736	35,624	-	-	363,360
Total	3,547,337	3,342,835	4,339,765	2,696,473	13,926,410
Hedging instrument					
Cross currency swaps	922,731	2,741,253	4,339,765	2,696,473	10,700,222
Currency forwards	2,624,606	601,582	-	-	3,226,188
Total	3,547,337	3,342,835	4,339,765	2,696,473	13,926,410

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 08

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING, continued

An estimate of the periods in which flows are expected to be produced is as follows:

b.1) Forecasted cash flows for interest rate risk:

As of December 31, 2021	Within 1 year MCh\$	Between 1 and 3 years MCh\$	Between 3 and 6 years MCh\$	Over 6 years MCh\$	Total MCh\$
Hedged item					
Inflows	63	97	-	-	160
Outflows	(1,015,634)	(274,502)	(215,324)	(51,328)	(1,556,788)
Net flows	(1,015,571)	(274,405)	(215,324)	(51,328)	(1,556,628)
Hedging instrument					
Inflows	1,015,634	274,502	215,324	51,328	1,556,788
Outflows (*)	(63)	(97)	-	-	(160)
Net flows	1,015,571	274,405	215,324	51,328	1,556,628

(*) Only includes cash flow forecast portion of the hedge instruments used to cover interest rate risk.

As of December 31, 2020	Within 1 year MCh\$	Between 1 and 3 years MCh\$	Between 3 and 6 years MCh\$	Over 6 years MCh\$	Total MCh\$
Hedged item					
Inflows	18,219	2,284	2,512	-	23,015
Outflows	(90,303)	(123,604)	(104,198)	(83,397)	(401,502)
Net flows	(72,084)	(121,320)	(101,686)	(83,397)	(378,487)
Hedging instrument					
Inflows	90,303	123,604	104,198	83,397	401,502
Outflows (*)	(18,219)	(2,284)	(2,512)	-	(23,015)
Net flows	72,084	121,320	101,686	83,397	378,487

(*) Only includes cash flow forecast portion of the hedge instruments used to cover interest rate risk.

b.2) Forecasted cash flows for inflation risk:

As of December 31, 2021	Within 1 year MCh\$	Between 1 and 3 years MCh\$	Between 3 and 6 years MCh\$	Over 6 years MCh\$	Total MCh\$
Hedged item					
Inflows	224,007	756,915	806,621	628,763	2,416,306
Outflows	(47,028)	(40,278)	(67,100)	(43,980)	(198,386)
Net flows	176,979	716,637	739,521	584,783	2,217,920
Hedging instrument					
Inflows	47,028	40,278	67,100	43,980	198,386
Outflows	(224,007)	(756,915)	(806,621)	(628,763)	(2,416,306)
Net flows	(176,979)	(716,637)	(739,521)	(584,783)	(2,217,920)

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 08
DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING, continued

As of December 31, 2020	Within 1 year MCh\$	Between 1 and 3 years MCh\$	Between 3 and 6 years MCh\$	Over 6 years MCh\$	Total MCh\$
Hedged item					
Inflows	114,734	257,698	457,046	406,499	1,235,977
Outflows	(32,238)	(19,702)	(55,388)	(26,993)	(134,321)
Net flows	82,496	237,996	401,658	379,506	1,101,656
Hedging instrument					
Inflows	32,238	19,702	55,388	26,993	134,321
Outflows	(114,734)	(257,698)	(457,046)	(406,499)	(1,235,977)
Net flows	(82,496)	(237,996)	(401,658)	(379,506)	(1,101,656)

b.3) Forecasted cash flows for exchange rate risk:

As of December 31, 2021 and 2020, the Bank did not have cash flow hedges for exchange rate risk.

c) The accumulated effect of the mark to market adjustment of cash flow hedges produced by hedge instruments used in hedged cash flow was recorded in the Consolidated Statement of Changes in Equity, specifically within Other comprehensive income as of December 31, 2021 and 2020, and is as follows:

Hedged item	As of December 31,	
	2021 MCh\$	2020 MCh\$
Interbank loans	974	(962)
Time deposits	(8,816)	-
Issued debt instruments	21,701	(6,990)
Available for sale investments	(33,509)	(25,833)
Loans and accounts receivable from customers	(353,931)	(102,980)
Net flows	(373,581)	(136,765)

Since the inflows and outflows for both the hedged element and the hedging instrument mirror each other, the hedges are nearly 100% effective, which means that the fluctuations of fair value attributable to risk components are almost completely offset.

During the year, the bank did not have any cash flow hedges of forecast transactions.

d) Below is a presentation of income generated by cash flow hedges amount that were reclassified from other comprehensive income to income for the year:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Bond hedging derivatives	(3,248)	(3,149)
Interbank loans hedging derivatives	(286)	1
Mortgage loans hedging derivatives	(22,160)	
Cash flow hedge net income	(25,694)	(3,148)

(*) See Note 24 "Equity", letter e).

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 08
DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING, continued

e) Net investment hedges in foreign operations:

As of December 31, 2021 and 2020, the Bank does not have any net foreign investment hedges in its hedge accounting portfolio.

f) Fair value macrohedges

The Bank has macrocoverages for loans and accounts receivable from clients, specifically for the mortgage loan portfolio and for the commercial loan portfolio, the following is the detail,

As of December 31, 2021	Notional amount				Total
	Within 1 year	Between 1 and 3 years	Between 3 and 6 years	Over 6 years	
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Hedged item					
Loans and accounts receivables from customers					
Mortgage loan	582,645	-	-	412,190	994,835
Commercial loans	150,000	-	100,000	185,950	435,950
Total	732,645	-	100,000	598,140	1,430,785
Hedging instrument					
Cross currency swaps	582,645	-	-	598,140	1,180,785
Currency forwards	150,000	-	100,000	-	250,000
Total	732,645	-	100,000	598,140	1,430,785
As of December 31, 2020					
	Within 1 year	Between 1 and 3 years	Between 3 and 6 years	Over 6 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Hedged item					
Loans and accounts receivables from customers					
Mortgage loan	823,126	786,352	-	735,479	2,344,957
Commercial loans	400,000	150,000	-	-	550,000
Total	1,223,126	936,352	-	735,479	2,894,957
Hedging instrument					
Cross currency swaps	823,126	786,352	-	735,479	2,344,957
Currency forwards	400,000	150,000	-	-	550,000
Total	1,223,126	936,352	-	735,479	2,894,957

As of December 31, 2021 and 2020, MCh \$ 327,938 and MCh \$ 210,867 are presented in "other assets" for the valuation of the net assets or liabilities hedged at fair value in a macro hedge (Note No. 16).

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 09

INTERBANK LOANS

a) As of December 31, 2021 and 2020, the balances for "Interbank loans" are as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Domestic banks		
Loans and advances to banks	-	-
Deposits in the Central Bank of Chile - not available	-	-
Non-transferable Chilean Central Bank Bonds	-	-
Other Central Bank of Chile loans	-	-
Interbank loans	-	-
Overdrafts in checking accounts	-	-
Non-transferable domestic bank loans	-	-
Foreign trade credits Chilean exports	-	4,591
Other domestic bank loans	-	-
Allowances and impairment for domestic bank loans	-	(4)
Foreign interbank loans		
Interbank loans - Foreign	428	14,339
Overdrafts in checking accounts	-	-
Non-transferable foreign bank deposits	-	-
Other foreign bank loans	-	-
Provisions and impairment for foreign bank loans	-	(6)
Total	428	18,920

b) The amount of provisions and impairment of interbank loans is detailed below:

	As of December 31,					
	2021			2020		
	Domestic banks MCh\$	Foreign banks MCh\$	Total MCh\$	Domestic banks MCh\$	Foreign banks MCh\$	Total MCh\$
Balance as of January 1	4	6	10	-	19	19
Charge-offs	-	-	-	-	-	-
Provisions established	-	15	15	9	21	30
Provisions released	(4)	(21)	(25)	(5)	(34)	(39)
Total	-	-	-	4	6	10

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 10
LOANS AND ACCOUNTS RECEIVABLE FROM CUSTOMERS

a) Loans and accounts receivable from customers

As of December 31, 2021 and 2020, the composition of the loan portfolio is as follows:

As of December 31, 2021	Assets before allowances				Established Allowances (*)			Assets Net Balances MCh\$
	Normal portfolio MCh\$	Substandard portfolio MCh\$	Non-compliance portfolio MCh\$	Total MCh\$	Individual allowances MCh\$	Group allowances MCh\$	Total MCh\$	
Commercial loans								
Commercial loans (*)	12,092,833	935,943	797,607	13,826,383	(262,833)	(240,273)	(503,106)	13,323,277
Foreign trade loans	1,465,936	45,075	23,782	1,534,793	(45,206)	(3,641)	(48,847)	1,485,946
Checking accounts debtors	81,680	11,504	9,177	102,361	(3,482)	(6,575)	(10,057)	92,304
Factoring transactions	663,335	11,691	3,475	678,501	(9,264)	(1,033)	(10,297)	668,204
Student Loans	49,287	-	6,727	56,014	-	(3,496)	(3,496)	52,518
Leasing transactions	1,105,998	154,469	77,231	1,337,698	(17,402)	(11,206)	(28,608)	1,309,090
Other loans and account receivable	202,568	3,786	16,812	223,166	(4,855)	(10,714)	(15,569)	207,597
Subtotal	15,661,637	1,162,468	934,811	17,758,916	(343,042)	(276,938)	(619,980)	17,138,936
Mortgage loans								
Loans with mortgage finance bonds	4,094	-	208	4,302	-	(31)	(31)	4,271
Mortgage mutual loans	86,754	-	2,147	88,901	-	(351)	(351)	88,550
Other mortgage mutual	13,392,371	-	390,601	13,782,972	-	(73,579)	(73,579)	13,709,393
Subtotal	13,483,219	-	392,956	13,876,175	-	(73,961)	(73,961)	13,802,214
Consumer loans								
Installment consumer loans	3,447,433	-	145,481	3,592,914	-	(226,932)	(226,932)	3,365,982
Credit card balances	1,272,588	-	7,736	1,280,324	-	(30,755)	(30,755)	1,249,569
Leasing transactions	3,184	-	16	3,200	-	(42)	(42)	3,158
Other consumer loans	121,322	-	1,489	122,811	-	(7,091)	(7,091)	115,720
Subtotal	4,844,527	-	154,722	4,999,249	-	(264,820)	(264,820)	4,734,429
Total	33,989,383	1,162,468	1,482,489	36,634,340	(343,042)	(615,719)	(958,761)	35,675,579

(*)Contains fogape provisions for Ch \$ 35,503 million.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 10

LOANS AND ACCOUNTS RECEIVABLE FROM CUSTOMERS, continued

As of December 31, 2020	Assets before allowances				Established Allowances (*)			Assets Net Balances MCh\$
	Normal portfolio MCh\$	Substandar portfolio MCh\$	Non-compliance portfolio MCh\$	Total MCh\$	Individual allowances MCh\$	Group allowances MCh\$	Total MCh\$	
Commercial loans								
Commercial loans	12,080,177	700,855	778,863	13,559,895	(268,296)	(252,388)	(520,684)	13,039,211
Foreign trade loans	1,002,748	195,262	41,261	1,239,271	(56,499)	(3,513)	(60,012)	1,179,259
Checking accounts debtors	104,216	9,389	12,005	125,610	(4,553)	(7,225)	(11,778)	113,832
Factoring transactions	488,633	5,195	3,851	497,679	(5,839)	(653)	(6,492)	491,187
Student Loans	56,040	-	7,340	63,380	-	(3,630)	(3,630)	59,750
Leasing transactions	1,119,641	153,005	82,511	1,355,157	(17,001)	(8,002)	(25,003)	1,330,154
Other loans and account	171,523	2,172	22,849	196,544	(5,461)	(13,629)	(19,090)	177,454
Subtotal	15,022,978	1,065,878	948,680	17,037,536	(357,649)	(289,040)	(646,689)	16,390,847
Mortgage loans								
Loans with mortgage finance	7,428	-	381	7,809	-	(45)	(45)	7,764
Mortgage mutual loans	91,115	-	1,845	92,960	-	(329)	(329)	92,631
Other mortgage mutual loans	11,906,388	-	404,668	12,311,056	-	(60,907)	(60,907)	12,250,149
Subtotal	12,004,931	-	406,894	12,411,825	-	(61,281)	(61,281)	12,350,544
Consumer loans								
Installment consumer loans	3,454,520	-	234,072	3,688,592	-	(247,223)	(247,223)	3,441,369
Credit card balances	1,118,130	-	7,778	1,125,908	-	(16,923)	(16,923)	1,108,985
Leasing transactions	3,105	-	16	3,121	-	(35)	(35)	3,086
Other consumer loans	121,411	-	1,847	123,258	-	(4,660)	(4,660)	118,598
Subtotal	4,697,166	-	243,713	4,940,879	-	(268,841)	(268,841)	4,672,038
Total	31,725,075	1,065,878	1,599,287	34,390,240	(357,649)	(619,162)	(976,811)	33,413,429

(*)Contains fogape provisions for Ch \$ 35,789 million.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 10

LOANS AND ACCOUNTS RECEIVABLE FROM CUSTOMERS, continued

b) Portfolio characteristics

As of December 31, 2021 and 2020, the portfolio before allowances is as follows, by customer's economic activity:

	Domestic loans (*)		Foreign interbank loans (**)		Total loans		Distribution percentage	
	As of		As of		As of		As of	
	December 31		December 31		December 31		December 31	
	2021	2020	2021	2020	2021	2020	2021	2020
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	%	%
Commercial loans								
Manufacturing	1,536,388	1,378,221	-	-	1,536,388	1,378,221		4.01
Mining	214,578	433,615	-	-	214,578	433,615		1.26
Electricity, gas, and water	784,838	384,274	-	-	784,838	384,274		1.12
Agriculture and livestock	1,376,343	1,345,864	-	-	1,376,343	1,345,864		3.91
Forest	176,826	179,176	-	-	176,826	179,176		0.52
Fishing	270,880	234,151	-	-	270,880	234,151		0.68
Transport	779,184	777,601	-	-	779,184	777,601		2.26
Communications	341,380	331,115	-	-	341,380	331,115		0.96
Construction	977,633	959,369	-	-	977,633	959,369		2.79
Commerce	4,104,593	3,712,568	428	14,339	4,105,021	3,726,907		10.83
Services	2,596,393	2,863,338	-	-	2,596,393	2,863,338		8.32
Other	4,599,880	4,442,835	-	-	4,599,880	4,442,835		12.91
Subtotal	17,758,916	17,042,127	428	14,339	17,759,344	17,056,466		49.57
Mortgage loans	13,876,175	12,411,825	-	-		12,411,825		36.07
Consumer loans	4,999,249	4,940,879	-	-		4,940,879		14.35
Total	36,634,340	34,394,831	428	14,339	36,634,768	34,409,170		100.00

(*) Includes domestic interbank loans for Ch\$ 0 million as of December 31, 2021 (Ch\$ 4,591 million as of December 31, 2020), see Note 9.

(**) Includes foreign interbank loans for Ch\$ 428 million as of December 31, 2021 (Ch\$ 14,339 million as of December 31, 2020), see Note 9.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 10

LOANS AND ACCOUNTS RECEIVABLE FROM CUSTOMERS, continued

c) Impaired portfolio (*)

i) As of December 31, 2021 and 2020, the impaired portfolio is the following:

	As of December 31,							
	2021				2020			
	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total MCh\$	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total MCh\$
Individually impaired portfolio	608,077	-	-	608,077	588,334	-	-	588,334
Non-performing loans (collectively evaluated)	301,984	104,225	43,626	449,835	331,382	108,625	46,428	486,435
Other impaired portfolio	195,049	288,731	111,096	594,876	219,660	298,269	197,285	715,214
Total	1,105,110	392,956	154,722	1,652,788	1,139,376	406,894	243,713	1,789,983

(*) The impaired portfolio corresponds to the sum of loans classified as substandard B3 and B4 category as well as the non-compliance portfolio (C1-C6). As they are debtors subject to group evaluation, it includes all the credits of the "Portfolio in Default"

ii) The impaired portfolio with or without warranty as of December 31, 2021 and 2020 is the following:

	As of December 31,							
	2021				2020			
	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total MCh\$	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total MCh\$
Secured debt	799,848	371,001	25,996	1,196,845	720,785	381,182	34,720	1,136,687
Unsecured debt	305,262	21,955	128,726	455,943	418,591	25,712	208,993	653,296
Total	1,105,110	392,956	154,722	1,652,788	1,139,376	406,894	243,713	1,789,983

iii) The portfolio of non-performing loans as of December 31, 2021 and 2020 is the following:

	As of December 31,							
	2021				2020			
	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total MCh\$	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total MCh\$
Secured debt	163,294	99,351	6,531	269,176	177,316	101,279	7,136	285,731
Unsecured debt	138,690	4,874	37,095	180,659	154,066	7,346	39,292	200,704
Total	301,984	104,225	43,626	449,835	331,382	108,625	46,428	486,435

iv) Reconciliation of loans, with past due loans as of December 31, 2021 and 2020, is the following:

	As of December 31,							
	2021				2020			
	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total MCh\$	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total MCh\$
With defaults equal to or greater than 90 days	297,709	102,976	39,969	440,654	329,009	107,905	43,128	480,042
With defaults up to 89 days, classified in past due portfolio	4,275	1,249	3,657	9,181	2,373	720	3,300	6,393
Total	301,984	104,225	43,626	449,835	331,382	108,625	46,428	486,435

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 10

LOANS AND ACCOUNTS RECEIVABLE FROM CUSTOMERS, continued

d) Allowances

The changes in allowances balances during 2021 and 2020 is the following:

Activity during 2021	Commercial Loans (*)		Mortgage Loans	Mortgage Loans	Interbank Loans	Total MCh\$
	Individual MCh\$	Group MCh\$	Group MCh\$	Group MCh\$	MCh\$	
Balance as of January 01, 2021	357,649	289,040	61,281	268,841	10	976,821
Allowances established	203,505	115,728	32,204	169,024	9	520,470
Allowances released	(194,512)	(54,125)	(8,879)	(60,705)	(9)	(318,230)
Allowances released due to charge-off	(23,600)	(73,705)	(10,645)	(112,340)	-	(220,290)
Balance as of December 31, 2021	343,042	276,938	73,961	264,820	10	958,771

(*) Contains allowances for Covid-19 Fogape commercial loans equivalent to Ch\$ 35,303 million.

Activity during 2020	Commercial Loans		Mortgage Loans	Mortgage Loans	Interbank Loans	Total MCh\$
	Individual MCh\$	Group MCh\$	Group MCh\$	Group MCh\$	MCh\$	
Balance as of January 01, 2020	236,549	275,893	68,461	312,245	19	893,167
Allowances established	184,691	124,057	15,884	223,493	30	548,155
Allowances released	(44,878)	(54,394)	(17,141)	(79,846)	(39)	(196,298)
Allowances released due to charge-off	(18,713)	(56,516)	(5,923)	(187,051)	-	(268,203)
Balance as of December 31, 2020	357,649	289,040	61,281	268,841	10	976,821

(*) Contains allowances for Covid-19 Fogape commercial loans equivalent to Ch\$ 35,789 million.

In addition to credit risk allowances, there are allowances held for:

- i) Country risk to cover the risk taken when holding or committing resources with any foreign country, these allowances are established according to country risk classifications as set forth in Chapter 7-13 of the Updated Compilation of Rules, issued by the CMF (ex SBIF), the balances of allowances as of December 31, 2021 and 2020 are Ch\$ 194 million and Ch\$ 49 million respectively. These are presented as "Allowances" in the liabilities section of the "Consolidated Statement of Financial Position".
- ii) According to CMF regulations (compendium of Accounting Standards), the Bank has established allowances related to the undrawn available credit lines and contingent loans. The balances of allowances as of December 31, 2021 and 2020 are Ch\$ 26,001 million and Ch\$ 17,293 million, respectively, and are presented as "Allowances" in the liabilities section of the "Consolidated Statement of Financial Position".
- iii) Under the rules of the CMF, banks are allowed to establish provisions above the limits described above, in order to protect themselves from the risk of unpredictable economic fluctuations that may affect the macroeconomic environment or the situation of a specific economic sector. The Bank has additional provisions for \$ 258,000 million, which are presented as liabilities in the "Provisions" caption of the Consolidated Statements of Financial Position.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 10

LOANS AND ACCOUNTS RECEIVABLE FROM CUSTOMERS, continued

e) Portfolio by its impaired and non-impaired condition

	As of December 31, 2021											
	Non-impaired				Impaired				Total portfolio			
	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total non- impaired MCh\$	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total impaired MCh\$	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total portfolio MCh\$
Current portfolio	16,556,628	13,308,541	4,739,201	34,604,370	646,248	195,293	66,328	907,869	17,202,876	13,503,834	4,805,529	35,512,239
Overdue for 1-29 days	40,073	28,774	65,223	134,070	38,478	5,817	16,676	60,971	78,551	34,591	81,899	195,041
Overdue for 30-89 days	57,105	145,904	40,103	243,112	122,675	88,870	31,749	243,294	179,780	234,774	71,852	486,406
Overdue for 90 days or more	-	-	-	-	297,709	102,976	39,969	440,654	297,709	102,976	39,969	440,654
Total portfolio before allowances	16,653,806	13,483,219	4,844,527	34,981,552	1,105,110	392,956	154,722	1,652,788	17,758,916	13,876,175	4,999,249	36,634,340
Overdue loans (less than 90 days) presented as portfolio percentage	0.58%	1.30%	2.17%	1.08%	14.58%	24.10%	31.30%	18.41%	1.45%	1.94%	3.08%	1.86%
Overdue loans (90 days or more) presented as portfolio percentage	-	-	-	-	26.94%	26.21%	25.83%	26.66%	1.68%	0.74%	0.80%	1.20%

	As of December 31, 2020											
	Non-impaired				Impaired				Total portfolio			
	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total non- impaired MCh\$	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total impaired MCh\$	Commercial MCh\$	Mortgage MCh\$	Consumer MCh\$	Total portfolio MCh\$
Current portfolio	15,818,599	11,872,157	4,611,792	32,302,548	717,471	223,798	140,463	1,081,732	16,536,070	12,095,955	4,752,255	33,384,280
Overdue for 1-29 days	36,813	23,997	53,581	114,391	22,016	5,806	23,549	51,371	58,829	29,803	77,130	165,762
Overdue for 30-89 days	42,748	108,777	31,793	183,318	70,880	69,385	36,573	176,838	113,628	178,162	68,366	360,156
Overdue for 90 days or more	-	-	-	-	329,009	107,905	43,128	480,042	329,009	107,905	43,128	480,042
Total portfolio before allowances	15,898,160	12,004,931	4,697,166	32,600,257	1,139,376	406,894	243,713	1,789,983	17,037,536	12,411,825	4,940,879	34,390,240
Overdue loans (less than 90 days) presented as portfolio percentage	0.50%	1.11%	1.82%	0.91%	8.15%	18.48%	24.67%	12.75%	1.01%	1.68%	2.94%	1.53%
Overdue loans (90 days or more) presented as portfolio percentage	-	-	-	-	28.88%	26.52%	17.70%	26.82%	1.93%	0.87%	0.87%	1.40%

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 11 INVESTMENTS

Available for sale investments

As of December 31, 2021 and 2020, details of instruments defined as available for sale investments are as follows:

	As of December 31	
	2021 MCh\$	2020 MCh\$
Chilean Central Bank and Government securities		
Chilean Central Bank Bonds	-	-
Chilean Central Bank Notes	3,258,417	1,008,450
Other Chilean Central Bank and Government securities	981,939	5,344,910
Subtotal	4,240,356	6,353,360
<i>of which sold under repurchase agreement</i>	<i>86,554</i>	<i>969,409</i>
Other Chilean securities		
Time deposits in Chilean financial institutions	952	492
Mortgage finance bonds of Chilean financial institutions	10,821	14,022
Chilean financial institution bonds	-	-
Chilean corporate bonds	-	-
Other Chilean securities	1,761	2,217
Subtotal	13,534	16,731
<i>of which sold under repurchase agreement</i>	<i>80</i>	<i>399</i>
Foreign financial securities		
Foreign Central Banks and Government securities	1,438,155	269,803
Other foreign financial securities	111,094	522,648
Subtotal	1,549,249	792,451
<i>of which sold under repurchase agreement</i>	<i>-</i>	<i>-</i>
Total	5,803,139	7,162,542

The Bank holds instruments, belonging to "Chilean central bank and government securities", which guarantee derivatives transactions through Comder Contraparte Central S,A, in the local market as of December 31, 2021 and 2020 for an amount of Ch\$115,680 and Ch\$158,600, while "Foreign financial securities" guarantee derivatives transactions through London Clearing House (LCH) as of December 31, 2021 and 2020 Ch\$83,673 and Ch\$67,685. Additionally, the Bank maintains guarantees with Euroclear as of December 31, 2021 and 2020 Ch\$461,419 and Ch\$258,183 to comply with the initial margin required by European EMIR standard.

As of December 31, 2021, the instruments available for sale include the balances of unrealized net profits of \$ 106,865 million recognized as "Valuation accounts" in equity, distributed between a gain of \$ 107,634 million attributable to equity holders of the Bank and a gain of \$ 769 million attributable to non-controlling interest.

As of December 31, 2020 the instruments available for sale include the balances of unrealized net profits of \$ 100,135 million recognized as "Valuation accounts" in equity, distributed between a gain of \$ 98,976 million attributable to equity holders of the Bank and a gain of \$ 1,159 million attributable to non-controlling interest.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 11

INVESTMENTS, continued

Gross profits and losses realized on the sale of available for sale investments as of december 31, 2021 and 2020, are as follow,

	As of December 31,	
	2021	2020
	MCh\$	MCh\$
Sale of available for sale investments generating realized profits	1,728,731	3,696,791
Realized profits	28,131	82,925
Sale of available for sale investments generating realized losses	1,247,044	379,046
Realized losses	4,944	2,246

The Bank evaluated those instruments with unrealized losses as of December 31, 2021 and 2020 and concluded they were not impaired. This review consisted of evaluating the economic reasons for any declines, the credit ratings of the securities' issuers, and the Bank's intention and ability to hold the securities until the unrealized loss is recovered. Based on this analysis, the Bank believes that there were no significant or prolonged declines nor changes in credit risk which would cause impairment in its investment portfolio, since most of the decline in fair value of these instruments was caused by market conditions which the Bank considers to be temporary. All of the instruments that have unrealized losses as of December 31, 2021 and 2020, were not in a continuing unrealized loss position for more than one year.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 11 INVESTMENTS, continued

The following charts show the available for sale investments cumulative unrealized profit and loss, as of December 31, 2021:

As of December 31, 2021:

	Less than 12 month				More than 12 month				Total			
	Amortized cost MCh\$	Fair value MCh\$	Unrealized profit MCh\$	Unrealized loss MCh\$	Amortized cost MCh\$	Fair value MCh\$	Unrealized profit MCh\$	Unrealized loss MCh\$	Amortized cost MCh\$	Fair value MCh\$	Unrealized profit MCh\$	Unrealized loss MCh\$
Chilean central bank and government												
Chilean central bank fond	-	-	-	-	-	-	-	-	-	-	-	-
Chilean central bank notes	3,257,912	3,258,417	515	(10)	-	-	-	-	3,257,912	3,258,417	515	(10)
Other Chilean central bank and government securities	1,087,505	981,939	1,051	(106,617)	-	-	-	-	1,087,505	981,939	1,051	(106,617)
Subtotal	4,345,417	4,240,356	1,566	(106,627)	-	-	-	-	4,345,417	4,240,356	1,566	(106,627)
Other Chilean securities												
Time deposits in Chilean financial institutions	967	952	-	(15)	-	-	-	-	967	952	-	(15)
Mortgage finance bonds of Chilean financial	10,746	10,821	98	(23)	-	-	-	-	10,746	10,821	98	(23)
Chilean financial institution bonds	-	-	-	-	-	-	-	-	-	-	-	-
Chilean corporate bonds	-	-	-	-	-	-	-	-	-	-	-	-
Other Chilean securities	220	1,761	1,541	-	-	-	-	-	220	1,761	1,541	-
Subtotal	11,933	13,534	1,639	(38)	-	-	-	-	11,933	13,534	1,639	(38)
Foreign financial securities												
Foreign central bank and government securities	1,442,753	1,438,155	1,145	(5,743)	-	-	-	-	1,442,753	1,438,155	1,145	(5,743)
Other Foreign securities	109,901	111,094	1,193	-	-	-	-	-	109,901	111,094	1,193	-
Subtotal	1,552,654	1,549,249	2,338	(5,743)	-	-	-	-	1,552,654	1,549,249	2,338	(5,743)
Total	5,910,004	5,803,139	5,543	(112,408)	-	-	-	-	5,910,004	5,803,139	5,543	(112,408)

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 11 INVESTMENTS, continued

The following charts show the available for sale investments cumulative unrealized profit and loss, as of December 31, 2020:

As of December 31, 2020:

	Less than 12 month				More than 12 month				Total			
	Amortized cost MCh\$	Fair value MCh\$	Unrealized profit MCh\$	Unrealized loss MCh\$	Amortized cost MCh\$	Fair value MCh\$	Unrealized profit MCh\$	Unrealized loss MCh\$	Amortized cost MCh\$	Fair value MCh\$	Unrealized profit MCh\$	Unrealized loss MCh\$
Chilean central bank and government securities												
Chilean central bank fund	-	-	-	-	-	-	-	-	-	-	-	-
Chilean central bank notes	1,008,450	1,008,450	-	-	-	-	-	-	1,008,450	1,008,450	-	-
Other Chilean central bank and government securities	5,288,189	5,344,910	96,180	(39,459)	-	-	-	-	5,288,189	5,344,910	96,180	(39,459)
Subtotal	6,296,639	6,353,360	96,180	(39,459)	-	-	-	-	6,296,639	6,353,360	96,180	(39,459)
Other Chilean securities												
Time deposits in Chilean financial institutions	299	299	-	-	-	-	-	-	299	299	-	-
Mortgage finance bonds of Chilean financial	13,293	14,022	729	-	-	-	-	-	13,293	14,022	729	-
Chilean financial institution bonds	-	-	-	-	-	-	-	-	-	-	-	-
Chilean corporate bonds	-	-	-	-	-	-	-	-	-	-	-	-
Other Chilean securities	305	2,410	2,105	-	-	-	-	-	305	2,410	2,105	-
Subtotal	13,897	16,731	2,834	-	-	-	-	-	13,897	16,731	2,834	-
Foreign financial securities												
Foreign central bank and government securities	269,477	269,803	20,267	(19,941)	-	-	-	-	269,477	269,803	20,267	(19,941)
Other Foreign securities	482,394	522,648	40,254	-	-	-	-	-	482,394	522,648	40,254	-
Subtotal	751,871	792,451	60,521	(19,941)	-	-	-	-	751,871	792,451	60,521	(19,941)
Total	7,062,407	7,162,542	159,535	(59,400)	-	-	-	-	7,062,407	7,162,542	159,535	(59,400)

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 11

INVESTMENTS, continued

Held to maturity investments

As of December 31, 2021 and 2020, details of instruments defined as held to maturity investments are as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Chilean Central Bank and Government securities		
Chilean Central Bank Bonds	-	-
Chilean Central Bank Notes	-	-
Other Chilean Central Bank and Government securities	4,380,680	-
Subtotal	4,380,680	-
Other Chilean securities		
Time deposits in Chilean financial institutions	-	-
Mortgage finance bonds of Chilean financial institutions	-	-
Chilean financial institution bonds	-	-
Chilean corporate bonds	-	-
Other Chilean securities	-	-
Subtotal	-	-
Foreign financial securities		
Foreign Central Banks and Government securities	-	-
Other foreign financial securities	-	-
Subtotal	-	-
Totals	4,380,680	-

For more information see Note No. 01, letter g).

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 12

INVESTMENTS IN ASSOCIATES AND OTHER COMPANIES

- a) The Consolidated Statements of Financial Position reflect investments in associates and other companies amounting to Ch\$35,934 million as of December 31, 2021, Ch\$ 10,770 million as of December 2020, as show in the following table:

Company	Ownership interest		Investment			
			Investment value		Profit and loss	
	As of December 31,		As of December 31,		As of December 31,	
	2021	2020	2021	2020	2021	2020
%	%	MCh\$	MCh\$	MCh\$	MCh\$	
Centro de Compensación Automatizado S.A.	33.33	33.33	3,664	2,788	876	603
Sociedad Interbancaria de Depósito de Valores S.A.	29.29	29.29	1,769	1,633	344	302
Cámara de Compensación de Pagos de Alto Valor S.A.	15.00	15.00	1,008	971	58	28
Administrador Financiero del Transantiago S.A.	20.00	20.00	3,134	3,476	437	337
Servicios de Infraestructura de Mercado OTC S.A.	12.07	12.07	1,561	1,528	33	(24)
Redbanc S.A.	33.43	33.43	3,321	-	472	
Transbank S.A.	25.00	25.00	21,288	-	(3,046)	
Subtotal			35,745	10,396	(826)	1,246
Shares or rights in other companies						
Bladex			-	136	-	-
Stock Exchanges			181	228	163	142
Otras			8	10	-	-
Total			35,934	10,770	(663)	1,388

- b) Investments in associates and other companies do not have market prices.

- c) Summary of financial information of the partners between exercises 2021 and 2020:

	As of December 31,							
	2021				2020			
	Assets MCh\$	Liabilities MCh\$	Equity MCh\$	Net Income MCh\$	Assets MCh\$	Liabilities MCh\$	Equity MCh\$	Net Income MCh\$
Centro de Compensación Automatizado S.A.	13,247	2,519	8,100	2,628	11,134	2,953	6,371	1,810
Sociedad Interbancaria de Depósito de Valores S.A.	6,675	358	5,143	1,175	5,840	314	4,496	1,030
Cámara de Compensación de Pagos de Alto Valor S.A.	7,569	931	6,246	392	7,158	722	6,246	190
Administrador Financiero del Transantiago S.A.	54,437	35,279	17,233	1,925	49,841	30,670	17,227	1,944
Servicios de Infraestructura de Mercado OTC S.A.	35,641	23,023	12,246	371	14,480	2,232	12,441	(193)
Redbanc S.A.	28,410	18,475	8,522	1,413	25,484	16,821	8,019	(644)
Transbank S.A.	1,317,587	1,232,689	97,337	(12,439)	1,006	939	83	(16)
Total	1,463,566	1,313,274	154,826	(4,534)	114,943	54,651	54,883	4,121

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 12

INVESTMENTS IN ASSOCIATES AND OTHER COMPANIES, continued

- d) Restriction on the ability of partners to transfer funds to investors.

There are no significant restriction in relation to the ability of the associates to transfer funds in the form of dividends in Cash or reimbursements of loans or advances, to the bank.

- e) Activity with respect to investments in other companies during 2021 and 2020, is as follow:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Opening balance as of January 1,	10,770	10,467
Acquisition of investments (*)	27,233	-
Sale of investments	(136)	(20)
Participation in income	(714)	1,388
Dividends received	506	(508)
Other adjustment	(1,725)	(557)
Total	35,934	10,770

(*) As of December 31, 2020, the companies that were classified as "non-current assets classified as held for sale" return to their initial status as "associated entities", the caption of investments in companies, see note No. 40.

- f) We have evaluated the objective evidence indicated in IAS No 28 and we have not detected any type of impairment on the investments that the Bank.

NOTE 13

INTANGIBLE ASSETS

- a) As of December 31, 2021 and 2020 the composition of intangible assets is as follows:

	Average remaining useful life	Net opening balance as of January 1, 2020 MCh\$	As of December 31, 2021		
			Gross balance MCh\$	Accumulated amortization MCh\$	Net balance MCh\$
Software development	2	82,537	294,745	(199,334)	95,411
Total		82,537	294,745	(199,334)	95,411

	Average remaining useful life	Net opening balance as of January 1, 2019 MCh\$	As of December 31, 2020		
			Gross balance MCh\$	Accumulated amortization MCh\$	Net balance MCh\$
Software development	2	73,389	320,531	(237,994)	82,537
Total		73,389	320,531	(237,994)	82,537

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 13

INTANGIBLE ASSETS continued

b) The changes in the value of intangible assets during the periods of December 31, 2021 and 2020 is as follows:

b.1) Gross balance

Gross balances	Software development MCh\$	Total MCh\$
Balances as of January 1, 2021	284,534	284,534
Additions	47,487	47,487
Disposals and impairment (*)	(37,276)	(37,276)
Other	-	-
Balances as of December 31, 2021	294,745	294,745
Balances as of January 1, 2020	250,002	250,002
Additions	35,170	35,170
Disposals and impairment (*)	(638)	(638)
Other	-	-
Balances as of December 31, 2020	284,534	284,534

(*) See Note 34 a).

b.2) Accumulated amortization

Accumulated amortization	Software development MCh\$	Total MCh\$
Balances as of January 1, 2021	(201,997)	(201,997)
Amortization for the period	(32,252)	(32,252)
Other changes	34,915	34,915
Balances as of December 31, 2021	(199,334)	(199,334)
Balances as of January 1, 2020	(176,613)	(176,613)
Amortization for the period	(25,384)	(25,384)
Other changes	-	-
Balances as of December 31, 2020	201,997	201,997

c) The Bank has no restriction on intangible assets as of December 31, 2021 and 2020. Additionally, the intangible assets have not been pledged as guarantee to secure compliance with financial liabilities. Also, the Bank has no debt related to Intangible assets as of those dates.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 14

FIXED ASSETS AND RIGHT OF USE ASSETS AND OBLIGATION FOR LEASE CONTRACT

a) As of December 31, 2021 and 2020 the property, plant and equipment balances is as follows:

	Net opening balance as of January 1, 2021 MCh\$	As of December 31, 2021		
		Gross balance MCh\$	Accumulated depreciation MCh\$	Net balance MCh\$
		Land and building (*)	114,080	187,321
Equipment	52,448	278,176	(220,607)	57,569
Other	20,712	82,433	(63,272)	19,161
Total	187,240	547,930	(357,640)	(190,290)

	Net opening balance as of January 1, 2020 MCh\$	As of December 31, 2020		
		Gross balance MCh\$	Accumulated depreciation MCh\$	Net balance MCh\$
		Land and building	120,133	179,420
Equipment	55,494	243,084	(190,636)	52,448
Other	22,206	75,159	(54,447)	20,712
Total	197,833	497,663	(310,423)	187,240

b) The changes in the value of property, plant and equipment as of December 31, 2021 and 2020 is the following:

b.1) Gross balance

2021	Land and buildings MCh\$	Equipment MCh\$	Other MCh\$	Total MCh\$
Balances as of January 1, 2021	179,420	243,084	75,159	497,663
Additions	5,971	37,275	4,032	47,278
Disposals	(52)	(1,854)	(592)	(2,498)
Impairment due to damage	-	-	-	-
Other	1,982	(329)	3,834	5,487
Balances as of December 31, 2021	187,321	278,176	82,433	547,930

2020	Land and buildings MCh\$	Equipment MCh\$	Other MCh\$	Total MCh\$
Balances as of January 1, 2020	175,370	219,600	69,758	464,728
Additions	1,556	25,233	7,500	34,289
Disposals	(3,719)	(1,748)	(2,099)	(7,566)
Impairment due to damage	-	-	-	-
Other	6,213	-	-	6,213
Balances as of December 31, 2020	179,420	243,084	75,159	497,663

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 14

FIXED ASSETS AND RIGHT OF USE ASSETS AND OBLIGATION FOR LEASE CONTRACT, continued

b.2) Accumulated depreciation

2021	Land and buildings MCh\$	Equipment MCh\$	Other MCh\$	Total MCh\$
Balances as of January 1, 2021	(65,341)	(190,636)	(54,447)	(310,423)
Depreciation for the period	(9,600)	(30,976)	(9,308)	(49,884)
Sales and disposals during the period	4	1,005	483	1,492
Others	1,176	-	-	1,176
Balances as of December 31, 2021	(73,761)	(220,607)	(63,272)	(357,639)

2020	Land and buildings MCh\$	Equipment MCh\$	Other MCh\$	Total MCh\$
Balances as of January 1, 2020	(55,237)	(164,106)	(47,552)	(266,895)
Depreciation for the period	(8,987)	(28,370)	(8,915)	(46,273)
Sales and disposals during the period	3,701	1,840	2,021	7,562
Others	(4,817)	-	-	(4,817)
Balances as of December 31, 2020	(65,341)	(190,636)	(54,447)	(310,423)

c) The composition of the right of use assets as of December 31, 2021 and 2020 is as follows:

	Net opening balance as of January 1, 2021 MCh\$	As of December 31, 2021		
		Gross balance MCh\$	Accumulated depreciation MCh\$	Net balance MCh\$
Land and building	147,997	212,446	(74,567)	137,879
Lease improvements	53,614	134,310	(87,661)	46,649
Total	201,611	346,756	(162,228)	184,528
	Net opening balance as of January 1, 2020 MCh\$	As of December 31, 2020		
		Gross balance MCh\$	Accumulated depreciation MCh\$	Net balance MCh\$
Land and building	157,572	197,573	(49,576)	147,997
Lease improvements	52,928	129,079	(75,465)	53,614
Total	210,500	326,652	(125,041)	201,611

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 14

FIXED ASSETS AND RIGHT OF USE ASSETS AND OBLIGATION FOR LEASE CONTRACT, continued

d) The movement of the right of use assets under lease during the 2021 period, is as follows:

d.1) Gross balance

2021	Land and building MCh\$	Lease improvements MCh\$	Total MCh\$
Balances as of January 1, 2021	197,573	129,079	326,652
Additions	25,582	10,717	36,299
Disposals	(10,709)	-	(10,709)
Impairment	-	-	-
Other	-	(5,486)	(5,486)
Balances as of December 31, 2021	212,446	134,310	346,756
2020	Land and building MCh\$	Lease improvements MCh\$	Total MCh\$
Balances as of January 1, 2020	182,910	127,035	309,945
Additions	24,136	12,070	36,206
Disposals	(9,473)	(3,813)	(13,286)
Impairment	-	-	-
Other	-	(6,213)	(6,213)
Balances as of December 31, 2020	197,573	129,079	326,652

d.2) Accumulated amortization

2021	Land and building MCh\$	Lease improvements MCh\$	Total MCh\$
Balances as of January 1, 2021	(49,576)	(75,465)	(125,041)
Amortization for the period	(28,899)	(11,020)	(39,919)
Sales and disposals during the period	3,908	-	3,908
Transfers	-	-	-
Others	-	(1,176)	(1,176)
Balances as of December 31, 2021	(74,567)	(87,661)	(162,228)
2020	Land and building MCh\$	Lease improvements MCh\$	Total MCh\$
Balances as of January 1, 2020	(25,338)	(74,107)	(99,445)
Amortization for the period	(27,731)	(10,038)	(37,769)
Sales and disposals during the period	3,496	3,862	7,358
Transfers	-	-	-
Others	(3)	4,817	4,815
Balances as of December 31, 2020	(49,576)	(75,465)	(125,041)

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 14

FIXED ASSETS AND RIGHT OF USE ASSETS AND OBLIGATION FOR LEASE CONTRACT, continued

e) Obligation for lease contract

As of December 31, 2021 and 2020, the obligations for lease agreements are as follows:

	As of December 31,	
	2021	2020
	MCh\$	MCh\$
Obligations for lease contracts	139,795	149,585
Total	139,795	149,585

f) Expenses associated with assets for the right to use leased assets and Obligations for lease agreements

	As of December 31,	
	2021	2020
	MCh\$	MCh\$
Depreciation	39,919	37,769
Interests	2,283	2,651
Short term lease	3,844	1,625
Total	46,046	42,045

g) As of December 31, 2021 and 2020, the maturity level of the obligations for lease agreements, according to their contractual maturity is as follows:

	As of December 31,	
	2021	2020
	MCh\$	MCh\$
Due within 1 year	23,391	25,526
Due after 1 year but within 2 years	23,390	23,461
Due after 2 years but within 3 years	21,730	21,472
Due after 3 years but within 4 years	18,888	19,343
Due after 4 years but within 5 years	16,360	16,336
Due after 5 years	36,036	43,447
Total	139,795	149,585

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 14

FIXED ASSETS AND RIGHT OF USE ASSETS AND OBLIGATION FOR LEASE CONTRACT, continued

h) Operational leases - Lessor

As of December 31, 2021 and 2020, the future minimum lease cash inflows under non-cancellable operating leases are as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Due within 1 year	1,062	740
Due after 1 year but within 2 years	1,081	1,015
Due after 2 years but within 3 years	902	736
Due after 3 years but within 4 years	690	639
Due after 4 years but within 5 years	624	448
Due after 5 years	1,403	1,283
Total	5,762	4,861

- i) As of December 31, 2021 and 2020 the Bank has no finance leases which cannot be unilaterally cancelled.
- j) The Bank has no restriction on property, plant and equipment as of December 31, 2021 and 2020. Additionally, the property, plant, and equipment have not been provided as guarantees to secure compliance with financial liabilities. The Bank has no debt in connection with property, plant and equipment.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 15

CURRENT AND DEFERRED TAXES

a) Current taxes

As of December 31, 2021 and 2020, the Bank recognizes taxes payable (recoverable), which is determined based on the currently applicable tax legislation, This amount is recorded net of recoverable taxes, and is shown as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Summary of current tax liabilities (assets)		
Current tax (assets)	(121,534)	-
Current tax liabilities	-	12,977
Total tax payable (recoverable)	(121,534)	12,977
Detail of current tax (assets) liabilities (net)		
Income tax	4,437	172,944
Less:		
Provisional monthly payments	(138,515)	(156,387)
Credit for training expenses	(2,110)	(2,137)
Grant credits	-	(1,360)
Other	14,654	(83)
Total tax payable (recoverable)	(121,534)	12,977

b) Income Tax

The effect that the tax expense has on income for the period ended December 31, 2021 and 2020 is comprised of the following items:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Income tax expense		
Current tax	4,437	172,944
Credits (debits) for deferred taxes		
Origination and reversal of temporary differences	199,825	(38,614)
Subtotal	204,262	134,330
Tax for rejected expenses (Article N° 21)	210	1,354
Other	(9,793)	(4,561)
Net income tax expense	194,679	131,123

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 15

CURRENT AND DEFERRED TAXES, continued

c) Effective tax rate conciliation

The reconciliation between the income tax rate and the effective rate used in the determination of the income tax expense as of December 31, 2021 and 2020 is as follows:

	As of December 31,			
	2021		2020	
	Tax rate %	Amount MCh\$	Tax rate %	Amount MCh\$
Tax calculated over profit before tax	27.00	261,802	27.00	176,495
Permanent differences (1)	(8.38)	(81,235)	(6.54)	(42,730)
Rate change effect	0.02	210	0.21	1,354
Other	1.43	13,902	(0.61)	(3,996)
Effective rates and income tax expense	20.08	194,679	20.06	131,123

(1) Mainly corresponds to the permanent differences originated from the Own Tax Monetary Correction and the effect of the bonds received to article 104 of LIR.

d) Effect of deferred taxes on other comprehensive income

A summary of the separate effect of deferred tax on other comprehensive income, showing the asset and liability balances, for the periods ended December 31, 2021 and 2020 is the following:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Deferred tax assets		
Financial investments	116,217	14,091
Cash flow hedges	100,868	36,927
Total deferred tax assets recognized through other comprehensive income	217,085	51,018
Deferred tax liabilities		
Financial investments	(1,840)	(41,128)
Cash flow hedges	-	-
Total deferred tax liabilities recognized through other comprehensive income	(1,840)	(41,128)
Net deferred tax balances in equity	215,245	9,890
Deferred taxes in equity attributable to equity holders of the bank	215,452	10,203
Deferred tax in equity attributable to non-controlling interests	(207)	(313)

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 15

CURRENT AND DEFERRED TAXES, continued

e) Effect of deferred taxes on income

During 2021 and 2020, the Bank has registered in its financial statements the effects from deferred taxes.

Below are effects of deferred taxes on assets, liabilities and income allocated due to temporary differences:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Deferred tax assets		
Interests and adjustments	9,815	8,166
Non-recurring charge-offs	12,687	17,705
Assets received in lieu of payment	2,843	3,294
Exchange rate adjustments	16,611	89
Property, plant and equipment	1,545	-
Provision for loan losses	295,103	259,245
Provision for expenses	83,174	101,321
Leased assets	107,564	89,458
Subsidiaries tax losses	12,757	7,394
Assets for the right to use leased assets	515	428
Total deferred tax assets	542,614	487,100
Deferred tax liabilities		
Valuation of investments	(70,363)	(19,967)
Property, plant and equipment	(2,001)	(7,394)
Anticipated expenses	(18,895)	(16,691)
Valuation provision	(8,228)	(6,591)
Derivatives	(243,677)	(37,265)
Others	(113)	(30)
Total deferred tax liabilities	(343,277)	(87,938)

f) Summary of deferred tax assets and liabilities

A summary of the effect of deferred taxes on equity and income is as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Deferred tax assets		
Recognized through other comprehensive income	217,085	51,018
Recognized through profit or loss	542,614	487,100
Total deferred tax assets	759,699	538,118
Deferred tax liabilities		
Recognized through other comprehensive income	(1,840)	(41,128)
Recognized through profit or loss	(343,277)	(87,938)
Total deferred tax liabilities	(345,117)	129,066

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 15

CURRENT AND DEFERRED TAXES, continued

g) Supplementary information related to the circular issued by internal tax service and the CMF.

For purposes of disclosure and accreditation of provisions and penalties, banks must include in the tax note of their states annual financial statements, a detail of the movements and effects generated by the application of article 31, No. 4 of the LIR, as established in the document attached to the joint circular.

g.1) Receivables and accounts receivable

	As of December 31,							
	2021				2020			
	Assets at tax value				Assets at tax value			
	Assets at financial value MCh\$	Total MCh\$	Overdue		Assets at financial value MCh\$	Total MCh\$	Overdue	
with guarantee MCh\$			without guarantee MCh\$	with guarantee MCh\$			without guarantee MCh\$	
Interbank loans	428	428	-	-	18,930	18,930	-	-
Commercial loans	16,241,242	16,274,632	104,241	114,526	15,184,701	15,212,954	112,967	130,565
Consumer loans	4,311,658	4,340,964	520	6,212	4,937,758	4,990,250	427	8,678
Mortgage loans	13,876,175	13,891,311	51,228	425	12,411,825	12,423,182	65,043	592
Total	34,429,503	34,507,335	155,999	121,163	32,553,214	32,645,316	178,437	139,835

g.2) Provision on overdue portfolio without guarantees

	Balance as of January 1, 2021 MCh\$	Charged-off MCh\$	Provisions established MCh\$	Provisions released MCh\$	Balance as of December 31, 2021 MCh\$
Commercial loans	130,565	(82,583)	335,693	(269,149)	114,526
Consumer loans	8,678	(145,907)	180,753	(37,312)	6,212
Mortgage loans	592	(2,066)	34,053	(27,154)	425
Total	139,835	(230,556)	550,499	(333,615)	121,163

	Balance as of January 1, 2020 MCh\$	Charged-off MCh\$	Provisions established MCh\$	Provisions released MCh\$	Balance as of December 31, 2020 MCh\$
Commercial loans	158,278	(89,258)	331,542	(269,997)	130,565
Consumer loans	16,691	(145,810)	176,506	(38,709)	8,678
Mortgage loans	1,445	(2,027)	32,986	(31,812)	592
Total	176,414	(237,095)	541,034	(340,518)	139,835

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 15

CURRENT AND DEFERRED TAXES, continued

g.3) Direct charged-off and recoveries

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Direct charged-off Art, 31 No, 4, second paragraph	(48,113)	(31,949)
Condonations that originated liberation of provisions		-
Recoveries or renegotiations of credits charged off	72,931	70,154
Total	24,818	38,205

g.4) Application Article 31 No, 4 paragraphs I and II

	As of December 31,	
	2021 MCh\$	2020 MM\$
Charged-off according to first paragraph	-	-
Condonations according to third paragraph	(29,115)	3,594
Total	(29,115)	3,594

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 16 OTHER ASSETS

The composition of other assets is the following:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Assets for leasing (1)	51,957	62,967
Assets received or awarded in lieu of payment (2)		
Assets received in lieu of payment	3,239	8,289
Assets awarded at judicial sale	16,899	17,430
Provision on assets received in lieu of payment or awarded	(406)	(1,196)
Subtotal	19,732	24,523
Other assets		
Guarantee deposits (margin accounts) (3)	1,988,410	608,359
Non-current assets classified as held for sale (4)	-	22,036
Investments in gold	718	765
VAT credit tax	38,844	27,519
Prepaid expenses (6)	217,979	327,938
Assets recovered from leasing held for sale	322,887	387,668
Macro-hedging valuation adjustment (5)	2,474	3,191
Pension plan assets	523	673
Accounts and notes receivable	92,039	100,504
Notes receivable through brokerage and simultaneous transactions	44,860	41,960
Other receivable accounts	41,195	33,567
Other assets	133,402	97,186
Subtotal	2,883,331	1,651,366
Total	2,955,020	1,738,856

- 1) Corresponds to the assets available to be delivered under the financial lease modality.
- 2) The goods received in payment correspond to the goods received as payment of debts due from customers. The set of goods that remain acquired in this way must not exceed 20% of the Bank's effective equity at any time. These assets currently represent 0.11% (0.16% as of December 31, 2020) of the Bank's effective equity. The assets awarded in judicial auction, correspond to assets that have been acquired at judicial auction in payment of debts previously contracted with the Bank. The assets acquired at judicial auction are not subject to the above mentioned margin. These properties are assets available for sale. For most assets, the sale can be completed within one year from the date the asset is received or acquired. In case the good is not sold within a year, it must be punished. Additionally, a provision is recorded for the difference between the initial award value plus the additions and their estimated realizable value, when the former is higher.
- 3) Correspond to deposits left in guarantee from determined derivative contracts. These guarantees become operative when the valuation from these derivatives surpasses the defined thresholds for the contracts, these can be in favor or against the Bank.
- 4) Corresponds to the interests in Redbank S.A. and Transbank S.A., which have been reclassified as non-current assets classified as held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", for additional information see Note 1 t), Note 40.
- 5) Corresponds to the balances of the market value of the net assets or liabilities covered by hedges in a macro hedge (Note No. 08). In this item, the Bank has recorded the prepaid expense related to the Santander LATAM Pass program, which will naturally be consumed as our clients use the Bank's transactional products, and therefore, the respective LATAM miles are assigned to them. Pass (loyalty program administered by LATAM Airlines Group SA). During the month of May 2021, LATAM Airlines Group S.A initiated a reorganization process in the Court of the Southern District of New York under Chapter 11, a process whose main objective is for the airline to continue operating. In this context, LATAM has publicly indicated that its intention is to honor all current and future tickets, as well as travel vouchers, miles and frequent flyer programs. The Court of the Southern District of New York, agreed in the first hearing to honor and maintain the frequent flyer program, explicitly "in the ordinary course of business" (that is, without changes), since it considered it as an important asset for the company. Along the same lines, LATAM has formalized two tranches of the DIP (Debtor in Possession) financing proposal for a total of USD 2,200 million, managing to capture all the resources that LATAM has indicated as necessary to operate during the crisis. In October 2020, it made the first disbursement of US\$1,150 million of the DIP financing, which represents 50% of the available amount, which will allow it to reestablish its operation and work on the reorganization plan. On January 27, 2021, Latam Airlines' request to postpone, until December 31, 2021, the deadline to file your plan of reorganization. Given the announcement made by the Chilean government regarding travel restrictions to and from abroad, LATAM Airlines Group reported that it has sufficient liquidity to face this period. On June 30, 2021, the New York Court approved the extension of the term to present the reorganization plan until September 15, 2021. On October 14, 2021 the company filed a motion before the Bankruptcy Court of the Southern District of New York to extend the period until November 26, 2021 and the exclusive right to request acceptance thereof from December 15, 2021 until January 26, 2022. On November 26, 2021, LATAM presents a Reorganization Plan supported by the main stakeholders to strengthen the structure capital and long-term sustainability. The plan proposes the injection of US\$8,190 million into the group through a combination of fresh capital, convertible bonds and debt, which will allow the group to exit Chapter 11, with the appropriate capitalization to execute the business plan.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 17

TIME DEPOSITS AND OTHER TIME LIABILITIES

As of December 31, 2021 and 2020, the composition of the item time deposits and other liabilities time is as follows:

	As of	
	December 31,	
	2021	2020
	MCh\$	MCh\$
Deposits and other demand liabilities		
Checking accounts	14,385,633	11,342,648
Other deposits and demand accounts	1,773,233	1,583,183
Other demand liabilities	1,742,072	1,635,062
Subtotal	17,900,938	14,560,893
Time deposits and other time liabilities		
Time deposits	9,926,507	10,421,872
Time savings account	195,570	153,330
Other time liabilities	8,978	6,589
Subtotal	10,131,055	10,581,791
Total	28,031,993	25,142,684

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 18

INTERBANK BORROWINGS

a) As of December 31, 2021 and 2020 the line item interbank borrowings is as follow:

	As of December 31	
	2021 MCh\$	2020 MCh\$
Loans obtained from the Central Bank of Chile	5,611,439	4,959,260
Loans from financial institutions in the country	1,226	217,102
Loans from financial institutions abroad		
Banco Santander España	865,377	534,496
Bank of America	411,775	90,711
Sumitomo Mitsui Banking Corporation	389,676	35,628
Wells Fargo Bank NA	363,854	71,259
Citibank NA	259,620	46
The Bank of Nova Scotia	203,466	171,024
The Toronto Dominion Bank	136,904	-
The Bank of New York Mellon	106,485	106,860
Barclays Bank Plc London	86,616	-
Commerzbank Ag	69,323	-
State Bank of India	60,901	36,013
Hsbc Bank Plc	51,895	-
Standard Chartered Bank	51,616	3,207
The Bank Of Montreal	48,859	-
Wachovia Bank NA	33,926	10,254
Banco Santander Singapur	17,737	-
Dz Bank Ag Deutsche Zentral	14,733	-
Bank of Communications	8,443	-
Bank of China	6,051	223
Banco Santander Hong Kong	5,315	7,960
Banque Nationale De Paris	2,806	-
Banco Santander Brasil	2,415	1,694
Korea Exchange Bank	1,545	760
Hong Kong and Shanghai Banking	1,500	1,399
Shanghai Pudong Development Bank	1,321	-
Banco Comercial Portugues	989	-
Banca Commerciale Italiana	932	88
Mizuho Bank	725	-
Ningbo Commercial Bank	556	-
Bank of Tokio Mitsubishi	552	2,055
Deutsche Bank Ag	530	-
Hsbc Bank USA	517	-
Kookmin Bank	491	376
Banco Do Brasil	467	265
Yapi Ve Kredi Bankasi	417	-
Banco De Bogota	345	-
Commerce Bank Na	319	-
Icici Bank Limited	305	52
Bbva Bancomer	268	-
Bbva Uruguay	238	-
Unicredit	222	-
Bank of Baroda	213	124
Industrial and Commercial Bank	203	755
The Hongkong and Shanghai Bank	202	-
Banca Nazionale Del Lavoro	193	-
Bank of India	181	-
Credit Agricole Reims	171	-
Banco Santander Central Hispano	170	141
Industrial Bank Of Korea	169	-
Intesa Sanpaolo	161	-
Banco De La Nacion Argentina	159	30
Bank of East Asia	143	29
Turkiye Cumhuriyeti Ziraat Ban	141	-
First Union National Bank	132	60
Banco Bilbao Vizcaya Argentaria	125	-
Turkiye Is Bankasi	122	-
China Construction Bank	119	38
Finans Bank	109	-
Agricultural Bank of China	104	18
Taiwan Cooperative Bank	92	227
Nanjing City Commercial Bank	89	-
Subtotal	3,213,030	1,075,792

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 18

INTERBANK BORROWINGS, continued

	As of December 31	
	2021 MCh\$	2020 MCh\$
Loans from financial institutions abroad		
Banco Itau Brasil	84	-
Fortis Bank	82	108
Canara Bank	72	61
Indian Overseas Bank	67	6
Credit Agricole Italia	67	33
Shanghai Commercial and Saving	61	1
Shinhan Bank	59	-
Banco De Credito Del Peru	58	-
Citic Industrial Bank	57	-
E. Sun Commercial Bank	57	11
Rabobank Nederland	57	-
Hua Nan Commercial Bank	54	200
Caixabank	51	58
Iccrea Banca	28	-
Turkiye Garanti Bankasi	19	-
Bancolombia	9	-
Banco Credicoop Cooperativo	6	-
Bankers Trust USA	-	-
Banca Monte Dei Paschi Di Siena	-	163
Banco De La Republica Oriental	-	74
Bank of East Asia, Limited	-	-
Hdfc Bank Limited	-	131
Kbc Bank Nv	-	68
Keb Hana Bank	-	156
Rabobank, Hong Kong Branch	-	79
United Bank of India	-	14
Woori Bank	-	15
Caja Madrid - Caja de Ahorros	-	862
Zurcher Kantonalbank	-	71,304
Arab Bank Plc	-	41
Banco Bpm Spa	-	84
Banco Interamericano de Finanzas	-	20
Banco Popolare	-	14
Banco Popular Español	-	29
Bank Leumi Le Israel B.M.	-	128
Bankinter	-	31
Banque Bruxelles Lambert	-	174
Bper Banca	-	137
Caixa D'estalvis I Pensions de Barcelona	-	87
China Merchants Bank	-	231
Denizbank A.S. Istanbul	-	15
Habib Bank Limited	-	61
Habib Metropolitan Bank	-	13
JP Morgan Chase	-	1,571
Kotak Mahindra Bank Limited	-	49
Nova Ljubljanska Banka	-	7
U.S. Bank	-	248
Unicredito Italiano	-	161
Subtotal	3,213,918	1,152,237
Total	8,826,583	6,328,599

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 18

INTERBANK BORROWINGS, continued

b) Obligation with Central Bank of Chile

Within the framework of the measures that the Central Bank has arranged to face the impact of the shocks to which the Chilean economy has been exposed, as a result of the current Covid-19 pandemic, the Conditional Credit Facility for the Increase of the Placements (FCIC). This corresponds to a special financial line open to banks, in order for them to continue financing loans to households and companies.

This facility can be withdrawn through an operation similar to a REPO, that is, its use is backed by eligible collaterals. Among these are: Central Bank, government and private bonds (bank and corporate) and, more recently, commercial loans from the individual evaluation portfolio that are classified as having high credit quality. The resources destined for the FCIC can also be accessed through the Liquidity Credit Line (LCL), whose limit is the reserve requirement in national currency.

The FCIC consists of an initial line and an additional one. The first reaches US \$ 4.8 billion. The additional line can reach 4 times the initial line, this US \$ 19,200 million and its availability depends on two factors: growth of the base portfolio and targeting of credits towards smaller companies, in addition to the aforementioned, the Central Bank created the FCIC 2 for an amount of US \$ 16,000 million.

The maturity of these obligations are as follows:

	As of December,	
	2021 MCh\$	2020 MCh\$
Due Within 1 year	-	-
Due Within 1 y 2 years	-	1,104,759
Due Within 2 y 3 years	5,611,439	-
Due Within 3 y 4 years	-	3,854,501
Due Within 5 years	-	-
Total	5,611,439	4,959,260

c) Loans from domestic financial institutions

These obligations maturities are as follows:

	As of December,	
	2021 MCh\$	2020 MCh\$
Due Within 1 year	1,226	217,102
Due Within 1 y 2 years	-	-
Due Within 2 y 3 years	-	-
Due Within 3 y 4 years	-	-
Due Within 5 years	-	-
Total	1,226	217,102

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 18

INTERBANK BORROWINGS, continued

d) Foreign obligations

	As of December,	
	2021 MCh\$	2020 MCh\$
Due Within 1 year	3,213,918	1,116,570
Due Within 1 y 2 years	-	35,667
Due Within 2 y 3 years	-	-
Due Within 3 y 4 years	-	-
Due Within 5 years	-	-
Total	3,213,918	1,152,237

NOTE 19

ISSUED DEBT INSTRUMENTS AND OTHER FINANCIAL LIABILITIES

As of December 31, 2021 and 2020, the composition for this item is as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Other financial liabilities		
Obligations to public sector	-	-
Other domestic obligations	182,737	175,344
Foreign obligations	170	8,974
Subtotal	182,907	184,318
Issued debt instruments		
Mortgage finance bonds	7,479	12,314
Senior bonds	6,846,834	6,749,989
Mortgage Bonds	81,110	84,335
Subordinated bonds	1,461,637	1,357,539
Subtotal	8,397,060	8,204,177
Total	8,579,967	8,388,495

Debts classified as current are either demand obligations or will mature in one year or less. All other debts are classified as non-current. The Bank's debts, both current and non-current, are summarized below:

	As of December 31, 2021		
	Current MCh\$	Non-current MCh\$	Total MCh\$
Mortgage finance bonds	3,946	3,533	7,479
Senior bonds	1,158,301	5,688,533	6,846,834
Mortgage Bonds	6,041	75,069	81,110
Subordinated bonds	-	1,461,637	1,461,637
Issued debt instruments	1,168,288	7,228,772	8,397,060
Other financial liabilities	182,646	261	182,907
Total	1,350,934	7,229,033	8,579,967

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 19

ISSUED DEBT INSTRUMENTS AND OTHER FINANCIAL LIABILITIES, continued

	As of December 31, 2020		Total MCh\$
	Current MCh\$	Non-current MCh\$	
Mortgage finance bonds	4,982	7,332	12,314
Senior bonds	1,124,558	5,625,431	6,749,989
Mortgage Bonds	5,465	78,870	84,335
Subordinated bonds	-	1,357,539	1,357,539
Issued debt instruments	1,135,005	7,069,172	8,204,177
Other financial liabilities	184,028	290	184,318
Total	1,319,033	7,069,462	8,388,495

a) Mortgage finance bonds

These bonds are used to finance mortgage loans. Their principal amounts are amortized on a quarterly basis. The range of maturity of these bonds is between five and twenty years. Loans are indexed to UF and create a yearly interest rate of 5.21% as of December 31, 2021 (5.20% as of December 31, 2020).

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Due within 1 year	3,946	4,982
Due after 1 year but within 2 years	2,395	3,816
Due after 2 years but within 3 years	980	2,375
Due after 3 years but within 4 years	158	979
Due after 4 years but within 5 years	-	162
Due after 5 years	-	-
Total mortgage finance bonds	7,479	12,314

b) Senior bonds

The following table shows senior bonds by currency:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Santander bonds in UF	3,144,544	4,017,708
Santander bonds in USD	1,976,909	1,263,714
Santander bonds in CHF	850,924	466,738
Santander bonds in Ch\$	311,060	639,489
Santander bonds in AUD	143,030	125,781
Santander bonds in JPY	234,667	68,093
Santander bonds in EUR	185,700	168,466
Total senior bonds	6,846,834	6,749,989

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 19

ISSUED DEBT INSTRUMENTS AND OTHER FINANCIAL LIABILITIES, continued

i. Placement of senior bonds:

As of December 31, 2021 the Bank has placed bonds for UF 4,000,000, USD 693,000,000, JPY 25,000,000,000 and CHF 340,000,000 detailed as follows:

Series	Currency	Amount placed	Term (years)	Issuance rate (Annual)	Issue date	Placement date	Amount	Maturity date
W1	UF	4,000,000	5 and 3 months	1.55 annual	12-01-2018	02-04-2021	6,000,000	09-04-2026
Total UF		4,000,000					6,000,000	
Bono USD	USD	50,000,000	2 and 10 months	0.71 annual	02-25-2021	02-25-2021	50,000,000	12-28-2023
Bono USD	USD	100,000,000	2 and 11 months	0.72 annual	02-26-2021	02-26-2021	100,000,000	01-26-2024
Bono USD	USD	27,000,000	7 years	2.05 annual	06-09-2021	06-09-2021	27,000,000	06-09-2028
Bono USD	USD	16,000,000	5 years	1.64 annual	07-15-2021	07-15-2021	16,000,000	07-15-2026
Bono USD	USD	500,000,000	10 years	3.18 annual	10-21-2021	10-21-2021	500,000,000	10-26-2031
Total USD		693,000,000					693,000,000	
Bono JPY	JPY	10,000,000,000	5 years	0.35 annual	05-13-2021	05-13-2021	10,000,000,000	05-13-2026
Bono JPY	JPY	2,000,000,000	4 years	0.40 annual	07-12-2021	07-12-2021	2,000,000,000	07-22-2025
Bono JPY	JPY	10,000,000,000	4 years	0.42 annual	07-13-2021	07-13-2021	10,000,000,000	07-28-2025
Bono JPY	JPY	3,000,000,000	4 and 5 months	0.48 annual	11-08-2021	11-08-2021	3,000,000,000	05-18-2026
Total JPY		25,000,000,000					25,000,000,000	
Bono CHF	CHF	150,000,000	6 years	0.33 annual	06-22-2021	22-06-2021	150,000,000	06-22-2027
Bono CHF	CHF	190,000,000	5 years	0.30 annual	10-12-2021	12-10-2021	190,000,000	10-22-2026
Total CHF		340,000,000					340,000,000	

During 2020, the Bank has placed bonds for UF 1,996,000 and USD 742,500,000 detailed as follows:

Series	Currency	Amount placed	Term (years)	Issuance rate (Annual)	Issue date	Placement date	Amount	Maturity date
W1	UF	1,996,000	5 and 3 months	1.55 annual	12-01-2018	02-04-2020	2,000,000	06-01-2025
Total UF		1,996,000					2,000,000	
Bono US\$	US\$	742,500,000	5 years	2.70 annual	01-07-2020	01-07-2020	750,000,000	01-07-2025
Total US\$		742,500,000					750,000,000	

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

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NOTE 19

ISSUED DEBT INSTRUMENTS AND OTHER FINANCIAL LIABILITIES, continued

During 2021, the Bank repurchased the following bonds:

Date	Type	Currency	Amount
02-18-2021	Senior	UF	8,000
02-18-2021	Senior	CLP	14,720,000,000
02-22-2021	Senior	CLP	500,000,000
02-22-2021	Senior	CLP	150,000,000
02-24-2021	Senior	UF	300,000
03-04-2021	Senior	UF	519,000
03-05-2021	Senior	CLP	300,000,000
03-05-2021	Senior	CLP	1,900,000,000
03-22-2021	Senior	UF	50,000
03-24-2021	Senior	UF	150,000
03-24-2021	Senior	UF	7,000
06-01-2021	Senior	UF	107,000
06-15-2021	Senior	UF	1,000
06-17-2021	Senior	CLP	970,000,000
06-23-2021	Senior	UF	105,000
06-23-2021	Senior	UF	50,000
06-24-2021	Senior	UF	21,000
06-24-2021	Senior	UF	278,000
06-24-2021	Senior	UF	20,000
06-24-2021	Senior	UF	100,000
07-06-2021	Senior	UF	1,000,000
07-07-2021	Senior	UF	340,000
07-09-2021	Senior	UF	312,000
07-20-2021	Senior	UF	194,000
07-21-2021	Senior	UF	150,000
07-21-2021	Senior	UF	100,000
07-22-2021	Senior	UF	100,000
07-22-2021	Senior	UF	25,000
07-22-2021	Senior	UF	57,000
08-09-2021	Senior	UF	4,500,000
08-10-2021	Senior	UF	710,000
08-13-2021	Senior	CLP	61,000,000,000
10/01/2021	Senior	CLP	5,950,000,000
10/05/2021	Senior	UF	704,000
10/05/2021	Senior	CLP	3,720,000,000
01/05/2021	Senior	UF	4,200,000,000
10/05/2021	Senior	UF	89,000
10/05/2021	Senior	UF	150,000
10/06/2021	Senior	UF	18,000
10/06/2021	Senior	UF	138,000
10/06/2021	Senior	UF	420,000
10/07/2021	Senior	UF	1,000,000
10/26/2021	Senior	UF	318,000
10/26/2021	Senior	UF	1,500,000
10/26/2021	Senior	UF	167,000
10/26/2021	Senior	UF	489,000
10/26/2021	Senior	UF	100,000
10/26/2021	Senior	CLP	50,600,000,000
10/27/2021	Senior	CLP	3,760,000,000
10/27/2021	Senior	UF	1,874,000
10/28/2021	Senior	CLP	12,340,000,000
10/29/2021	Senior	CLP	3,500,000,000
11/15/2021	Senior	UF	205,000
11/16/2021	Senior	CLP	30,000,000,000
12/06/2021	Senior	UF	119,000
12/06/2021	Senior	UF	20,000
12/07/2021	Senior	UF	31,000
12/09/2021	Senior	UF	10,000
12/15/2021	Senior	UF	340,000

Banco Santander-Chile and Subsidiaries

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NOTE 19

ISSUED DEBT INSTRUMENTS AND OTHER FINANCIAL LIABILITIES, continued

During 2020, the Bank partially repurchased the following bonds:

Date	Type	Currency	Amount
01-02-2020	Senior	UF	357,000
01-03-2020	Senior	UF	300,000
01-09-2020	Senior	UF	60,000
01-09-2020	Senior	UF	27,000
01-13-2020	Senior	CLP	50,000,000
01-14-2020	Senior	UF	109,000
01-14-2020	Senior	CLP	9,820,000,000
01-14-2020	Senior	UF	131,000
01-14-2020	Senior	UF	322,000
01-15-2020	Senior	USD	2,490,000
01-15-2020	Senior	UF	47,000
01-16-2020	Senior	CLP	400,000,000
01-16-2020	Senior	UF	1,000
01-17-2020	Senior	UF	28,000
01-20-2020	Senior	UF	74,000
01-21-2020	Senior	UF	171,000
01-21-2020	Senior	UF	181,000
01-21-2020	Senior	CLP	330,000,000
01-22-2020	Senior	CLP	11,430,000,000
01-24-2020	Senior	UF	2,000
01-29-2020	Senior	UF	1,000
01-29-2020	Senior	CLP	120,000,000
01-30-2020	Senior	CLP	10,000,000
01-31-2020	Senior	UF	40,000
02-06-2020	Senior	CLP	6,000,000,000
02-07-2020	Senior	CLP	1,180,000,000
02-11-2020	Senior	CLP	7,430,000,000
02-12-2020	Senior	CLP	2,520,000,000
02-13-2020	Senior	CLP	10,000,000,000
02-17-2020	Senior	UF	2,000
02-17-2020	Senior	UF	15,000
02-18-2020	Senior	UF	50,000
02-18-2020	Senior	UF	4,000
02-20-2020	Senior	UF	350,000
02-20-2020	Senior	UF	115,000
02-21-2020	Senior	UF	57,000
02-21-2020	Senior	UF	24,000
02-24-2020	Senior	UF	250,000
02-24-2020	Senior	UF	10,000
02-26-2020	Senior	UF	169,000
02-26-2020	Senior	UF	1,000
02-27-2020	Senior	UF	180,000
02-27-2020	Senior	UF	11,000
02-27-2020	Senior	CLP	6,750,000,000
03-02-2020	Senior	UF	1,000
03-05-2020	Senior	UF	2,000
03-09-2020	Senior	UF	261,000
03-09-2020	Senior	UF	150,000
03-11-2020	Senior	UF	2,000
03-17-2020	Senior	UF	850,000
03-18-2020	Senior	UF	150,000
03-19-2020	Senior	USD	5,000,000
03-23-2020	Senior	UF	95,000
03-23-2020	Senior	USD	5,000,000
03-24-2020	Senior	CLP	1,250,000,000
03-30-2020	Senior	UF	62,000
03-31-2020	Senior	UF	360,000
03-31-2020	Senior	UF	5,000

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

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NOTE 19

ISSUED DEBT INSTRUMENTS AND OTHER FINANCIAL LIABILITIES, continued

Fecha	Tipo	Moneda	Monto
04-01-2020	Senior	CLP	1,000,000,000
04-02-2020	Senior	UF	5,184,000
04-02-2020	Senior	CLP	16,710,000,000
04-03-2020	Senior	CLP	32,800,000,000
04-03-2020	Senior	UF	27,000
04-06-2020	Senior	CLP	101,400,000,000
04-06-2020	Senior	UF	157,000
04-06-2020	Senior	USD	10,000,000
04-07-2020	Senior	CLP	3,990,000,000
04-07-2020	Senior	UF	6,659,000
04-07-2020	Senior	USD	10,000,000
04-08-2020	Senior	CLP	210,000,000
04-13-2020	Senior	CLP	970,000,000
04-14-2020	Senior	CLP	2,000,000,000
04-17-2020	Senior	CLP	11,900,000,000
05-05-2020	Senior	USD	49,000,000
05-14-2020	Senior	USD	47,000,000
06-02-2020	Senior	CLP	6,020,000,000
06-03-2020	Senior	UF	100,000
06-03-2020	Senior	CLP	10,750,000,000
06-05-2020	Senior	USD	5,000,000
06-08-2020	Senior	CLP	23,000,000,000
06-12-2020	Senior	CLP	150,000,000
06-16-2020	Senior	CHF	12,160,000
06-17-2020	Senior	CHF	36,785,000
06-19-2020	Senior	CLP	112,490,000,000
06-22-2020	Senior	CLP	1,500,000,000
06-26-2020	Senior	CLP	3,500,000,000
07-02-2020	Senior	CLP	4,620,000,000
07-10-2020	Senior	CHF	2,000,000
07-10-2020	Senior	CLP	500,000,000
07-15-2020	Senior	CLP	490,000,000
07-17-2020	Senior	UF	1,000
07-17-2020	Senior	CLP	29,780,000,000
08-13-2020	Senior	UF	345,000
08-14-2020	Senior	USD	3,350,000
08-21-2020	Senior	UF	100,000
08-21-2020	Senior	UF	77,000
08-24-2020	Senior	UF	11,000
08-25-2020	Senior	UF	14,000
09-09-2020	Senior	UF	24,000
09-09-2020	Senior	UF	70,000
09-09-2020	Senior	UF	45,000
09-10-2020	Senior	UF	210,000
09-23-2020	Senior	USD	5,000,000
09-28-2020	Senior	UF	50,000
09-29-2020	Senior	UF	1,000
09-30-2020	Senior	UF	43,000
10-01-2020	Senior	UF	4,000
10-06-2020	Senior	UF	1,000
10-06-2020	Senior	UF	1,000
10-06-2020	Senior	CLP	50,000,000
10-06-2020	Senior	UF	1,000
10-06-2020	Senior	UF	1,000
10-15-2020	Senior	UF	2,000
10-20-2020	Senior	CHF	2,000,000
10-01-2020	Senior	USD	5,153,000
10-19-2020	Senior	USD	20,000,000
11-16-2020	Senior	USD	1,000,000
11-18-2020	Senior	USD	10,000,000
11-15-2020	Senior	USD	477,510,000

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 19

ISSUED DEBT INSTRUMENTS AND OTHER FINANCIAL LIABILITIES, continued

ii. Maturities for senior bonds are the following:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Due within 1 year	1,158,301	1,124,558
Due after 1 year but within 2 years	511,144	1,047,241
Due after 2 years but within 3 years	1,285,409	742,081
Due after 3 years but within 4 years	1,549,769	1,228,524
Due after 4 years but within 5 years	616,750	1,250,897
Due after 5 years	1,725,461	1,356,688
Total senior bonds	6,846,834	6,749,989

c) Mortgage bonds

The detail of mortgage bonds per currency is the following:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Mortgage bonds in UF	81,110	84,335
Total mortgage bonds	81,110	84,335

i. Placement of Mortgage bonds

As of December 31, 2021 and 2020, the Bank has not placed any mortgage bonds.

ii. Maturities of mortgage bonds is as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Due within 1 year	6,041	5,465
Due after 1 year but within 2 years	9,698	8,773
Due after 2 years but within 3 years	10,011	9,056
Due after 3 years but within 4 years	10,334	9,348
Due after 4 years but within 5 years	10,667	9,649
Due after 5 years	34,359	42,044
Total mortgage bonds	81,110	84,335

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 19

ISSUED DEBT INSTRUMENTS AND OTHER FINANCIAL LIABILITIES, continued

d) Subordinated bonds

Detail of subordinated bonds per currency is as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Ch\$	-	-
USD	230,118	202,634
UF	1,231,519	1,154,905
Total subordinated bonds	1,461,637	1,357,539

i. Placement of subordinated bonds

During 2021, the Bank has not placed any bonds.

As of December 31, 2020 the Bank has placed bonds for USD 200,000,000 and UF 11.000.000 detailed as follows:

Series	Currency	Amount placed	Term (years)	Issuance rate	Issue date	Series Maximum amount	Maturity date
Bono USD	USD	200,000,000	10	3.79%	01-21-2020	200,000,000	21-01-2030
Total USD		200,000,000				200,000,000	
USTDH20914	UF	3,000,000	14 and 5 months	3.00%	09-01-2014	3,000,000	01-09-2034
USTDH30914	UF	3,000,000	19 and 5 months	3.15%	09-01-2014	3,000,000	01-09-2039
USTDW20320	UF	5,000,000	15 and 3 months	3.50%	03-01-2020	5,000,000	01-09-2035
Total UF		11,000,000				11,000,000	

ii. The maturity of the subordinated bonds is as follows:

The maturity of the subordinated bonds is as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Due within 1 year	-	-
Due after 1 year but within 2 years	-	-
Due after 2 years but within 3 years	-	-
Due after 3 years but within 4 years	-	-
Due after 4 years but within 5 years	180,439	-
Due after 5 years	1,281,198	1,357,539
Total mortgage bonds	1,461,637	1,357,539

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 19

ISSUED DEBT INSTRUMENTS AND OTHER FINANCIAL LIABILITIES, continued

e) Other financial liabilities

The composition of other financial liabilities, by maturity, is detailed below:

	As of	
	December 31,	
	2021	2020
	MCh\$	MCh\$
Non-current portion:		
Due after 1 year but within 2 years	48	42
Due after 2 year but within 3 years	53	47
Due after 3 year but within 4 years	58	50
Due after 4 year but within 5 years	57	55
Due after 5 years	45	96
Non-current portion subtotal	261	290
Current portion:		
Amounts due to credit card operators	149,894	134,790
Acceptance of letters of credit	159	1,460
Other long-term financial obligations, short-term portion	32,593	47,778
Current portion subtotal	182,646	184,028
Total other financial liabilities	182,907	184,318

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 20

MATURITY OF FINANCIAL ASSETS AND LIABILITIES

As of December 31, 2021 and 2020, the detail of the maturities of assets and liabilities is as follows:

As of December 31, 2021	Demand MCh\$	Up to 1 month MCh\$	Between 1 and 3 months MCh\$	Between 3 and 12 months MCh\$	Up to 1 year Subtotal MCh\$	Between 1 and 3 years MCh\$	Between 3 and 5 years MCh\$	More than 5 years MCh\$	More than 1 year Subtotal MCh\$	Total MCh\$
Assets										
Cash and deposits in banks	2,881,558	-	-	-	2,881,558	-	-	-	-	2,881,558
Cash items in process of collection	390,271	-	-	-	390,271	-	-	-	-	390,271
Trading investments	-	698	67	-	765	24,341	38,644	9,597	72,582	73,347
Investments under resale agreements	-	-	-	-	-	-	-	-	-	-
Financial derivatives contracts	-	186,546	318,606	1,185,220	1,690,372	2,222,851	2,172,208	4,038,176	8,433,235	10,123,607
Interbank loans (1)	-	407	21	-	428	-	-	-	-	428
Loans and accounts receivables from customers (2)	194,086	1,562,696	1,695,130	3,792,426	7,244,338	5,146,156	697,335	23,546,511	29,390,002	36,634,340
Available for sale investments	-	3,259,823	90	309,831	3,569,744	89,127	306,049	1,838,219	2,233,395	5,803,139
Held to maturity investments	-	-	-	-	-	401,086	3,979,594	-	4,380,680	4,380,680
Guarantee deposits (margin accounts)	1,988,410	-	-	-	1,988,410	-	-	-	-	1,988,410
Total assets	5,454,325	5,010,170	2,013,914	5,287,477	17,765,886	7,883,561	7,193,830	29,432,503	44,509,894	62,275,780
Liabilities										
Deposits and other demand liabilities	17,900,938	-	-	-	17,900,938	-	-	-	-	17,900,938
Cash items in process of collection	379,934	-	-	-	379,934	-	-	-	-	379,934
Obligations under repurchase agreements	-	86,634	-	-	86,634	-	-	-	-	86,634
Time deposits and other time liabilities	204,548	5,211,798	2,642,651	1,902,664	9,961,661	108,510	39,728	21,156	169,394	10,131,055
Financial derivatives contracts	-	195,808	348,382	987,403	1,531,593	2,948,206	2,294,608	4,096,834	9,339,648	10,871,241
Interbank borrowings	100,135	218,528	606,255	2,290,225	3,215,143	5,611,440	-	-	5,611,440	8,826,583
Issued debts instruments	-	7,375	289,466	871,447	1,168,288	1,819,637	2,368,118	3,041,017	7,228,772	8,397,060
Regulatory capital financial instruments issued	-	-	-	-	-	-	-	592,468	592,468	592,468
Other financial liabilities	182,442	69	101	34	182,646	101	115	45	261	182,907
Obligations for lease agreements	-	-	-	23,391	23,391	45,121	35,248	36,035	116,404	139,795
Guarantees received (margin accounts)	857,679	-	-	-	857,679	-	-	-	-	857,679
Total liabilities	19,625,676	5,720,212	3,886,855	6,075,164	35,307,907	10,533,015	4,737,817	7,787,555	23,058,387	58,366,294

(1) Interbank loans are presented on a gross basis, The amount of allowances is Ch\$ 0 million.

(2) Loans and accounts receivables from customers are presented on a gross basis, Provisions on loans amounts according to customer type are the following: Commercial loans Ch\$ 619,980 million, Mortgage loans Ch\$ 73,961 million and Consumer loans Ch\$ 264,820 million.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 and 2020

NOTE 20

MATURITY OF FINANCIAL ASSETS AND LIABILITIES, continued

As of December 31, 2020	Demand MCh\$	Up to 1 month MCh\$	Between 1 and 3 months MCh\$	Between 3 and 12 months MCh\$	Up to 1 year Subtotal MCh\$	Between 1 and 3 years MCh\$	Between 3 and 5 years MCh\$	More than 5 years MCh\$	More than 1 year Subtotal MCh\$	Total MCh\$
Financial Assets										
Cash and deposits in banks	2,803,288	-	-	-	2,803,288	-	-	-	-	2,803,288
Cash items in process of collection	452,963	-	-	-	452,963	-	-	-	-	452,963
Trading investments	-	680	2,630	499	3,809	633	18,257	111,019	129,909	133,718
Investments under resale agreements	-	-	-	-	-	-	-	-	-	-
Financial derivatives contracts	-	385,231	401,486	795,881	1,582,598	1,723,334	1,692,142	4,034,011	7,449,487	9,032,085
Interbank loans (1)	-	12,969	5,961	-	18,930	-	-	-	-	18,930
Loans and accounts receivables from customers (2)	170,214	1,233,302	1,437,698	3,670,246	6,511,460	3,659,994	308,651	23,910,135	27,878,780	34,390,240
Available for sale investments	-	1,006,983	493	188,977	1,196,453	205,150	2,378,752	3,382,187	5,966,089	7,162,542
Held to maturity investments	-	-	-	-	-	-	-	-	-	-
Guarantee deposits (margin accounts)	608,359	-	-	-	608,359	-	-	-	-	608,359
Total financial assets	4,034,824	2,639,165	1,848,268	4,655,603	13,177,860	5,589,111	4,397,802	31,437,352	41,424,265	54,602,125
Financial Liabilities										
Deposits and other demand liabilities	14,560,893	-	-	-	14,560,893	-	-	-	-	14,560,893
Cash items in process of collection	361,631	-	-	-	361,631	-	-	-	-	361,631
Obligations under repurchase agreements	-	969,808	-	-	969,808	-	-	-	-	969,808
Time deposits and other time liabilities	159,918	5,843,682	2,912,985	1,434,246	10,350,831	163,053	44,384	23,523	230,960	10,581,791
Financial derivatives contracts	-	386,690	445,376	931,358	1,763,424	1,552,482	1,708,509	3,994,245	7,255,236	9,018,660
Interbank borrowings	16,832	238,414	222,992	855,434	1,333,672	1,140,426	3,854,501	-	4,994,927	6,328,599
Issued debts instruments	-	344,732	447,117	343,156	1,135,005	1,813,341	2,499,560	2,756,271	7,069,172	8,204,177
Other financial liabilities	144,478	38,148	1,375	27	184,028	89	105	96	290	184,318
Obligations for lease agreements	-	-	-	25,526	25,526	44,933	35,679	43,447	124,059	149,585
Guarantees received (margin accounts)	624,205	-	-	-	624,205	-	-	-	-	624,205
Total financial liabilities	15,867,957	7,821,474	4,029,845	3,589,747	31,309,023	4,714,324	8,142,738	6,817,582	19,674,644	50,983,667

(1) Interbank loans are presented on a gross basis. The amount of allowances is Ch\$ 10 million.

(2) Loans and accounts receivables from customers are presented on a gross basis. Provisions amounts according to customer type of loan are the following: Commercial loans for Ch\$ 646,689 million, Mortgage loans for Ch\$ 61,281 million and Consumer loans for Ch\$ 268,841 million.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 21 PROVISIONS

a) As of December 31, 2021 and 2020, the detail for the provisions is as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Provision for employee salaries and expenses	110,621	104,270
Provision for mandatory dividends	232,488	155,234
Provision for payment of interest on bonds with no fixed term of maturity	4,995	
Provision for contingent loan risks:		
Provision for lines of credit of immediate disponibility	26,001	17,293
Other provisions for contingent loans	23,078	19,460
Provision for contingencies	55,042	33,814
Additional provisions	258,000	126,000
Provision for foreign bank loans	194	49
Total	710,419	456,120

b) Below is the activity regarding provisions during the year ended December 31, 2021 and 2020:

	Provision						Provision for payment of interest on bonds with no fixed term of maturity MCh\$	Total MCh\$
	Provision for employee salaries and expenses MCh\$	Provision for mandatory dividends MCh\$	Provision for contingent loan risks MCh\$	Provision for contingencies MCh\$	Additional provisions MCh\$	Provision for foreign bank loans MCh\$		
Balances as of January 1, 2021	104,270	155,234	36,753	33,814	126,000	49	-	456,120
Provision established	90,363	232,488	14,595	32,081	132,000	188	4,995	506,710
Application of provisions	(80,768)	(155,234)	-	-	-	-	-	(236,002)
Provisions released	(1,836)	-	(2,269)	(10,853)	-	(43)	-	(15,001)
Other	(1,408)	-	-	-	-	-	-	(1,408)
Balances as of December 31, 2021	110,621	232,488	49,079	55,042	258,000	194	4,995	710,419
Balances as of January 1, 2020	101,223	165,628	38,606	15,388	16,000	552	-	337,397
Provision established	76,281	155,234	7,823	25,088	126,000	279	-	390,705
Application of provisions	(71,481)	(165,628)	-	-	-	-	-	(237,109)
Provisions released	(1,755)	-	(9,676)	(6,662)	(16,000)	(782)	-	(34,875)
Other	2	-	-	-	-	-	-	2
Balances as of December 31, 2020	104,270	155,234	36,753	33,814	126,000	49	-	456,120

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 21
PROVISIONS, continued

c) Provisions for personal salaries and expenses

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Provision for seniority compensation	7,638	6,658
Provision for stock-based personal benefits	-	-
Provision for performance bonds	73,960	65,786
Provision for vacation	28,553	29,307
Provision for other personal benefits	470	2,519
Total	110,621	104,270

d) Compensation year of services

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Balances as of January	6,658	6,797
Increase in the provision	5,120	2,690
Payments made	(3,788)	(2,663)
Advance payments	-	-
Released of provisions	(352)	(166)
Other movements	-	-
Total	7,638	6,658

e) Movement of the provision for compliance bonds

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Balances as of January	65,786	68,595
Increase in the provision	69,653	58,924
Payments made	(59,995)	(60,144)
Advance payments	(1,484)	(1,589)
Released of provisions	-	-
Total	73,960	65,786

f) Provision for vacation

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Balances as of January	29,307	23,864
Increase in the provision	15,218	13,585
Payments made	(14,565)	(8,144)
Advance payments	-	-
Released of provisions	(1,407)	2
Total	28,553	29,307

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 22 OTHER LIABILITIES

Other liabilities consist of:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Accounts and notes payable	259,138	227,518
Income received in advance	798	828
Adjustment due to macro-hedging valuation	68,524	51,089
Guarantees received (margin accounts) (1)	857,679	624,205
Notes payable through brokerage and simultaneous transactions (2)	47,921	12,504
Other payable obligations	21,909	14,129
Withholding VAT	12,558	13,911
Accounts payable insurance companies	286,449	139.622
Other liabilities	57,588	82.047
Total	1,612,294	1,165,853

- (1) Guarantee deposits (margin accounts) correspond to collaterals associated with derivative financial contracts. These guarantees operate when the mark to market from derivative financial instruments exceed the levels of threshold agreed in the contracts, which could result in a delivery or reception of collateral for the Bank.
- (2) Corresponds to net hedging assets and liabilities adjusted to market value see Note 8.

NOTE 23 CONTINGENCIES AND COMMITMENTS

a) Lawsuits and legal procedures

At the date of issuance of these consolidated financial statements, there are several legal actions brought against the Bank in relationship with operations of the line of business. As of December 31, 2021, the Bank maintains provisions for this concept that amount to \$ 1,395 million (\$ 1,024 million as of December 31, 2020), which are in the Consolidated Statement of Financial Position, forming part of the item "Provisions for contingencies".

Banco Santander Chile

There are 30 lawsuits for various legal actions in the amount of \$ 900 million, our attorneys have not estimated material losses for these lawsuits.

Santander Corredores de Bolsa Limitada

Lawsuit "Echeverría with Santander Corredora" (currently Santander Corredores de Bolsa Ltda.), Followed before the 21st Civil Court of Santiago, Rol C-21.366-2014, on Compensation for damages due to failures in the purchase of shares, the amount of the claim is for \$ 60,000,000. Regarding its current situation as of December 31, 2021, this lawsuit is in the evidence gathering stage, therefore, Santander Corredores de Bolsa Limitada is waiting for the court to resolve.

Lawsuit "Chilean computing with Banco Santander and Santander Corredores de Bolsa" before the 3rd Civil Court of Santiago, Case C-12325-2020. Regarding its current situation as of December 31, 2021, the trial is in the current discussion stage, the documents requested by the Court were exhibited and possible actions by the applicants are pending.

Santander Corredora de Seguros Limitada

There are lawsuits amounting to UF 13,200 corresponding to processes mainly for goods delivered in leasing. Our lawyers have not estimated additional material losses for these trials.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 23

CONTINGENCIES AND COMMITMENTS continued

Santander Consumer Finance Limitada

"Hawas con Santander Consumer" trial, brought before the 30th Civil Court of Santiago, Roll C-890-2019, dated August 23, 2021, withdrawal and acceptance are presented. Resolution pending.

Trial "Merino con Santander Consumer", brought before the 27th Civil Court of Santiago, Case C-17495-2020, not having produced conciliation, it is requested that the case be received on trial. Pending the issuance of the test car.

Trial "Romero/ Zapata", ROL C-13347-2020, followed up before the 16th Civil Court of Santiago. Pending sentencing.

Trial "Hernández with Santander Consumer", ROL C-4275-2020, followed before the 20th Civil Court of Santiago. Frustrated exhibition of document by default of the defendant. The warning of article 277 of the CPC becomes effective.

Trial "Commercial Luis Enrique Seguel Valdebenito E.I.R.L / Santander Consumer". ROL C-2136-2021, followed up before the 24th Civil Court of Santiago. Probationary term reactivated. Waiting for notification by card. Replacement of the test car pending resolution.

Trial "Donoso / Santander Consumer" ROL C-3298-2021, followed before the 12th Civil Court of Santiago, titled. The conciliation hearing was not held. Pending receipt of the trial case.

Trial "Rost/ Santander Consumer Chile S.A. Individualized case ROL C-3411-2021, followed up before the 18th Civil Court of Santiago. Demand extinctive prescription of the debt. Notified of the test car on 01/12.

Trial "Morales / Santander Consumer Chile S.A. ROL 21309-2018-VSLL, followed up before the 5th Santiago Local Police Court.

b) Contingent loans

To meet customer needs, the Bank acquired several irrevocable commitments and contingent liabilities, although these obligations should not be recognized in the Consolidated Statement of Financial Position, these contain credit risks and are therefore part of the Bank's overall risk.

The following table shows the Bank's contractual obligations to issue loans:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Contingent loans		
Letters of credit issued	323,531	165,119
Foreign letters of credit confirmed	53,777	82,779
Performance guarantees	1,390,410	1,090,643
Personal guarantees	579,051	441,508
Subtotal	2,346,769	1,780,049
On demand credit lines	8,986,535	8,391,414
Other irrevocable credit commitments	265,517	406,234
Total	11,598,821	10,577,697

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 23

CONTINGENCIES AND COMMITMENTS, continued

c) Held securities

The Bank holds securities in the normal course of its business as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Third party operations		
Collections	109,465	83,392
Transferred financial assets managed by the Bank	16,987	18,017
Assets from third parties managed by the Bank and its affiliates	1,307,727	1,352,032
Subtotal	1,434,179	1,453,441
Custody of securities		
Securities held in custody	7,022,067	11,022,790
Securities held in custody deposited in other entity	820,948	808,186
Issued securities held in custody	9,713,122	10,461,847
Subtotal	17,556,137	22,292,823
Total	18,990,316	23,746,264

The Bank classified the portfolios managed by private banking in "Assets from third parties managed by the Bank and its affiliates", as of December 31, 2021, the balance for this was Ch\$ 1,307,692 million (Ch\$ 1,351,997 million at December 31, 2020),

d) Guarantees

Banco Santander-Chile has an integral bank policy of coverage of Official Loyalty N°5077934 in force with the company Compañía de Seguros Chilena Consolidada SA, Coverage for 50,000,000 USD per claim with an annual limit of 100,000,000 USD, which covers both the Bank and its subsidiaries, with an expiration date of June 30, 2022.

Santander Corredores de Bolsa Limitada

- i) As of December 31, 2021, the Company has comprehensive guarantees in the Santiago Stock Exchange to cover simultaneous operations carried out through its own portfolio for a total of Ch\$ 19,354 (Ch\$ 6,493 as of December 31, 2020).
- ii) Additionally, as of December 31, 2021, the Company holds a guarantee in CCLV Contraparte Central S.A., in cash, for an amount of Ch\$ 7,300 (Ch\$ 11,800 as of December 31, 2020).
- iii) In order to ensure the correct and full compliance of all its obligations as Brokerage Broker, in accordance with the provisions of articles 30 and following of Law N° 18,045 on Securities Market, the Company has delivered fixed-income securities to the Santiago Stock Exchange for a present value of Ch\$ 1,006 (Ch\$ 1,001 as of December 31, 2020). This corresponds to a fixed-term deposit with Banco Santander whose maturity is February 28, 2022.
- iv) As of December 31, 2021, the company has a guarantee for equity loans in the amount of \$ 3,501 million (\$ 3,481 million as of December 31, 2020).

Santander Corredora de Seguros Limitada

- i) In accordance with those established in Circular N° 1,160 of the CMF, the company has contracted an insurance policy to respond to the correct and full compliance with all obligations arising from its operations as an intermediary in the hiring insurance.
- ii) As of March 26, 2021, the insurance policy for insurance brokers N°10046944, which covers UF 500, and the professional liability policy for insurance brokers N° 10046940 for an amount equivalent to UF 60,000, were contracted with the Insurance Company Generales Chilena Consolidada SA Both are valid from April 15, 2021 to April 14, 2022.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 23

CONTINGENCIES AND COMMITMENTS, continued

Klare Corredora de Seguros S.A.

In accordance with the provisions of Circular No. 1,160 of the CMF, the Company has contracted an insurance policy to respond to the correct and complete fulfillment of all the obligations arising from its operations as an intermediary in the contracting of insurance. The guarantee policy for insurance brokers No. 163143, which covers UF 500, contracted with Compañía HDI Seguros de Garantía y Crédito S.A. They are valid from April 15, 2020 to April 14, 2021. On April 5, 2021, the guarantee policy for insurance brokers was renewed, which covers UF 500, contracted with Compañía HDI Seguros de Garantía y Crédito S.A. It is valid from April 15, 2021 to April 14, 2022.

Sociedad Operadora de Cards de Pago Santander Getnet Chile S.A.

From July 1, 2020 to June 30, 2021, Banco Santander Chile has established the integral bank policy for employee loyalty coverage No. FL00297A, in force with Compañía de Seguros Chilena Consolidada SA, coverage with a general limit of USD50,000,000 per event and USD100,000,000 in the annual aggregate, in each and every event which jointly covers both the Bank and its Subsidiaries, this policy was renewed until June 30, 2022 under the same conditions.

NOTE 24

EQUITY

a) Capital

As of December 31, 2021 and 2020 the Bank has 188,446,126,794 shares outstanding amounting Ch\$ 891,303 million, all of which are subscribed for and paid in full. All shares have the same rights, and have no preferences or restrictions.

The movement in shares for the period of December 31, 2021 and 2020 is the following:

	Shares As of December 31,	
	2021	2020
Issued as of January 1	188,446,126,794	188,446,126,794
Issuance of paid shares	-	-
Issuance of outstanding shares	-	-
Stock options exercised	-	-
Issued a period end	188,446,126,794	188,446,126,794

As of December 31, 2021 and 2020 the Bank does not own any of its shares in treasury, nor do any of the consolidated companies.

As of December 31, 2021 the shareholder composition is the following:

Corporate Name or Shareholder`s Name	Shares	ADRs (*)	Total	% of equity holding
Santander Chile Holding S,A,	66,822,519,695	-	66,822,519,695	35.46
Teatinos Siglo XXI Inversiones Limitada	59,770,481,573	-	59,770,481,573	31.72
The Bank of New York Mellon	-	20,710,338,871	20,710,338,871	10.99
Banks on behalf of third parties	17,318,500,798	-	17,318,500,798	9.19
Pension funds (AFP) on behalf of third parties	11,949,134,854	-	11,949,134,854	6.34
Stock brokers on behalf of third parties	5,870,596,720	-	5,870,596,720	3.12
Other minority holders	6,004,554,283	-	6,004,554,283	3.18
Total	167,735,787,923	20,710,338,871	188,446,126,794	100.00

(*) American Depository Receipts (ADR) are certificates issued by a U.S. commercial bank to be traded on the U.S. securities markets.

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 24
EQUITY, continued

As of December 31, 2020 the shareholder composition is the following:

Corporate Name or Shareholder`s Name	Shares	ADRs (*)	Total	% of equity holding
Santander Chile Holding S,A,	66,822,519,695	-	66,822,519,695	35.46
Teatinos Siglo XXI Inversiones Limitada	59,770,481,573	-	59,770,481,573	31.72
The Bank of New York Mellon	-	22,450,671,671	22,450,671,671	11.91
Banks on behalf of third parties	15,925,407,468	-	15,925,407,468	8.45
Pension fund (AFP) on behalf of third parties	9,929,343,874	-	9,929,343,874	5.27
Stock brokers on behalf of third parties	6,892,162,980	-	6,892,162,980	3.66
Other minority holders	6,655,539,533	-	6,655,539,533	3.53
Total	165,995,455,123	22,450,671,671	188,446,126,794	100.00

(*) American Depository Receipts (ADR) are certificates issued by a U.S. commercial bank to be traded on the U.S. securities markets.

b) Reserves

During 2021, on the occasion of the Shareholders' Meeting held in April, it was agreed to capitalize 40% of the retained earnings from previous years into reserves, equivalent to \$ 206,679 million (\$ 220,8381 million in 2020).

c) Dividends

The distribution of dividends has been disclosed in the Consolidated Statements of Changes in Equity.

d) Diluted earnings per share and basic earnings per share

As of December 31, 2021 and 2020, the composition of diluted earnings per share and basic earnings per share are as follows:

	As of December 31,	
	2021	2020
	MCh\$	MCh\$
a) Basic earnings per share		
Total attributable to equity holders of the Bank	774,959	517,447
Weighted average number of outstanding shares	188,446,126,794	188,446,126,794
Basic earnings per share (in Ch\$)	4.112	2.746
Diluted earnings per share continuing operations (in Ch\$)	4.112	2.746
b) Diluted earnings per share		
Total attributable to equity holders of the Bank	774,959	517,447
Weighted average number of outstanding shares	188,446,126,794	188,446,126,794
Assumed conversion of convertible debt	-	-
Adjusted number of shares	188,446,126,794	188,446,126,794
Diluted earnings per share (in Ch\$)	4.112	2.746
Diluted earnings per share continuing operations (in Ch\$)	4.112	2.746

As of December 31, 2021 and 2020, the Bank does not own instruments with dilutive effects.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 24 EQUITY, continued

e) Provision for payment of interest on bonds with no fixed maturity date

The Bank records the accrual of interest on the bonds without a fixed term of maturity in the "Provisions for dividends, payment of interest and revaluation of issued regulatory capital financial instruments, as of December 31, 2021 the balance corresponds to \$ 4,995 million.

f) Other comprehensive income of investments and cash flow hedges:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Investments		
As of January 1,	100,135	30,398
Gain (losses) on the re-valuation of investments, before tax	(536,792)	26,128
Reclassification from other comprehensive income to net income for the year	-	-
Net income realized	18,031	43,609
Subtotal	(518,761)	69,737
Total	(418,626)	100,135
Cash flow hedges		
As of January 1,	(136,765)	(40,435)
Gains (losses) on the re-valuation of cash flow hedges, before tax	(211,122)	(93,182)
Reclassification and adjustments on cash flow hedges, before tax	(25,694)	(3,148)
Amounts removed from equity and included in carrying amount of non-financial asset (liability) whose acquisition or assignment was hedged as a highly probable transaction	-	-
Subtotal	(236,816)	(96,330)
Total	(373,581)	(136,765)
Other comprehensive income, before tax	(792,207)	(36,630)
Income tax related to other comprehensive income components		
Income tax relating to investments	114,377	(27,037)
Income tax relating to cash flow hedges	100,868	36,927
Total	215,245	9,890
Other comprehensive income, net of tax	(576,962)	(26,740)
Attributable to:		
Equity holders of the Bank	(577,524)	(27,586)
Non-controlling interest	562	846

The Bank expects that the results included in "Other comprehensive income" will be reclassified to profit or loss when the specific conditions have been met.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 25

CAPITAL REQUIREMENTS (BASEL)

In accordance with Chilean General Banking Law, the Bank must maintain a minimum ratio of effective equity to risk-weighted consolidated assets of 8% net of required allowances, and a minimum ratio of basic equity to consolidated total assets of 3%, net of required allowances. However, as a result of the Bank's merger in 2002, the CMF has determined that the Bank's combined effective equity cannot be lower than 11% of its risk-weighted assets. Effective net equity is defined for these purposes as basic equity (capital and reserves) plus subordinated bonds, up to a maximum of 50% of basic equity.

Assets are allocated to different risk categories, each of which is assigned a weighting percentage according to the amount of capital required to be held for each type of asset. For example, cash, deposits in banks and financial instruments issued by the Central Bank of Chile have a 0% risk weighting, meaning that it is not necessary to hold equity to back these assets according to current regulations. Property, plant and equipment have a 100% risk weighting, meaning that a minimum capital equivalent to 11% of these assets must be held. All derivatives traded off the exchanges are also assigned a risk weighting, using a conversion factor applied to their notional values, to determine the amount of their exposure to credit risk. Off-balance-sheet contingent credits are also included for weighting purposes, as "Credit equivalents".

According to Chapter 12-1 of the CMF, Recopilación Actualizada de Normas [Updated Compilation of Rules] effective January 2010, the CMF changed existing regulation with the enforcement of Chapter B-3 from the Compendium of Accounting Standards, which changed the risk exposure of contingent allocations from 100% exposure to the following:

Type of contingent loan	Exposure
a) Pledges and other commercial commitments	100%
b) Foreign letters of credit confirmed	20%
c) Letters of credit issued	20%
d) Guarantees	50%
e) Interbank guarantee letters	100%
f) Available lines of credit	35%
g) Other loan commitments:	
- Higher education loans Law N°. 20,027	15%
- Other	100%
h) Other contingent loans	100%

On January 12, 2019, Law 21,130 that Modernizes Banking Legislation was published in the Official Gazette. This law introduces modifications, among other regulatory bodies, to the General Law of Banks (LGB), to Law 21,000 that created the Commission for the Financial Market, to the Organic Law of the State Bank of Chile and to the Tax Code.

On March 30, 2020, the CMF informs on the flexibility to implement Basel III. In coordination with the Central Bank of Chile, they resolved to postpone the implementation of the capital requirements required by the standard by one year and to maintain the current general regulatory framework for banking capital requirements until December 2021.

The new General Banking Law (updated through Law 21,130) defines general guidelines to establish a capital adequacy system in line with the international standards of Basel III, giving the CMF the power to dictate the framework of capital in a prudent manner. In particular, the CMF is empowered, with the prior favorable agreement of the Board of the Central Bank of Chile (BCCh), to define, through regulations, the new methodologies for calculating assets weighted by credit, market and operational risk; the conditions of issuance of hybrid instruments AT1, and the determination and capital charges for banks of local systemic importance. It also introduced conservation and counter-cyclical buffers and expanded the CMF's powers to make prudential discounts to regulatory capital and require additional measures, including higher capital, from banks that present deficiencies in the supervisory evaluation process (pillar 2). The implementation of Basel III makes it possible to focus risk management towards a more comprehensive vision of them, with a focus on capital adequacy.

In accordance with the foregoing, last December the CMF completed the process of issuing the necessary regulations for the implementation in Chile of the capital framework of the Basel III standards. But in the current context of a coronavirus pandemic, the CMF, in coordination with the Central Bank of Chile and in line with the measures adopted by regulators at the international level, decided to postpone the implementation of the APR calculation for one year and maintain it temporarily the general regulatory framework in force until November 30, 2021.

As of December 31, the Bank is already submitting to the regulator R01 (Solvency limits and effective equity), R06 (Assets weighted for credit risk), R07 (Assets weighted for market risk), R08 (Assets weighted for operational risk) and R11 (Rating Systemically Important Banks) corresponding to Basel III.

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 25
CAPITAL REQUIREMENTS (BASEL), continued

The levels of basic capital and effective net equity as of December 31, 2021 and 2020, are the following:

	Consolidated assets	Risk-weighted assets (***)
	As of December 31,	
	2020 MCh\$	2020 MCh\$
Balance-sheet assets (net of allowances)		
Cash and deposits in banks	2,803,288	-
Cash in process of collection	452,963	173,466
Trading investments	133,718	14,655
Investments under resale agreements	-	-
Financial derivative contracts (*)	2,742,701	1,602,495
Interbank loans, net	18,920	15,250
Loans and accounts receivables from customers, net	33,413,429	26,651,340
Available for sale investment	7,162,542	618,908
Held to collect	-	-
Investments in associates and other companies	10,770	10,770
Intangible assets	82,537	82,537
Property, plant, and equipment	187,240	187,240
Right of use assets	201,611	201,611
Current taxes	-	-
Deferred taxes	538,118	53,812
Other assets(**)	1,236,376	1,233,016
Off-balance-sheet assets		
Contingent loans	4,378,214	2,615,644
Total	53,362,427	33,460,744

(*) "Financial derivative contracts" are presented at their "Credit Equivalent Risk" value as established in Chapter 12-1 of the Updated Compilation of Rules issued by the CMF.

(**) On March 30, 2020, the CMF published circular No. 2248, which indicates that the CMF has authorized the presentation of net positions of derivatives and guarantees granted to third parties, under the protection of bilateral compensation agreements recognized by the Central Bank of Chile. For purposes of computing assets for capital adequacy.

(***) On August 21, 2020, circular No. 2265 was published indicating the new treatment, where the amounts of the credits that are guaranteed by the Chilean Treasury are incorporated into category 2 of the risk-weighted asset classification. , CORFO and FOGAPE, which consequently went from having a credit risk weight of 100% to 10%.

Consolidated Risk-Weighted Assets (RWA) as of December 31, 2021 in accordance with BIS III regulations are as follows,

Risk-weighted assets (RWA)	MCh\$
Market RWA	4,089,283
Operational RWA	3,316,895
Credit RWA	29,019,932
RWA Total	36,426,110

(1) Corresponds to the exposures of banking entities subject to capital requirements for market risk, under the simplified standard model, reporting movements in reference interest rates, foreign currencies, raw materials and stock prices used in the calculation of assets, weighted by market risk (APRM). The aforementioned exposures correspond to financial instruments classified in the trading book, also considering the risk of foreign currency and raw materials for the banking book positions.

(2) Corresponds to the elements that make up the main indicators for calculating weighted assets for operational risk (APRO) in order to determine the capital requirement for this type of risk, under the standard method.

(3) Corresponds to the active exposures of banking entities subject to capital requirements for credit risk, under the standardized method (ME) and internal methodologies (IM), reporting the type of counterparty and different risk factors used in the calculation of the assets weighted by credit risk (APRC), as well as the risk mitigators used, in accordance with the guidelines established in Chapter 21-6 of the RAN. The aforementioned exposures correspond to assets in the banking book, investment funds in the banking book, credit equivalents and contingent exposures.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 25

CAPITAL REQUIREMENTS (BASEL), continued

The ratios of basic capital and effective net equity at the close of each period are as follows:

	As of December 31,		Razón
	2020	2020	2020
	MCh\$		%
Basic capital	3,567,916		6.69
Effective net equity	5,143,843		15.37

The ratios determined for the limit of basic capital/ordinary capital level 1 and consolidated effective equity as of December 31, 2021 in accordance with the transitory BIS III regulations are the following:

	As of December 31, 2021		Razón
	2021	2021	2021
	MCh\$		%
Basic capital	3,494,580		5.73
Effective net equity	5,776,831		15.86

NOTE 26

NON-CONTROLLING INTEREST

- a) It reflects the net amount of equity of dependent entities attributable to capital instruments which do not belong, directly or indirectly, to the Bank, including the portion of the income for the period that has been attributed to them.

The non-controlling interest included in the equity and the income from the subsidiaries is summarized as follows:

As of December 31, 2021	Non controlling interest %	Equity MCh\$	Income MCh\$	Other comprehensive income			
				Available for sale investments MCh\$	Deferred tax MCh\$	Total other comprehensive income MCh\$	Comprehensive income MCh\$
Subsidiaries:							
Santander Corredora de Seguros Limitada	0.25	179	5	-	-	-	5
Santander Corredores de Bolsa Limitada	49.41	22,970	717	(238)	65	(173)	544
Santander Asesorías Financieras Limitada	0.97	513	21	(152)	41	(111)	(90)
Santander S.A. Sociedad Securitizadora	0.36	1	-	-	-	-	-
Klare Corredora de Seguros S.A.	49.90	1,631	(1,270)	-	-	-	(1,270)
Santander Consumer Finance Limitada	49.00	39,080	9,386	-	-	-	9,386
Subtotal		64,374	8,859	(390)	106	(284)	8,575
Entities controlled through other considerations:							
Santander Gestión de Recaudación y Cobranzas Limitada	100.00	4,820	139	-	-	-	139
Bansa Santander S.A.	100.00	21,010	1,096	-	-	-	1,096
Multiplica Spa	100.00	4,156	(133)	-	-	-	(133)
Subtotal		29,986	1,102	-	-	-	1,102
Total		94,360	9,961	(390)	106	(284)	9,677

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 26

NON-CONTROLLING INTEREST continued

As of December 31, 2020	Other comprehensive income						
	Non-controlling interest	Equity	Income	Available for sale investments	Deferred tax	Total other comprehensive income	Comprehensive income
	%	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Subsidiaries:							
Santander Corredora de Seguros Limitada	0.25	174	(4)	(4)	1	(3)	(7)
Santander Corredores de Bolsa Limitada	49.41	22,614	351	(38)	9	(29)	322
Santander Asesorías Financieras Limitada	0.97	493	(5)	152	(41)	111	106
Santander S.A. Sociedad Securitizadora	0.36	2	-	-	-	-	-
Klare Corredora de Seguros S.A.	49.90	2,902	(880)	-	-	-	(880)
Santander Consumer Chile S.A	49.00	29,649	5,619	-	-	-	5,619
Subtotal		55,834	5,081	110	(31)	79	5,160
Entities controlled through other considerations:							
Santander Gestión de Recaudación y Cobranzas Limitada	100.00	4,808	(127)	-	-	-	(127)
Bansa Santander S.A. (1)	100.00	19,565	349	-	-	-	349
Multiplica Spa	100.00	4,476	(187)	-	-	-	(187)
Subtotal		28,849	35	-	-	-	35
Total		84,683	5,116	110	(31)	79	5,195

b) A summary of the financial information of subsidiaries included in the consolidation with non-controlling interests (before consolidation or conforming adjustments) is as follows:

		As of December 31,				As of December 31,			
		2021				2020			
		Assets	Liabilities	Capital	Net Income	Assets	Liabilities	Capital	Net Income
		MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Santander Corredora de Seguros Limitada	Filial	84,492	13,388	69,129	1,975	79,936	10,777	70,554	(1,395)
Santander Corredores de Bolsa Limitada	Filial	98,496	51,649	45,396	1,451	94,802	49,038	45,053	711
Santander Asesorías Financieras Limitada (*)	Filial	54,731	1,683	50,900	2,148	52,070	1,142	51,454	(526)
Santander S.A, Sociedad Securitizadora	Filial	810	463	455	(108)	630	175	547	(92)
Klare Corredora de Seguros S.A.	Filial	3,952	681	5,816	(2,545)	6,415	599	7,579	(1,763)
Santander Consumer Finance Limitada	Filial	742,700	662,945	60,588	19,167	693,992	633,177	49,348	11,467
Sociedad operadora de Tarjetas de Pago Santander Getnet Chile S.A.	Filial	78,523	67,301	18,990	(7,768)	16,448	1,185	16,273	(1,010)
Santander Gestión de Recaudación y Cobranzas Limitada	EPE	6,636	1,816	4,681	139	7,789	3,108	4,808	(127)
Bansa Santander S.A.	EPE	103,927	82,917	19,914	1,096	84,496	64,582	19,565	349
Multiplica Spa	EPE	4,409	253	4,289	(133)	4,336	47	4,476	(187)
Total		1,178,676	883,096	280,158	15,422	1,040,914	763,830	269,657	7,427

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

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NOTE 27 INTEREST INCOME

This item refers to interest earned in the period from the financial assets whose return, whether implicitly or explicitly, is determined by applying the effective interest rate method, regardless of the value at fair value, as well as the effect of hedge accounting.

a) As of December 31, 2021 and 2020, the income from interest income, not including income from hedge accounting, is attributable to the following items:

Items	As of December 31,							
	2021				2020			
	Interest MCh\$	Inflation adjustments MCh\$	Prepaid fees MCh\$	Total MCh\$	Interest MCh\$	Inflation adjustments MCh\$	Prepaid fees MCh\$	Total MCh\$
Resale agreements	190	-	-	190	124	-	-	124
Interbank loans	429	-	-	429	36	-	-	36
Commercial loans	665,226	405,963	9,880	1,081,069	722,116	174,360	10,207	906,683
Mortgage loans	337,669	838,851	852	1,177,372	322,687	314,777	491	637,955
Consumer loans	475,133	559	5,534	481,226	564,363	338	5,245	569,946
Investment instruments	102,389	110,510	-	212,899	69,276	36,141	-	105,417
Other interest income	6,119	8,629	-	14,748	9,078	4,384	-	13,462
Interest income without income from hedge accounting	1,587,155	1,364,512	16,266	2,967,933	1,687,680	530,000	15,943	2,233,623

b) As indicated in section i) of Note 1, suspended interest relates to loans with payments over 90 days overdue, which are recorded in off-balance sheet accounts until they are effectively received.

As of December 31, 2021 and 2020, the suspended interest and adjustments income consists of the following:

Items	As of December 31,					
	2021			2020		
	Interest MCh\$	Inflation adjustments MCh\$	Total MCh\$	Interest MCh\$	Inflation adjustments MCh\$	Total MCh\$
Commercial loans	8,912	14,909	23,281	11,621	8,551	20,172
Mortgage loans	1,750	10,139	11,889	2,351	6,662	9,013
Consumer loans	1,885	231	2,116	2,364	221	2,585
Total	12,547	25,279	37,826	16,336	15,434	31,770

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 27

INTEREST INCOME, continued

c) As of December 31, 2021 and 2020, the expenses from interest expense, excluding expense from hedge accounting, are as follows:

Items	As of December 31,					
	2021			2020		
	Interest MCh\$	Inflation adjustments MCh\$	Total MCh\$	Interest MCh\$	Inflation adjustments MCh\$	Total MCh\$
Demand deposits	(14,533)	(4,938)	(19,471)	(13,576)	(1,526)	(15,102)
Repurchase agreements	(839)	-	(839)	(1,899)	-	(1,899)
Time deposits and liabilities	(88,949)	(20,451)	(109,400)	(141,091)	(20,876)	(161,967)
Interbank borrowings	(43,559)	-	(43,559)	(45,103)	-	(45,103)
Issued debt instruments	(187,794)	(302,578)	(490,372)	(232,551)	(140,095)	(372,646)
Other financial liabilities	(560)	(25)	(585)	(637)	(11)	(648)
Obligations for lease agreements	(2,283)	-	(2,283)	(2,651)	-	(2,651)
Other interest expense	(2,955)	(33,001)	(35,956)	(9,576)	(14,722)	(24,298)
Interest expense without expenses from hedge accounting	(341,472)	(360,993)	(702,465)	(447,084)	(177,230)	(624,314)

d) As of December 31, 2021 and 2020, the income and expense from interest is as follows:

Items	As of December 31,	
	2021 MCh\$	2020 MCh\$
Interest income less income from hedge accounting	2,967,933	2,233,623
Interest expense less expense from hedge accounting	(702,465)	(624,314)
Net interest income (expense) from hedge accounting	2,265,468	1,609,309
Hedge accounting (net)	(449,122)	(15,461)
Total net interest income	1,816,346	1,593,848

NOTE 28

FEES AND COMMISSIONS

a) Fees and commissions includes the value of fees earned and paid during the year, except those which are an integral part of the financial instrument's effective interest rate:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Fee and commission income		
Fees and commissions for lines of credits and overdrafts	7,602	7,428
Fees and commissions for guarantees and letters of credit	39,010	36,277
Fees and commissions for card services	273,641	196,308
Fees and commissions for management of accounts	39,581	34,825
Fees and commissions for collections and payments	26,871	23,242
Fees and commissions for intermediation and management of securities	10,750	11,272
Fees and commissions for insurance marketing	43,898	39,764
Office banking	17,823	15,119
Fees for other services rendered	49,178	44,072
Other fees earned	70,250	42,855
Total	578,604	451,162

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 28

FEES AND COMMISSIONS, continued

	As of December 31,	
	2021	2020
	MCh\$	MCh\$
Fee and commission expense		
Compensation for card operations	(168,077)	(123,011)
Fees and commissions for securities transactions	(4,860)	(896)
Office banking	(2,115)	(2,078)
Interbank Services	(34,143)	(24,957)
Other fees	(36,658)	(32,942)
Total	(245,853)	(183,884)
Net fees and commissions income	332,751	267,278

The fees earned in transactions with letters of credit are presented in the Consolidated Statement of Income in the item "Interest income".

- b) Income and expenses from commissions that are generated through the different segments of the business are presented in the following chart as well as the calendar which recognizes ordinary activity income.

As of December 31, 2021	Segments					Calendar recognizing ordinary activity income		
	Retail Banking	Middle Market	Global Corporate Banking	Others	Total	Transferred through time	Transferred in an exact moment	Accrual model
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Fee and commission income								
Fees and commissions for lines of credits and overdrafts	6,284	835	430	53	7,602	7,602	-	-
Fees and commissions for guarantees and letters of credit	11,620	19,281	7,983	126	39,010	39,010	-	-
Fees and commissions for card services	258,971	11,223	3,401	46	273,641	58,186	215,455	-
Fees and commissions for management of accounts	35,933	2,496	1,149	3	39,581	39,581	-	-
Fees and commissions for collections and payments	24,615	1,561	653	42	26,871	-	12,498	14,373
Fees and commissions for intermediation and management of securities	3,687	355	5,790	918	10,750	-	10,750	-
Fees and commissions for insurance marketing	43,995	-	3	(100)	43,898	-	-	43,898
Office banking	12,493	4,494	836	-	17,823	-	17,823	-
Fees for other services rendered	45,278	3,306	581	13	49,178	-	49,178	-
Other fees earned	34,656	12,878	23,785	(1,069)	70,250	-	70,250	-
Totals	477,532	56,429	44,611	32	578,604	144,379	375,954	58,271
Fee and commission expense								
Compensation for card operations	(160,982)	(6,035)	(1,053)	(7)	(168,077)	-	(93,019)	(75,058)
Fees and commissions for securities transactions	-	-	(2,744)	(2,116)	(4,860)	-	(4,860)	-
Office banking	(4,237)	73	2,049	-	(2,115)	-	(2,115)	-
Interbank Services	(24,230)	(4,338)	(5,618)	43	(34,143)	-	(34,143)	-
Other fees	(25,818)	(2,226)	(3,989)	(4,625)	(36,658)	-	(36,658)	-
Totals	(215,267)	(12,526)	(11,355)	(6,705)	(245,853)	-	(170,795)	(75,058)
Net fees and commissions income	262,265	43,903	33,256	(6,673)	332,751	144,379	205,159	(16,787)

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 28

FEES AND COMMISSIONS, continued

Income and expenses from commissions that are generated through the different segments of the business are presented in the following chart as well as the calendar which recognizes ordinary activity income, continued:

As of December 31, 2020	Segments					Calendar recognizing ordinary activity income		
	Retail Banking	Middle Market	Global Corporate Banking	Others	Total	Transferred through time	Transferred in an exact moment	Accrual model
	Mch\$	Mch\$	Mch\$	Mch\$	Mch\$	Mch\$	Mch\$	Mch\$
Fee and commission income								
Fees and commissions for lines of credits and overdrafts	6,334	690	398	6	7,428	7,428	-	-
Fees and commissions for guarantees and letters of credit	11,304	17,505	7,112	356	36,277	36,277	-	-
Fees and commissions for card services	187,098	6,620	2,568	22	196,308	47,073	149,235	-
Fees and commissions for management of accounts	31,508	2,495	819	3	34,825	34,825	-	-
Fees and commissions for collections and payments	21,281	1,514	367	80	23,242	-	11,303	11,939
Fees and commissions for intermediation and management of securities	3,353	299	8,149	(529)	11,272	-	11,272	-
Fees and commissions for insurance marketing	39,764	-	-	-	39,764	-	-	39,764
Office banking	10,393	4,077	649	-	15,119	-	15,119	-
Fees for other services rendered	39,318	3,606	1,028	120	44,072	-	44,072	-
Other fees earned	18,948	11,716	12,850	(659)	42,855	-	42,855	-
Totals	369,301	48,522	33,940	(601)	451,162	125,603	273,856	51,703
Fee and commission expense								
Compensation for card operations	(118,255)	(3,020)	(1,070)	(666)	(123,011)	-	(68,550)	(54,461)
Fees and commissions for securities transactions	-	-	(69)	(827)	(896)	-	(896)	-
Office banking	(1,326)	(434)	(314)	(4)	(2,078)	-	(2,078)	-
Interbank Services	(16,073)	(5,183)	(3,663)	(38)	(24,957)	-	(24,957)	-
Other fees	(20,216)	(1,550)	(5,644)	(5,532)	(32,942)	-	(32,942)	-
Totals	(155,870)	(10,187)	(10,760)	(7,067)	(183,884)	-	(129,423)	(54,461)
Net fees and commissions income	213,431	38,335	23,180	(7,668)	267,278	125,603	144,433	(2,758)

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 29

NET INCOME (EXPENSE) FROM FINANCIAL OPERATIONS

Includes the amount of the adjustments from the financial instruments variation, except those attributable to the interest accrued by the application of the effective interest rate method of the value adjustments of the assets, as well as the results obtained in their sale.

As of December 31, 2021 and 2020, the detail of income from financial operations is as follows:

	As of December 31,	
	2021	2020
	MCh\$	MCh\$
Profit and loss from financial operations		
Trading derivatives	(24,592)	42,704
Trading investments	(4,816)	1,671
Sale of loans and accounts receivables from customers		
Current portfolio	(7)	48
Charged-off portfolio	2,738	(110)
Available for sale investments	23,187	80,679
Repurchase of issued bonds (1)	(8,579)	1,848
Other profit and loss from financial operations	5,666	(36,040)
Total	(6,403)	90,800

(1) As of December 31, 2021 the Bank hasn't made any repurchases of bonds, see Note 19.

NOTE 30

NET FOREIGN EXCHANGE INCOME

Net foreign exchange income includes the income earned from foreign currency trading, differences arising from converting monetary items in a foreign currency to the functional currency, and those generated by non-monetary assets in a foreign currency at the time of their sale.

As of December 31, 2021 and 2020, net foreign exchange income is as follows:

	As of December 31,	
	2021	2020
	MCh\$	MCh\$
Net foreign exchange gain (loss)		
Net gain (loss) from currency exchange differences	(467,171)	81,921
Hedging derivatives	587,976	(27,624)
Income from assets indexed to foreign currency	18,795	(3,512)
Total	139,600	50,785

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 31
PROVISIONS FOR LOAN LOSSES

The movement in provisions for loan losses registered as of December 31, 2021 and 2020 is the following:

As of December 31, 2021	Loans and accounts receivable from customers								Additional Provisions MCh\$	Total MCh\$
	Interbank loans Individual MCh\$	Commercial loans		Mortgage loans	Consumer loans	Contingent loans		Additional Provisions MCh\$		
		Individual MCh\$	Group MCh\$	Group MCh\$	Group MCh\$	Individual MCh\$	Group MCh\$			
Charged-off of loans	-	(23,568)	(55,853)	(9,155)	(11,145)	-	-	-	(99,721)	
Provisions established	(15)	(203,505)	(115,728)	(32,204)	(169,024)	(27,327)	(26,640)	(132,000)	(706,443)	
Total provisions and charge-offs	(15)	(227,073)	(171,581)	(41,359)	(180,169)	(27,327)	(26,640)	(132,000)	(806,164)	
Provisions released	24	194,512	54,125	8,879	60,705	4,092	1,253	-	323,590	
Recovery of loans previously charged-off	-	11,218	15,994	13,621	36,166	-	-	-	76,999	
Net charge to income	9	(21,343)	(101,462)	(18,859)	(83,298)	(23,235)	(25,387)	(132,000)	(405,575)	

(*) Contains Provisions related to financing with FOGAPE Covid-19 guarantee in the line of commercial loans for \$35,303 million.

As of December 31, 2020	Loans and accounts receivable from customers								Additional Provisions MCh\$	Total MCh\$
	Interbank loans Individual MCh\$	Commercial loans		Mortgage loans	Consumer loans	Contingent loans		Additional Provisions MCh\$		
		Individual MCh\$	Group MCh\$	Group MCh\$	Group MCh\$	Individual MCh\$	Group MCh\$			
Charged-off of loans	-	(22,703)	(60,529)	(10,709)	(32,669)	-	-	-	(126,610)	
Provisions established	(30)	(184,691)	(124,057)	(15,884)	(223,493)	(11,160)	(1,898)	(110,000)	(671,213)	
Total provisions and charge-offs	(30)	(207,394)	(184,586)	(26,593)	(256,162)	(11,160)	(1,898)	(110,000)	(797,823)	
Provisions released (*)	39	44,878	54,394	17,141	79,846	7,976	7,550	-	211,824	
Recovery of loans previously charged-off	-	12,199	13,770	9,584	39,373	-	-	-	74,926	
Net charge to income	9	(150,317)	(116,422)	132	(136,943)	(3,184)	5,652	(110,000)	(511,073)	

(*) Contains Provisions related to financing with FOGAPE Covid-19 guarantee in the line of commercial loans for \$35,789 million.

The detail for Charge-off to individually significant loans, is the following:

As of December 31, 2021	Loans and accounts receivable from customers					Total MCh\$
	Commercial loans		Mortgage loans	Consumer loans	Total MCh\$	
	Individual MCh\$	Group MCh\$	Group MCh\$	Group MCh\$		
Charge-off of loans	47,168	129,558	19,800	123,485	320,011	
Provision applied	(23,600)	(73,705)	(10,645)	(112,340)	(220,290)	
Net charge offs of individually significant loans	23,568	55,853	9,155	11,145	99,721	

As of December 31, 2020	Loans and accounts receivables from customers					Total MCh\$
	Commercial loans		Mortgage loans	Consumer loans	Total MCh\$	
	Individual MCh\$	Group MCh\$	Group MCh\$	Group MCh\$		
Charge-off of loans	41,416	117,045	16,632	219,720	394,813	
Provision applied	(18,713)	(56,516)	(5,923)	(187,051)	(268,203)	
Net charge offs of individually significant loans	22,703	60,529	10,709	32,669	126,610	

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 32
PERSONNEL SALARIES AND EXPENSES

As of December 31, 2021 and 2020, the composition for personnel salaries and expenses is the following:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Personnel compensation	248,926	265,312
Bonuses or gratuities	83,906	77,046
Stock-based benefits	(315)	(1,589)
Seniority compensation	25,878	22,380
Pension plans	(873)	1,026
Training expenses	2,659	2,887
Day care and kindergarden	2,812	2,769
Health and welfare funds	6,400	6,531
Other personnel expenses	28,282	32,308
Total	397,675	408,670

Share-based compensation (settled in cash)

In accordance with IFRS 2, equity instruments settled in cash are allocated to executives of the Bank and its Subsidiaries as a form of compensation for their services.

The Bank measures the services received and the cash obligation at fair value at the end of each reporting period and on the settlement date, recognizing any change in fair value in the income statement for the period.

The balance corresponding to benefits based on equity instruments as of December 31, 2021 and 2020 amounts to \$ 315 million and \$ 1,589 million, respectively.

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 33
ADMINISTRATIVE EXPENSES

As of December 31, 2021 and 2020, the composition for administrative expenses is the following:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
General administrative expenses	160,032	142,848
Maintenance and repair of property, plant and equipment	22,157	20,300
Expenses for short-term lease agreements	3,844	1,625
Insurance premiums	5,133	5,064
Office supplies	4,285	4,774
IT and communication expenses	80,965	68,436
Lighting, heating, and other utilities	4,213	5,455
Security and valuables transport services	13,490	12,365
Representation and personnel travel expenses	2,723	2,375
Judicial and notarial expenses	915	860
Fees for technical reports and auditing	5,462	8,460
Other expenses of obligations for lease agreements	16,845	13,134
Outsourced services	74,316	72,513
Data processing	36,250	38,032
Archive service	3,497	2,619
Valuation service	3,069	3,208
Outsourced staff	6,361	6,177
Other	25,139	22,477
Board expenses	1,539	1,517
Marketing expenses	26,321	16,791
Taxes, payroll taxes, and contributions	17,926	16,781
Real estate taxes	1,893	2,214
Patents	2,289	2,135
Other taxes	5	5
Contributions to CMF (ex SBIF)	13,739	12,427
Total	280,134	250,450

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 34
DEPRECIATION, AMORTIZATION AND IMPAIRMENT

a) The values of depreciation and amortization during December 31, 2021 and 2020 are detailed below:

	As December 31,	
	2021 MCh\$	2020 MCh\$
Depreciation and amortization		
Property, plant, and equipment depreciation	(49,884)	(46,273)
Intangible assets amortization	(32,252)	(25,384)
Amortization for Right of use assets	(39,919)	(37,769)
Total depreciation and amortization	(122,055)	(109,426)
Impairment of fixed assets	-	-
Impairment of intangibles (*)	-	(638)
Impairment for Right of use assets	-	-
Total	(122,055)	(110,064)

(*) As of December 31, 2021, the intangible impairment amount amounts to \$ 638 million due to obsolescence of computer projects.

b) The changes in book value due to depreciation and amortization for December 31, 2021 and 2020 are the following:

	Depreciation and amortization			
	2021			
	Property, plant, and equipment MCh\$	Intangible assets MCh\$	Right of use assets MCh\$	Total MCh\$
Balances as of January 1, 2021	(310,423)	(201,997)	(125,041)	(637,461)
Depreciation and amortization for the period	(49,884)	(32,252)	(39,919)	(122,055)
Sales and disposals in the period	1,492	34,915	3,908	40,315
Other	1,176	-	(1,176)	-
Balance as of December 31, 2021	(357,639)	(199,334)	(162,228)	(719,201)

	Depreciation and amortization			
	2020			
	Property, plant, and equipment MCh\$	Intangible assets MCh\$	Right of use assets MCh\$	Total MCh\$
Balances as of January 1, 2020	(266,895)	(176,613)	(99,445)	(542,953)
Depreciation and amortization for the period	(46,273)	(25,384)	(37,769)	(109,426)
Sales and disposals in the period	7,562	-	12,176	19,738
Other	(4,817)	-	(3)	(4,820)
Balance as of December 31, 2020	(310,423)	(201,997)	(125,041)	(637,461)

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 35
OTHER OPERATING INCOME AND EXPENSES

a) Other operating income is conformed by the following concepts:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Income from assets received in lieu of payment		
Income from sale of assets received in lieu of payment	5,140	5,934
Recovery of charge-offs and income from assets received in lieu of payment	9,225	11,213
Other income from assets received in lieu of payment	1,184	2,233
Subtotal	15,549	19,380
Provisions released due to country risk	-	67
Other income		
Income from sale of fixed assets	673	865
Compensation from insurance companies for claims	45	255
Pension plan	640	-
Leases	286	253
Recover operating expenses	2,389	-
Recover tax expense	214	250
Business Alliance	440	72
Other	225	74
Subtotal	4,912	1,769
Total	20,461	21,652

b) Other operating expenses is conformed by the following concepts:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Allowances and expenses for assets received in lieu of payment		
Charge-offs of assets received in lieu of payment	13,249	15,276
Provisions on assets received in lieu of payment	349	1,456
Expenses for maintenance of assets received in lieu of payment	1,395	1,485
Subtotal	14,993	18,217
Credit card expenses	272	546
Customer services	1,825	1,559
Other expenses		
Operating charge-offs	10,146	10,675
Provision for operational risk	1,131	251
Provision of legal judgments	493	50
Life insurance policies and general product insurance	45,948	30,623
Expense for the Retail Association	274	326
Expenses associated with leasing operations	3,772	3,628
Expenses associated with factoring operations	414	536
Commercial representation expenses	8,720	3,501
Territorial tax leasing operation (*)	3,595	3,174
Servicio al cliente	2,590	2,511
Other	22,881	15,881
Subtotal	99,964	71,486
Total	117,054	91,808

(*) Annual Land Tax surcharge approved in the Tax Modernization Law of February 24, 2020.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 36

TRANSACTIONS WITH RELATED PARTIES

Associated and dependent entities are the Bank's "related parties", however, this also includes its "key personnel" from the executive staff (members of the Bank's Board of Directors and Managers of Banco Santander-Chile and its affiliates, together with their close relatives), as well as the entities over which the key personnel could exercise significant influence or control.

The Bank also includes those companies that are part of the Santander Group worldwide as related parties, given that all of them have a common parent company i.e., Banco Santander S.A. (located in Spain).

Article 89 of the Ley de Sociedades Anónimas (Public Companies Act), which is also applicable to banks, states that any transaction with a related party must be made under equitable conditions similar to those that customarily prevail in the market.

Article 84 of the Ley General de Bancos (General Banking Act) establishes limits for loans that can be granted to related parties and prohibits lending to the Bank's directors, General Manager, or representatives.

Transactions between the Bank and its related parties are specified below and have been divided into four categories:

Companies with relation to the Santander Group

This category includes all the companies that are controlled by the Santander Group around the world, and hence, it also includes the companies over which the Bank exercises any degree of control (Affiliates and special-purpose entities).

Associated companies

This category includes the entities over which the Bank exercises a significant degree of influence, in accordance with section b) of Note 1, and which generally belong to the group of entities known as "business support companies".

Key personnel

This category includes members of the Bank's Board of Directors and managers of Banco Santander-Chile and its affiliates, together with their close relatives.

Other

This category encompasses the related parties that are not included in the groups identified above and which are, in general, entities over which the key personnel could exercise significant influence or control.

The terms for transactions with related parties are equivalent to those which prevail in transactions made under market conditions or to which the corresponding considerations in kind have been attributed.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 36

TRANSACTIONS WITH RELATED PARTIES, continued

a) Loans to related parties

Loans and receivables as well as contingent loans are as follows:

	As of December 31,				As of December 31,			
	2021				2020			
	Santander Group Companies MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$	Santander Group Companies MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$
Loans and accounts receivable								
Commercial loans	592,992	192	2,611	219	352,590	265	3,939	900
Mortgage loans	-	-	20,716	-	-	-	22,428	-
Consumer loans	-	-	6,562	-	-	-	6,131	-
Loans and account receivable	592,992	192	29,889	219	352,590	265	32,498	900
Provision for loan losses	(2,586)	(30)	(138)	(6)	(1,138)	(9)	(137)	(14)
Net loans	590,406	162	29,751	213	351,452	256	32,361	886
Guarantees	2,039	-	25,545	117	3,323	-	27,203	442
Contingent loans								
Personal guarantees	-	-	-	-	-	-	-	-
Letters of credit	13,848	-	-	-	3,447	-	-	93
Performance guarantees	538	-	-	-	811	-	-	-
Contingent loans	14,386	-	-	-	4,258	-	-	93
Provision for contingent loans	(32)	-	-	-	(6)	-	-	-
Net contingent loans	14,354	-	-	-	4,252	-	-	93

	As of December 31,				As of December 31,			
	2021				2020			
	Santander Group companies MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$	Santander Group companies MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$
Opening balances as of January 1,	356,848	265	32,498	993	715,671	375	29,240	748
Loans granted	373,006	-	5,738	53	388,896	-	8,080	727
Loan payments	(122,476)	(73)	(8,347)	(827)	(747,719)	(110)	(4,822)	(482)
Total	607,378	192	29,889	219	356,848	265	32,498	993

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 36

TRANSACTIONS WITH RELATED PARTIES, continued

b) Assets and liabilities with related parties

	As of December 31,				As of December 31,			
	2021				2020			
	Santander Group Companies	Associated companies	Key personnel	Other	Santander Group Companies	Associated companies	Key personnel	Other
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Assets								
Cash and deposits in banks	1,069,468	-	-	-	703,069	-	-	-
Trading investments	-	-	-	-	-	-	-	-
Investments under resale agreements	-	-	-	-	-	-	-	-
Financial derivative contracts	1,164,660	298,997	-	-	978,696	186,038	33	7
Available for sale investments	-	-	-	-	-	-	-	-
Other assets	1,042,852	437,227	-	-	445,609	412,277	-	-
Liabilities								
Deposits and other demand liabilities	16,190	2,486	4,760	1,003	17,118	4,484	5,997	3,242
Obligations under repurchase agreements	57,771	-	181	5,807	961,718	-	101	-
Time deposits and other time liabilities	900,830	1,677	3,066	948	1,409,404	100	4,706	864
Financial derivative contracts	2,083,795	224,247	-	-	1,137,502	354,108	-	-
Bank obligation	891,014	-	-	-	544,291	-	-	-
Issued debts instruments	1,176,709	-	-	-	349,022	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-
Other liabilities	16,259	233,630	-	-	1,210	232,344	-	-

c) Recognized income (expense) with related parties

	As of December 31,							
	2021				2020			
	Companies with relation to the Santander Group	Associated companies	Key personnel	Other	Companies with relation to the Santander Group	Associate d companies	Key personnel	Other
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Income (expense) recorded								
Income and expenses from interest and	(24,428)	51	1,905	9	(30,586)	21	1,202	10
Fee and commission income and expenses	134,404	25,445	202	11	46,823	22,596	152	24
Net income (expense) from financial operations and foreign exchange transactions (*)	(751,605)	187,300	-	-	(390,737)	240,565	-	-
Other operating income and expenses	552	(525)	-	-	492	(522)	-	-
Key personnel compensation and	-	-	(36,579)	-	-	-	(31,961)	-
Administrative and other expenses	(66,895)	(54,953)	-	-	(45,478)	(16,763)	-	-
Total	(707,972)	157,318	(34,472)	20	(419,486)	245,897	(30,607)	34

(*) Primarily relates to derivative contracts used to hedge economically the exchange risk of assets and liabilities that hedge positions of the Bank and its subsidiaries.

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 36
TRANSACTIONS WITH RELATED PARTIES, continued

d) Payment to Board members and key management personnel

The compensation received by key management personnel, including Board members and all the executives holding Manager positions, is shown in the "Personnel salaries and expenses" and/or "Administrative expenses" of the Consolidated Statements of Income, and detailed as follows:

	As of December 31,	
	2021	2020
	MCh\$	MCh\$
Personnel compensation	16,067	16,220
Board member`s salaries and expenses	1,539	1,452
Bonuses or gratuity	18,458	12,583
Compensation in stock	(315)	(1,589)
Training expenses	512	1,079
Seniority compensation	(873)	1,026
Health funds	113	87
Other personnel expenses	271	276
Pension Plans	807	827
Total	36,579	31,961

e) Composition of key personnel

As of December 31, 2021 and 2020, the composition of the Bank's key personnel is as follows:

Position	N° of executives	
	As of December 31,	As of December 31,
	2021	2020
Directors	11	11
Managers	100	109
Total key personnel	111	120

NOTE 37
PENSION PLANS

The Bank has an additional benefit available to its principal executives, consisting of a pension plan, The purpose of the pension plan is to endow the executives with funds for a better supplementary pension upon their retirement,

For this purpose, the Bank will match the voluntary contributions made by the beneficiaries for their future pension with an equivalent contribution, The executives will be entitled to receive this benefit only when they fulfill the following conditions:

- a. Aimed at the Bank's management
- b. The general requisite to apply for this benefit is that the employee must be carrying out his/her duties when turning 60 years old,
- c. The Bank will create a pension fund, with life insurance, for each beneficiary in the plan, Periodic contributions into this fund are made by the manager and matched by the Bank,
- d. The Bank will be responsible for granting the benefits directly,

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 37
PENSION PLANS, continued

If the working relationship between the manager and the respective company ends, before s/he fulfills the abovementioned requirements, s/he will have no rights under this benefit plan,

In the event of the executive's death or total or partial disability, s/he will be entitled to receive this benefit,

The Bank will make contributions to this benefit plan on the basis of mixed collective insurance policies whose beneficiary is the Bank, The life insurance company with whom such policies are executed is not an entity linked or related to the Bank or any other Santander Group company,

Plan Assets owned by the Bank at the end of 2021 totaled Ch\$ 7,200 million (Ch\$8,224 million in 2020).

The amount of the defined benefit plans has been quantified by the Bank, based on the following criteria:

Calculation method

Use of the projected unit credit method which considers each working year as generating an additional amount of rights over benefits and values each unit separately, It is calculated based primarily on fund contribution, as well as other factors such as the legal annual pension limit, seniority, age and yearly income for each unit valued individually,

Actuarial hypothesis assumptions:

Actuarial assumption with respect to demographic and financial variables are non-biased and mutually compatible with each other, The most significant actuarial hypotheses considered in the calculation were,

Assets related to the pension fund contributed by the Bank into the Seguros Euroamérica insurance company with respect to defined benefit plans are presented as net of associated commitments,

Tables reported as of December 31, 2021 and 2020:

	Plans post-employment 2021	Plans post-employment 2020
Mortality chart	RV-2014	RV-2014
Termination of contract rates	5.0%	5.0%
Impairment chart	PDT 1985	PDT 1985

Activity for post-employment benefits is as follows:

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Plan assets	7,200	8,224
Commitments for defined-benefit plans		
For active personnel	(6,678)	(7,551)
Incurred by inactive personnel	-	-
Minus:		
Unrealized actuarial (gain) losses	-	-
Balances at year end	523	673

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 37
PENSION PLANS, continued

Year's cash flow for post-employment benefits is as follows

	As of December 31,	
	2021 MCh\$	2020 MCh\$
a) Fair value of plan assets		
Opening balance	8,224	7,195
Expected yield of insurance contracts	640	385
Employer contributions	995	870
Actuarial (gain) losses	-	-
Premiums paid	-	-
Benefits paid	(2,659)	(226)
Fair value of plan assets at year end	7,200	8,224
b) Present value of obligations		
Present value of obligation opening balance	(7,551)	(6,525)
Net incorporation of Group companies	-	-
Service cost	873	(1,026)
Interest cost	-	-
Curtailement/settlement effect	-	-
Benefits paid	-	-
Past service cost	-	-
Actuarial (gain) losses	-	-
Other	-	-
Present value of obligations at year end	(6,678)	(7,551)
Net balance at year end	523	673

Plan expected profit:

	As of December 31,	
	2021	2020
Type of expected yield from the plan's assets	UF + 2.50% annual	UF + 2.50% annual
Type of yield expected from the reimbursement rights	UF + 2.50% annual	UF + 2.50% annual

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 37
PENSION PLANS, continued

Plan associated expenses

	As of December 31,	
	2021 MCh\$	2020 MCh\$
Current period service expenses	(873)	1.026
Interest cost	-	-
Expected yield from plan's asset	(640)	(385)
Expected yield of insurance contracts linked to the Plan:		-
Extraordinary allocations	-	-
Actuarial (gain)/losses recorded in the period	-	-
Past service cost	-	-
Other	-	-
Total	(1.513)	641

NOTE 38
FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the main market (or the most advantageous) at the measurement date in the current market conditions (in other words, an exit price) regardless of whether that price is directly observable or estimated by using a different valuation technique. The measurement of fair value assumes the sale transaction of an asset or the transference of the liability happens within the main asset or liability market, or the most advantageous market for the asset or liability.

For financial instruments with no available market prices, fair values have been estimated by using recent transactions in analogous instruments, and in the absence thereof, the present values or other valuation techniques based on mathematical valuation models sufficiently accepted by the international financial community. In the use of these models, consideration is given to the specific particularities of the asset or liability to be valued, and especially to the different kinds of risks associated with the asset or liability.

These techniques are significantly influenced by the assumptions used, including the discount rate, the estimates of future cash flows and prepayment expectations. Hence, the fair value estimated for an asset or liability may not coincide exactly with the price at which that asset or liability could be delivered or settled on the date of its valuation, and may not be justified in comparison with independent markets.

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 38
FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES continued

Determination of fair value of financial instruments

Below is a comparison between the value at which the Bank's financial assets and liabilities are recorded and their fair value as of December 31, 2021 and 2020:

	As of December 31, 2021		As of December 31, 2020	
	Book value MCh\$	Fair value MCh\$	Book value MCh\$	Fair value MCh\$
Assets				
Trading investments	73,347	73,347	133,718	133,718
Financial derivative contracts	10,123,607	10,123,607	9,032,085	9,032,085
Loans and accounts receivable from customers and interbank loans, (net)	35,676,007	35,754,511	33,432,349	36,990,699
Investments available for sale	5,803,139	5,803,139	7,162,542	7,162,542
Investments held to collect	4,380,680	4,249,697	-	-
Guarantee deposits (margin accounts)	1,988,410	1,988,410	608,359	608,359
Liabilities				
Deposits and interbank borrowings	36,858,576	36,421,937	31,471,283	32,047,227
Financial derivative contracts	10,871,241	10,871,241	9,018,660	9,018,660
Issued debt instruments and other financial liabilities	8,579,967	8,732,109	8,388,495	9,590,678
Guarantees received (margin accounts)	857,679	857,679	624,205	624,205

Fair value is approximated to book value in the following accounts, due to their short-term nature in the following cases: cash and bank deposits, operations with liquidation in progress and buyback contracts as well as security loans.

In addition, the fair value estimates presented above do not attempt to estimate the value of the Bank's profits generated by its business activity, nor its future activities, and accordingly, they do not represent the Bank's value as a going concern.

Below is a detail of the methods used to estimate the financial instruments' fair value.

a) Operations pending settlement, trading investments, available for sale investment instruments, repurchase agreements and securities loans

The estimated fair value of these financial instruments was established using market values or estimates from an available dealer, or quoted market prices of similar financial instruments. Investments with maturities of less than 1 year are evaluated at recorded value since they are considered as having a fair value not significantly different from their recorded value, due to their short maturity term. To estimate the fair value of debt investments or representative values in these lines of businesses, we take into consideration additional variables and elements, as long as they apply, including the estimate of prepayment rates and credit risk of issuers.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 38

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES, continued

b) Loans and accounts receivable from customers and interbank loans

Fair value of commercial, mortgage and consumer loans and credit cards is measured through a discounted cash flow (DCF) analysis. To do so, we use current market interest rates considering product, term, amount and similar loan quality. Fair value of loans with 90 days or more of delinquency are measured by means of the market value of the associated guarantee, minus the rate and term of expected payment. For variable rate loans whose interest rates change frequently (monthly or quarterly) and that are not subjected to any significant credit risk change, the estimated fair value is based on their book value.

c) Deposits

Disclosed fair value of deposits that do not bear interest and saving accounts is the amount payable at the reporting date and, therefore, equals the recorded amount. Fair value of time deposits is calculated through a discounted cash flow calculation that applies current interest rates from a monthly calendar of scheduled maturities in the market.

d) Short and long term issued debt instruments

The fair value of these financial instruments is calculated by using a discounted cash flow analysis based on the current incremental lending rates for similar types of loans having similar maturities.

e) Financial derivative contracts

The estimated fair value of financial derivative contracts is calculated using the prices quoted on the market for financial instruments having similar characteristics.

The fair value of interest rate swaps represents the estimated amount that the Bank expects to receive to cancel the contracts or agreements, considering the term structures of the interest curve, volatility of the underlying asset and credit risk of counterparties.

If there are no quoted prices from the market (either direct or indirect) for any derivative instrument, the respective fair value estimates have been calculated by using models and valuation techniques such as Black-Scholes, Hull, and Monte Carlo simulations, taking into consideration the relevant inputs/outputs such as volatility of options, observable correlations between underlying assets, counterparty credit risk, implicit price volatility, the velocity with which the volatility reverts to its average value, and the straight-line relationship (correlation) between the value of a market variable and its volatility, among others.

Fair value and hierarchy measurement

IFRS 13: Fair Value Measurement, provides a hierarchy of reasonable values which separates the inputs and/or valuation technique assumptions used to measure the fair value of financial instruments. The hierarchy reflects the significance of the inputs used in making the measurement. The three levels of the hierarchy of fair values are the following:

- Level 1: the inputs are quoted prices (unadjusted) on active markets for identical assets and liabilities that the Bank can access on the measurement date.
- Level 2: inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

The hierarchy level within which the fair value measurement is categorized in its entirety is determined based on the lowest level of input that is significant to the fair value measurement in its entirety.

The best evidence of a financial instrument's fair value at the initial time is the transaction price (Level 1).

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 38

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES, continued

In cases where quoted market prices cannot be observed. Management makes its best estimate of the price that the market would set using its own internal models which in most cases use data based on observable market parameters as a significant input (Level 2) and, in very specific cases, significant inputs not observable in market data (Level 3). Various techniques are employed to make these estimates, including the extrapolation of observable market data.

Financial instruments at fair value and determined by quotations published in active markets (Level 1) include:

- Chilean Government and Department of Treasury bonds
- Mutual Funds

Instruments which cannot be 100% observable in the market are valued according to other inputs observable in the market (Level 2).

The following financial instruments are classified under Level 2:

Type of financial instrument	Model used in valuation	Description
· Mortgage and private bonds	Present Value of Cash Flows Model	Internal Rates of Return ("IRRs") are provided by RiskAmerica, according to the following criterion: If, at the valuation day, there are one or more valid transactions at the Santiago Stock Exchange for a given mnemonic, the reported rate is the weighted average amount of the observed rates. In the case there are no valid transactions for a given mnemonic on the valuation day, the reported rate is the IRR base from a reference structure, plus a spread model based on historical spread for the same item or similar ones.
· Time deposits	Present Value of Cash Flows Model	IRRs are provided by RiskAmerica, according to the following criterion: If, at the valuation day, there are one or more valid transactions at the Santiago Stock Exchange for a given mnemonic, the reported rate is the weighted average amount of the observed rates. In the case there are no valid transactions for a given mnemonic on the valuation day, the reported rate is the IRR base from a reference structure, plus a spread model based on issuer curves.
· Constant Maturity Swaps (CMS), FX and Inflation Forward (Fwd), Cross Currency Swaps (CCS), Interest Rate Swap (IRS)	Present Value of Cash Flows Model	IRRs are provided by ICAP, GFI, Tradition, and Bloomberg according to this criterion: With published market prices, a valuation curve is created by the bootstrapping method and is then used to value different derivative instruments.
· FX Options	Black-Scholes	Formula adjusted by the volatility smile (implicit volatility). Prices (volatility) are provided by BGC Partners, according to this criterion: With published market prices, a volatility surface is created by interpolation and then these volatilities are used to value options.
· Guarantee deposits, guarantee received (Threshold)	Present Value of Cash Flows Model	Collateral associated to derivatives financial contracts: Swap Camara Promedio(CMS), FX and inflation Forward, Cross Currency Swap (CCS), Interest Rate Swap (IRS) y FX options.

In limited occasions significant inputs not observable in market data are used (Level 3). To carry out this estimate, several techniques are used, including extrapolation of observable market data or a mix of observable data.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 38

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES, continued

The following financial instruments are classified under Level 3:

Type of financial instrument	Model used in valuation	Description
· Caps/ Floors/ Swaptions	Black Normal Model for Cap/Floors and Swaptions	There is no observable input of implicit volatility.
	Black – Scholes	There is no observable input of implicit volatility.
	Hull-White	Hybrid HW model for rates and Brownian motion for FX, There is no observable input of implicit volatility.
	Implicit Forward Rate Agreement (FRA)	Start Fwd unsupported by MUREX (platform) due to the UF forward estimate.
· Cross currency swap, Interest rate swap, Call money swap in Tasa Activa Bancaria (Active Bank Rate) TAB	Present Value of Cash Flows Model	Validation obtained by using the interest curve and interpolating at flow maturities, but TAB is not a directly observable variable and is not correlated to any market input.
	Present Value of Cash Flows Model	Valuation using prices of instruments with similar characteristics plus a penalty rate for liquidity.
	Present Value of Cash Flows Model	With the published market prices, the valuation curve is constructed using the bootstrapping method and then this curve is used to value the different derivatives.
· Reconignion bonds	Spread over risk free	Valuation by stochastic dynamic model to obtain discount rate.

The Bank does not believe that any change in unobservable inputs with respect to level 3 instruments would result in a significantly different fair value measurement.

The following table presents the assets and liabilities that are measured at fair value on a recurring basis, as of December 31, 2021 and 2020.

As of December 31,	Fair value measurement			
	2021 MCh\$	Level 1 MCh\$	Level 2 MCh\$	Level 3 MCh\$
Assets				
Trading investments	73,347	42,437	30,910	-
Available for sale investments	5,803,139	5,789,050	13,534	555
Derivatives	10,123,607	-	10,121,111	2,496
Guarantee deposits (margin accounts)	1,988,410	-	1,988,410	-
Total	17,988,503	5,831,487	12,153,965	3,051
Liabilities				
Derivatives	10,871,241	-	10,871,241	-
Guarantees received (margin accounts)	857,679	-	857,679	-
Total	11,728,920	-	11,728,920	-

As of December 31,	Fair value measurement			
	2020 MCh\$	Level 1 MCh\$	Level 2 MCh\$	Level 3 MCh\$
Assets				
Trading investments	133,718	132,246	1,472	-
Available for sale investments	7,162,542	7,145,285	16,731	526
Derivatives	9,032,085	-	9,024,484	7,601
Guarantee deposits (margin accounts)	608,359	-	608,359	-
Total	16,936,704	7,277,531	9,651,046	8,127
Liabilities				
Derivatives	9,018,660	-	9,015,900	2,760
Guarantees received (margin accounts)	624,205	-	624,205	-
Total	9,642,865	-	9,640,105	2,760

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 38
FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES, continued

The following table presents the assets and liabilities that are not measured at fair value in the consolidated statement of financial position. Its fair value is disclosed as of December 31, 2021 and 2020:

As of December 31,	Fair value measurement			
	2021 MCh\$	Level 1 MCh\$	Level 2 MCh\$	Level 3 MCh\$
Assets				
Credits and accounts receivable from customers and owed by banks	35,754,511	-	-	35,754,511
Investment held to collect	4,249,697	4,249,697	-	-
Total	40,004,208	4,249,697	-	35,754,511
Liabilities				
Deposits and obligations with banks	36,421,937	-	18,520,999	17,900,938
Debt instruments issued and other obligations	8,732,109	-	8,732,109	-
Total	45,154,046	-	27,253,108	17,900,938
As of December 31,	Fair value measurement			
	2020 MCh\$	Level 1 MCh\$	Level 2 MCh\$	Level 3 MCh\$
Assets				
Credits and accounts receivable from customers and owed by banks	36,990,699	-	-	36,990,699
Total	36,990,699	-	-	36,990,699
Liabilities				
Deposits and obligations with banks	32,047,227	-	17,486,334	14,560,893
Debt instruments issued and other obligations	9,590,678	-	9,590,678	-
Total	41,637,905	-	27,077,012	14,560,893

There was no transfer between levels 1 and 2 for the years ended December 31, 2021 and 2020.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 38

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES, continued

The following table presents the Bank's activity for assets and liabilities measured at fair value on a recurrent basis using unobserved significant entries (Level 3) as of December 31, 2021 and 2020:

	Assets MCh\$	Liabilities MCh\$
As of January 1, 2021	8,127	2,760
Total realized and unrealized profits (losses)		
Included in statement of income	(4,711)	-
Included in other comprehensive income	29	-
Purchases, issuances, and loans (net)	-	-
Transfer	(394)	(2,760)
As of December 31, 2021	3,051	-
Total profits or losses included in comprehensive income at September 30, 2021 that are attributable to change in unrealized profit (losses) related to assets or liabilities as of December 31, 2020	(5,076)	(2,076)
	Assets MCh\$	Liabilities MCh\$
As of January 1, 2020	15,613	2,950
Total realized and unrealized profits (losses)		
Included in statement of income	(196)	1,012
Included in other comprehensive income	(179)	-
Purchases, issuances, and loans (net)	-	-
Transfer	(7,111)	(1,202)
As of December 31, 2020	8,127	2,760
Total profits or losses included in comprehensive income at September 30, 2020 that are attributable to change in unrealized profit (losses) related to assets or liabilities as of December 31, 2019	(7,486)	(190)

The realized and unrealized profits (losses) included in comprehensive income for 2021 and 2020, in the assets and liabilities measured at fair value on a recurrent basis through unobservable market data (Level 3) are recorded in the Statement of Comprehensive Income in the associate line item.

The potential effect as of December 31, 2021 and 2020 on the valuation of assets and liabilities valued at fair value on a recurrent basis through unobservable significant entries (Level 3), generated by changes in the principal assumptions if other reasonably possible assumptions that are less or more favorable were used, is not considered by the Bank to be significant.

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 38
FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES, continued

The following tables show the financial instruments subject to compensation in accordance with IAS 32, for 2021 and 2020:

As of December 31, 2021	Linked financial instruments, compensated in balance			Remains of unencumbered financial instruments Ch\$ Million	Amount in Statements of Financial Position Ch\$ Million
	Gross amounts	Compensated in balance	Net amount presented in balance		
	Ch\$ Million	Ch\$ Million	Ch\$ Million		
Assets					
Financial derivative contracts	8,976,617	-	8,976,617	1,146,990	10,123,607
Investments under resale agreements	-	-	-	-	-
Loans and accounts receivable from customers, and Interbank loans, net	-	-	-	35,676,007	35,676,007
Total	8,976,617	-	8,976,617	36,822,997	45,799,614
Liabilities					
Financial derivative contracts	8,730,066	-	8,730,066	2,141,175	10,871,241
Investments under resale agreements	86,634	-	86,634	-	86,634
Déposits and interbank borrowings	-	-	-	36,858,576	36,858,576
Total	8,816,700	-	8,816,700	38,999,751	47,816,451

(*) In these items there are guarantees for Ch \$ 882,398 million and Ch \$ 999,425 million for derivatives assets and liabilities respectively.

As of December 31, 2020	Linked financial instruments, compensated in balance			Remains of unencumbered financial instruments Ch\$ Million	Amount in Statements of Financial Position Ch\$ Million
	Gross amounts	Compensated in balance	Net amount presented in balance		
	Ch\$ Million	Ch\$ Million	Ch\$ Million		
Assets					
Financial derivative contracts (*)	8,840,436	-	8,840,436	191,649	9,032,085
Investments under resale agreements	-	-	-	-	-
Loans and accounts receivable from customers, and Interbank loans, net	-	-	-	33,432,349	33,432,349
Total	8,840,436	-	8,840,436	33,623,998	42,464,434
Liabilities					
Financial derivative contracts (*)	8,922,079	-	8,922,079	96,581	9,018,660
Investments under resale agreements	969,808	-	969,808	-	969,808
Déposits and interbank borrowings	-	-	-	31,471,283	31,471,283
Total	9,891,887	-	9,891,887	31,567,864	41,459,751

(*) In these items there are guarantees for Ch \$ 488,636 million and Ch \$ 487,474 million for derivatives assets and liabilities respectively.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 38

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES, continued

In order to reduce credit exposure in its financial derivatives operations, the Bank has signed bilateral collateral agreements with its counterparties, in which it establishes the terms and conditions under which they operate. In general terms, the collateral (received / delivered) operates when the net fair value of the financial instruments held exceeds the thresholds defined in the respective contracts.

Below are the financial derivatives contracts, according to their collateral agreement:

Financial derivatives contracts	As of December 31,		As of December 31,	
	2021	2021	2020	2020
	Asset	Liabilities	Asset	Liabilities
Derivatives contracts with threshold collateral agreement equal to zero	8,696,994	9,280,079	8,127,263	7,900,539
Derivatives contracts with non-zero threshold collateral agreement	1,124,413	906,479	471,529	606,661
Derivatives contracts without collateral agreement	302,200	684,683	433,293	511,460
Total Financial derivatives contracts	10,123,607	10,871,241	9,302,085	9,018,660

NOTE 39

RISK MANAGEMENT

Introduction and general description

The Bank, due to its activities with financial instruments is exposed to several types of risk. The main risks related to financial instruments that apply to the Bank are as follow:

Market risk: rises from holding financial instruments whose value may be affected by fluctuations in market conditions, generally including the following types of risk:

- Foreign exchange risk: this arises as a consequence of fluctuations in market interest rates,
- Interest rate risk: this arises as a consequence of fluctuations in market interest rates,
- Price risk: this arises as a consequence of changes in market prices, either due to factor specific to the instrument itself or due to factors that affect all the instruments negotiated in the market,
- Inflation risk: this arises as a consequence of changes in Chile's inflation rate, whose effect would be mainly applicable to financial instruments denominated in UF.

Credit risk: this is the risk that one of the parties to a financial instrument fails to meet its contractual obligations for reason of insolvency or inability of the individuals or legal entitles in question to continue as a going concern, causing a financial loss to the other party.

Liquidity risk: is the possibility that an entity may be unable to meet its payment commitments, or that in order to meet them, it may have to raise funds with onerous terms or risk damage to its image and reputation.

Operating risk: this is a risk arising from human errors, system error, fraud or external events which may damage the Bank's reputation, may have legal or regulatory implication, or cause financial losses.

Capital risk: is the risk that the Bank has insufficient quantity and / or quality of capital to meet the minimum requirements to operate as a bank, respond to market expectations regarding its creditworthiness and support the growth of its business and any strategies that may emerge in accordance with your strategic plan.

This note includes information on the Bank's exposure to these risk an on its objectives, policies, and processes involved in their measurement and management.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 39

RISK MANAGEMENT continued

Risk management structure

The Board of Directors is responsible for the establishment and monitoring of the Bank's risk management structure and, to this end, has a corporate governance system in line with international recommendations and trends, adapted to the Chilean regulatory reality and adapted to best practices, advanced markets in which it operates, To better exercise this function, the Board of Directors has established the Comprehensive Risk Committee ("CIR"), whose main mission is to assist in the development of its functions related to the Bank's control and risk management, Complementing the CIR in risk management, the Board also has 3 key committees: Assets and Liabilities Committee (CAPA), Markets Committee ("CDM") and the Directors and Audit Committee ("CDA"), Each of the committees is composed of directors and executive members of the Bank's management.

The CIR is responsible for developing Bank risk management policies in accordance with the guidelines of the Board of Directors, the Global Risk Department of Santander Spain and the regulatory requirements issued by the CMF, These policies have been created mainly to identify and analyze the risk faced by the Bank, establish risk limits and appropriate controls, and monitor risks and compliance with limits, The Bank's risk management policies and systems are regularly reviewed to reflect changes in market conditions, and the products or services offered, The Bank, through the training and management of standards and procedures, aims to develop a disciplined and constructive control environment, in which all its employees understand their duties and obligations.

Market risk

Market risk arises as a consequence of the activity maintained in the markets, through financial instruments whose value may be affected by variations in market conditions, reflected in changes in the different assets and financial risk factors, The risk can be mitigated through hedges through other products (assets / liabilities or derivatives), or by undoing the operation / open position, The objective of market risk management is the management and control of exposure to market risk within acceptable parameters.

There are four major risk factors that affect market prices: interest rates, exchange rates, price, and inflation, Additionally, and for certain positions, it is also necessary to consider other risks, such as spread risk, base risk, commodity risk, volatility or correlation risk.

Market risk management

The internal management of the Bank to measure market risk is mainly based on the procedures and standards of Santander Spain, which are based on analyzing management in three main components:

- trading portfolio;
- local financial management portfolio;
- portfolio of foreign financial management,

The trading portfolio consists mainly of those investments valued at their fair value, free of any restriction for immediate sale and that are often bought and sold by the Bank with the intention of selling them in the short term in order to benefit from the short-term price variations, The financial management portfolios include all financial investments not considered in the trading portfolio.

The general responsibility for market risk lies with the ALCO, The Bank's risk / finance department is responsible for the preparation of detailed management policies and their application in the Bank's operations in accordance with the guidelines established by the ALCO and by the Global Risk Department of Banco Santander de España.

The functions of the department in relation to the trading portfolio entail the following:

- i, apply "Value at Risk" (VaR) techniques to measure interest rate risk.
- ii, adjust the trading portfolios to the market and measure the profit and daily loss of commercial activities.
- iii, compare the real VAR with the established limits.
- iv, establish procedures to control losses in excess of predetermined limits and
- v, Provide information on the negotiation activities for the ALCO, other members of the Bank's Management, and the Global Risk Department of Santander – Spain.

The functions of the department in relation to the financial management portfolios entail the following:

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i, apply sensitivity simulations (as explained below) to measure the interest rate risk of activities in local currency and the potential loss foreseen by these simulations and
ii, provides the respective daily reports to the ALCO, other members of the Bank's Management, and the Global Risk Department of Santander – Spain.

Market risk - Negotiation portfolio

The Bank applies VaR methodologies to measure the market risk of its trading portfolio, The Bank has a consolidated commercial position composed of fixed income investments, foreign currency trading and a minimum equity investment position, The composition of this portfolio consists essentially of bonds of the Central Bank of Chile, mortgage bonds and locally issued low-risk corporate bonds, At the end of the year, the trading portfolio did not present investments in stock portfolios.

For the Bank, the VaR estimate is made under the historical simulation methodology, which consists of observing the behavior of the losses and gains that would have occurred with the current portfolio if the market conditions of a certain historical period were in force, , from that information, infer the maximum loss with a certain level of confidence, The methodology has the advantage of accurately reflecting the historical distribution of market variables and of not requiring any specific probability distribution assumption, All VaR measures are intended to determine the distribution function for the change in the value of a given portfolio, and once this distribution is known, to calculate the percentile related to the level of confidence needed, which will be equal to the value at risk in virtue of those parameters, As calculated by the Bank, the VaR is an estimate of the maximum expected loss of the market value of a given portfolio within a 1-day horizon at a confidence level of 99,00%, It is the maximum loss of a day in which the Bank could expect to suffer in a certain portfolio with a 99,00% confidence level, In other words, it is the loss that the Bank would expect to exceed only 1,0% of the time, The VaR provides a single estimate of market risk that is not comparable from one market risk to another, The returns are calculated using a 2 year time window or at least 520 data obtained from the reference date of VaR calculation backwards in time.

The Bank does not calculate three separate VaRs, A single VaR is calculated for the entire trading portfolio, which, in addition, is segregated by type of risk, The VaR program performs a historical simulation and calculates a profit and loss statement (G & P) for 520 data points (days) for each risk factor (fixed income, currencies and variable income), The G & P of each risk factor is added and a consolidated VaR calculated with 520 data points or days, At the same time, the VaR is calculated for each risk factor based on the individual G & P calculated for each factor, Moreover, a weighted VaR is calculated in the manner described above but which gives a weight greater than the 30 most recent data points, The largest of the two VaRs is reported.

The Bank uses the VaR estimates to deliver a warning in case the statistically estimated losses in the trading portfolio exceed the prudent levels and, therefore, certain predetermined limits exist.

Limitations of the VaR model

When applying this calculation methodology no assumption is made about the probability distribution of changes in risk factors, simply use the changes observed historically to generate scenarios for the risk factors in which each of the positions will be valued, in portfolio.

It is necessary to define a valuation function $f_j(x_i)$ for each instrument j , preferably the same one that it uses to calculate the market value and results of the daily position, This valuation function will be applied in each scenario to generate simulated prices of all the instruments in each scenario.

In addition, the VaR methodology must be interpreted considering the following limitations:

- Changes in market rates and prices may not be independent and identically distributed random variables, nor may they have a normal distribution, In particular, the assumption of normal distribution may underestimate the probability of extreme market movements;
- The historical data used by the Bank may not provide the best estimate of the joint distribution of changes in risk factors in the future, and any modification of the data may be inadequate, In particular, the use of historical data may fail to capture the risk of possible extreme and adverse market fluctuations regardless of the period of time used;
- a 1-day time horizon may not fully capture those market risk positions that can not be liquidated or hedged in one day, It would not be possible to liquidate or cover all positions in a day;

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- VaR is calculated at the close of business, however trading positions may change substantially during the trading day;
- The use of 99% confidence level does not take into account, nor does it make any statement about, the losses that may occur beyond this level of trust, and
- The model as such VaR does not capture all the complex effects of the risk factors on the value of the positions or portfolios, and therefore, could underestimate the potential loss.

At no time in 2021 and 2020, the Bank exceeded the VaR limits in relation to the 3 components that make up the trading portfolio: fixed income investments, variable income investments and investments in foreign currency.

The Bank performs daily back-testing and, in general, it is discovered that trading losses exceed the estimated VaR almost one in every 100 trading days, At the same time, a limit was established for the maximum VaR that is willing to accept on the trading portfolio, In both 2021 and 2020, the Bank has remained within the maximum limit established for the VaR, even in those instances in which the real VaR exceeded the estimate.

The high, low and average levels for each component and for each year were the following:

VAR	2021 MMUSD	2020 MMUSD
Consolidated:		
High	4.50	5.10
Low	1.95	1.81
Average	3.10	3.02
Fixed income investments:		
High	4.14	4.87
Low	1.95	1.38
Average	2.93	2.62
Variable income investments:		
High	0.32	0.01
Low	0.14	-
Average	0.17	-
Foreign currency investments		
High	3.66	2.49
Low	0.14	0.17
Average	0.70	1.52

Market risk – local and foreign financial management

The Bank's financial management portfolio includes most of the Bank's assets and non-trading liabilities, including the loan / loan portfolio, For these portfolios, investment and financing decisions are heavily influenced by the Bank's commercial strategies.

The Bank uses a sensitivity analysis to measure the market risk of local and foreign currency (not included in the trading portfolio), The Bank performs a scenario simulation which will be calculated as the difference between the present value of the flows in the chosen scenario (curve with parallel movement of 100 bp in all its tranches) and its value in the base scenario (current market) , All positions in local currency indexed to inflation (UF) are adjusted by a sensitivity factor of 0,57, which represents a change in the rate curve at 57 basis points in real rates and 100 basis points in nominal rates, The same scenario is carried out for net foreign currency positions and interest rates in US dollars, The Bank has also established limits regarding the maximum loss that these types of movements in interest rates may have on capital and net financial income budgeted for the year.

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RISK MANAGEMENT, continued

To determine the consolidated limit, the foreign currency limit is added to the local currency limit for both the net financial loss limit and the capital and reserve loss limit, using the following formula:

Bound limit = square root of $a^2 + b^2 + 2ab$

a: limit in national currency.

b: limit in foreign currency.

Since it is assumed that the correlation is 0. $2ab = 0$.

Limitation of the sensitivity models

The most important assumption is the use of a change of 100 basis points in the yield curve (57 basis points for real rates), The Bank uses a change of 100 basis points given that sudden changes of this magnitude are considered realistic, The Global Risk Department of Santander Spain has also established comparable limits by country, in order to be able to compare, monitor and consolidate the market risk by country in a realistic and orderly manner.

In addition, the methodology of sensitivity simulations should be interpreted considering the following limitations:

- The simulation of scenarios assumes that the volumes remain in the Bank's Consolidated Statement of Financial Position and that they are always renewed at maturity, omitting the fact that certain considerations of credit risk and prepayments may affect the maturity of certain positions.
- This model assumes an equal change in the entire performance curve of everything and does not take into account the different movements for different maturities.
- The model does not take into account the sensitivity of volumes resulting from changes in interest rates.
- The limits to the losses of budgeted financial income are calculated on the basis of expected financial income for the year that can not be obtained, which means that the actual percentage of financial income at risk could be greater than expected.

Market risk – Financial management portfolio – December 31, 2021 and 2020.

	2021		2020	
	Effect on financial income	Effect on capital	Effect on financial income	Effect on capital
Financial management portfolio – local currency (MCh\$)				
Loss limit	32,865	84,864	100,000	329,275
High	31,233	80,097	66,504	302,263
Low	13,694	41,653	26,492	214,596
Average	24,018	62,916	45,380	255,070
Financial management portfolio – foreign currency (Th\$US)				
Loss limit	36,619	34,991	32	53
High	8,545	32,205	19	47
Low	698	1,055	2	12
Average	3,733	17,615	5	33
Financial management portgolio (MCh\$)				
Loss limit	32,865	84,864	100,000	329,275
High	25,709	78,259	67,584	286,436
Low	12,854	56,857	25,111	210,706
Average	21,041	69,577	46,044	246,292

IBOR Reform

In December 2020, the ICE Benchmark Administration Limited (IBA) launched an inquiry on its intention to stop publishing LIBOR in non-dollar currencies until December 31, 2021 and all other LIBOR parameters in US\$, after its publication on June 30, 2023. The Bank has been working since 2019 on the transition of different risk-free reference rates (hereinafter also "RFR"), among them, the LIBOR rate. In this context, the Bank's work plan includes the identification of impacted clients, the impacted areas, the various risks to which the Bank is exposed, the determination of work teams for each risk, the involvement of the management on a robust project governance plan and action plan for each of the identified risk/impacted areas, which will enable us to address the challenges posed by changes in benchmark rates. As of December 31, 2021 and 2020, the exposures of financial assets and liabilities impacted by the IBOR reform are presented below:

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RISK MANAGEMENT, continued

	Loans and accounts receivables from customers	Deposits	Financial Investments	Financial derivative contracts (Assets)	Financial derivative contracts (Liabilities)
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
12.31.2021	609,243	-	38,819	1,672,422	1,623,725
12.31.2020	362,331	582,979	200,301	614,035	483,789

The Bank has started its IBOR transition program focused mainly on: i) Identifying the risks associated with the transition, defining mitigation actions, ii) Developing products referenced to the proposed replacement rates, iii) Developing the capacity of transition, through the renegotiation of existing contracts referenced to LIBOR. As of December 31, 2021, the items of financial assets and liabilities impacted by the IBOR reform are loans and accounts receivable from customers, deposits, financial instruments and derivative contracts.

To fulfill its functions, the CIR works directly with the Bank's control and risk departments, whose joint objectives include:

- Evaluate those risks that, due to their size, could compromise the Bank's solvency, or that potentially present operational risks or significant reputation;
- ensure that the Bank is equipped with the means, systems, structures and resources in accordance with the best practices that allow the implementation of the risk management strategy;
- ensure the integration, control and management of all the Bank's risks;
- Execute the application throughout the Bank and its businesses of homogeneous risk principles, policies and metrics;
- develop and implement a risk management model in the Bank, so that the risk exposure is adequately integrated into the different decision-making processes;
- identify risk concentrations and mitigation alternatives, monitor the macroeconomic and competitive environment, quantifying sensitivities and the foreseeable impact of different scenarios on risk positioning; and
- Manage the structural risks of liquidity, interest rates and exchange rates, as well as the Bank's own funds base.

To comply with the aforementioned objectives, the Bank (Administration and ALCO) carries out several activities related to risk management, which include: calculating the risk exposures of the different portfolios and / or investments, considering mitigating factors (guarantees, netting, collaterals, etc.); calculate the probabilities of expected loss of each portfolio and / or investments; assign the loss factors to the new operations (rating and scoring); measure the risk values of the portfolios and / or investments according to different scenarios through historical simulations; establish limits to potential losses based on the different risks incurred; determine the possible impacts of structural risks in the Consolidated Statements of Results of the Bank; set the limits and alerts that guarantee the Bank's liquidity; and identify and quantify operational risks by business lines and thus facilitate their mitigation through corrective actions.

The CDA is primarily responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks the Bank faces.

Credit risk

Credit risk is the risk that one of the parties to the financial instrument contract fails to comply with its contractual obligations due to insolvency or disability of natural or legal persons and causes a financial loss in the other party, For purposes of credit risk management, the Bank consolidates all the elements and components of credit risk exposure (eg risk of individual default by creditor, innate risk of a line of business or sector, and / or geographical risk).

Mitigation of credit risk for loans and accounts receivable

The Board of Directors has delegated responsibility for credit risk management to the Comprehensive Risk Committee (CIR) and the Bank's risk departments whose roles are summarized as follows:

- Formulation of credit policies, in consultation with the business units, covering the requirements of guarantee, credit evaluation, risk rating and presentation of reports, documents and legal procedures in compliance with the regulatory, legal and internal requirements of the Bank.

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RISK MANAGEMENT, continued

- Establish the structure of the authorization for the approval and renewal of credit applications, The Bank structures levels of credit risk by placing limits on the concentration of that risk in terms of individual debtors, groups of debtors, segments of industries and countries, The authorization limits are assigned to the respective officers of the business unit (commercial, consumption, PYMEs) to be monitored permanently by the Administration, In addition, these limits are reviewed periodically, The risk assessment teams at branch level interact regularly with clients, however for large operations, the risk teams of the parent company and even the CIR, work directly with clients in the evaluation of credit risks and preparation of credit risk, credit applications, Inclusive, Banco Santander España participates in the process of approving the most significant loans, for example to clients or economic groups with debt amounts greater than US \$ 40 million.

- Limit concentrations of exposure to customers, counterparts, in geographic areas, industries (for accounts receivable or credits), and by issuer, credit rating and liquidity (for investments).

- Develop and maintain the Bank's risk classification in order to classify the risks according to the degree of exposure to financial loss faced by the respective financial instruments and with the purpose of focusing the management or risk management specifically on the associated risks.

- Review and evaluate credit risk The risk divisions of the Administration are largely independent of the commercial division of the bank and evaluate all credit risks in excess of the designated limits, prior to the approval of credits to customers or prior to the acquisition of specific investments, Credit renewals and revisions are subject to similar processes.

In the preparation of a credit request for a corporate client, the Bank verifies several parameters such as the debt service capacity (including, generally, projected cash flows), the client's financial history and / or projections for the economic sector in which it operates, The risk division is closely involved in this process, All requests contain an analysis of the client's strengths and weaknesses, a rating and a recommendation, The credit limits are not determined based on the outstanding balances of the clients, but on the direct and indirect credit risk of the financial group, For example, a limited company would be evaluated together with its subsidiaries and affiliates.

Consumer loans are evaluated and approved by their respective risk divisions (individuals, PYMEs) and the evaluation process is based on an evaluation system known as Garra (Banco Santander) and Syseva of Santander Banefe, both processes are decentralized, automated and they are based on a scoring system that includes the credit risk policies implemented by the Bank's Board of Directors, The credit application process is based on the collection of information to determine the client's financial situation and ability to pay, The parameters that are used to assess the credit risk of the applicant include several variables such as: income levels, duration of current employment, indebtedness, reports of credit agencies.

During 2021, the Government of the State of Chile and the CMF have promoted a package of measures aimed at granting greater flexibility to the Finance system. In this context, the Bank has made available to customers a series of measures based mainly on periods of grace, greater liquidity to certain companies or reprogramming of mortgage loans. In order to adequately manage the risk of associated credit, the Bank has developed a close and continuous monitoring of the maturities of these operations. As of December 31, 2021, 99% of these operations have already expired their grace period, with 98% of them up to date (without default).

Mitigation of credit risk of other financial assets (investments, derivatives, commitments)

As part of the process of acquiring financial investments and financial instruments, the Bank considers the probability of uncollectibility of issuers or counterparties using internal and external evaluations such as independent risk evaluators of the Bank, In addition, the Bank is governed by a strict and conservative policy which ensures that the issuers of its investments and counterparties in transactions of derivative instruments are of the highest reputation.

In addition, the Bank operates with various instruments that, although they involve exposure to credit risk, are not reflected in the Consolidated Statement of Financial Position, such as: guarantees and bonds, documentary letters of credit, guarantee slips and commitments to grant loans.

The guarantees and bonds represent an irrevocable payment obligation, In the event that a guaranteed client does not fulfill its obligations with third parties who are liable to the Bank, the latter will make the corresponding payments, so that these transactions represent the same exposure to credit risk as a common loan.

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Documentary letters of credit are commitments documented by the Bank on behalf of the client that are guaranteed by the merchandise shipped to which they are related and, therefore, have a lower risk than direct indebtedness, Guarantee slips correspond to contingent commitments that are made effective only if the client does not comply with the performance of works agreed with a third party, guaranteed by them.

When it comes to commitments to grant credit, the Bank is potentially exposed to losses in an amount equivalent to the unused total of the commitment, However, the probable amount of loss is less than the unused total of the commitment, The Bank monitors the maturity of credit lines because generally long-term commitments have a higher credit risk than short-term commitments.

Maximum credit risk exposure

For financial assets recognized in the Consolidated Statement of Financial Position, exposure to credit risk is equal to their book value, For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the guarantee were executed.

Below is the distribution by financial asset and off-balance sheet commitments of the Bank's maximum exposure to credit risk as December 31, 2021 and 2020, without deduction of collateral, security interests or credit improvements received:

		As of december 31, 2021 Amount of exposure MCh\$	As of December 31, 2020 Amount of exposure MCh\$
Deposits in banks	5	1,998,236	2,137,891
Cash items in process of collection	5	390,271	452,963
Trading investments	6	73,347	133,718
Investments under resale agreements	7	-	-
Financial derivative contracts	8	10,123,607	9,032,085
Loans and accounts receivable from customers and interbank loans, net	9 y 10	35,676,007	33,432,349
Available for sale investments	11	5,803,139	7,162,542
Held to maturity investments	11	4,380,680	-
Off-balance commitments:			
Letters of credit issued	23	323,531	165,119
Foreign letters of credit confirmed	23	53,777	82,779
Guarantees	23	1,390,410	1,090,643
Available credit lines	23	8,986,535	8,391,414
Personal guarantees	23	579,051	441,508
Other irrevocable credit commitments	23	265,517	406,234
Total		70,044,108	62,929,245

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RISK MANAGEMENT, continued

Regarding the quality of the credits, these are classified in accordance with what is described in the compendium of regulations of the CMF as of December 31, 2021 and 2020:

Category Comercial Portfolio	As of December 31, 2021				As of December 31, 2020			
	Individual	Percentage	Allowance	Percentage	Individual	Percentage	Allowance	Percentage
	MCh\$	%	MCh\$	%	MCh\$	%	MCh\$	%
A1	43,095	0.12	14	-	35,166	0.10	11	-
A2	794,724	2.17	625	0.07	708,645	2.06	466	0.05
A3	2,170,881	5.93	4,680	0.49	1,971,814	5.73	2,932	0.30
A4	2,910,261	7.94	18,605	1.94	2,452,158	7.13	17,261	1.77
A5	2,782,963	7.60	34,907	3.64	2,824,129	8.21	35,107	3.59
A6	2,016,275	5.50	41,405	4.32	1,953,513	5.68	41,468	4.25
B1	755,101	2.06	21,924	2.29	715,349	2.08	21,420	2.19
B2	238,705	0.65	10,615	1.11	161,472	0.47	9,326	0.95
B3	80,133	0.22	3,478	0.36	66,379	0.19	3,331	0.34
B4	88,529	0.24	6,800	0.71	122,678	0.36	19,284	1.97
C1	177,246	0.48	3,543	0.37	168,035	0.49	3,361	0.34
C2	102,046	0.28	12,778	1.33	81,772	0.24	8,177	0.84
C3	50,482	0.14	15,194	1.58	56,928	0.17	14,232	1.46
C4	66,014	0.18	28,979	3.02	50,403	0.15	20,161	2.06
C5	102,390	0.28	69,127	7.21	40,803	0.12	26,522	2.72
C6	75,326	0.21	70,368	7.34	136,424	0.40	134,590	13.78
Subtotal	12,454,171	34.00	343,042	35.78	11,545,668	33.57	357,649	36.61
	Group	Percentage	Allowance	Percentage	Group	Percentage	Allowance	Percentage
	MCh\$	%	MCh\$	%	MCh\$	%	MCh\$	%
Commercial								
Normal Portfolio	4,943,438	13.49	85,736	8.94	5,077,553	14.76	78,137	8.00
Impaired portfolio	361,307	0.99	191,202	19.94	414,315	1.20	210,903	21.59
Subtotal	5,304,745	14.48	276,938	28.88	5,491,868	15.96	289,040	29.59
Mortgage								
Normal Portfolio	13,483,219	36.80	20,182	2.11	12,004,931	34.91	23,674	2.42
Impaired portfolio	392,956	1.07	53,779	5.61	406,894	1.18	37,607	3.85
Subtotal	13,876,175	37.87	73,961	7.72	12,411,825	36.09	61,281	6.27
Mortgage								
Normal Portfolio	4,844,527	13.22	140,012	14.60	4,697,166	13.66	95,567	9.78
Impaired portfolio	154,722	0.42	124,808	13.02	243,713	0.72	173,274	17.75
Subtotal	4,999,249	13.64	264,820	27.62	4,940,879	14.38	268,841	27.53
Total	36,634,340	100.00	958,761	100.00	34,390,240	100.00	976,811	100.00

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RISK MANAGEMENT, continued

As of December 31, 2021 and 2020, the Bank estimates that the credit quality of its other financial assets and financial liabilities is not significant for disclosure.

Regarding the individual evaluation portfolio, the different categories correspond to:

- Categories A or Portfolio in Normal Compliance, is one that is made up of debtors whose ability to pay them it allows compliance with its financial obligations and commitments, and that according to the evaluation of its economic-financial situation, it is not seen that this condition changes in the short term.
- Categories B or Substandard Portfolio, is one that contemplates debtors with financial difficulties or significant worsening of their ability to pay and over which there are reasonable doubts about the total reimbursement of principal and interest in the terms agreed upon, showing a low slack to meet with your financial obligations in the short term.
- Categories C or Portfolio in Default, is made up of those debtors whose recovery is considered remote, since they show a deteriorated or no capacity to pay.

As for the group evaluation portfolios, a joint evaluation of the operations that compose it is carried out.

Refer to Note 31 for details of impaired Bank loans and their respective provisions. Also refer to the Note 20 for a breakdown of the maturities of the Bank's financial assets.

Exposure to credit risk in derivative contracts with abroad

As of December 31, 2021, the Bank's foreign exposure, including the counterparty risk in the derivative portfolio, was USD 2,639 million or 1,58% of the assets, In the table below, the exposure to derivative instruments is calculated using the equivalent credit risk, which is equal to the net value of the replacement plus the maximum potential value, considering the collateral in cash, which mitigates the exposure.

Below, additional details are included regarding our exposure to those countries that have a rating of 1 and that correspond to the largest exposures, The following is the exposure as of December 31, 2021, considering the fair value of the derivative instruments.

Country	Clasificación	Derivative instrument				Total exposure M USD
		(adjusted to market)	Deposits	Loans	Financial investments	
		MM USD	M USD	M USD	M USD	
China	2	8.94	-	-	-	8.94
Colombia	2	-	-	-	-	-
Italia	2	-	1.99	0.13	-	2.12
México	2	3.30	0.03	-	-	3.33
Panamá	2	1.84	-	-	-	1.84
Perú	2	0.13	-	-	-	0.13
Uruguay	2	-	-	0.06	-	0.06
Total		14.21	2.02	0.19	-	16.42

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NOTE 39 RISK MANAGEMENT, continued

Our exposure to Spain within the group is as follows:

Counterpart	Country	Clasificación	Derivative instruments (adjusted to market) M USD	Deposits M USD	Loans M USD	Financial investments M USD	Total exposure M USD
Banco Santander España (*)	España	1	146,88	230,05	-	-	376,93

(*) We include our exposure to Santander UK and Mexico as exposure to Spain.

Impairment of other financial instruments

As of December 31, 2021 and 2020, the Bank did not have significant impairments in its financial assets other than credits and/or accounts receivable.

Security interests and credit improvements

The maximum exposure to credit risk, in some cases, is reduced by guarantees, credit enhancements and other actions that mitigate the Bank's exposure. Based on this, the constitution of guarantees is a necessary but not sufficient instrument in the granting of a loan; therefore, the acceptance of risk by the Bank requires the verification of other variables or parameters such as the ability to pay or generate resources to mitigate the risk incurred.

The procedures for the management and valuation of guarantees are included in the internal risk management policy. These policies establish the basic principles for the management of credit risk, which includes the management of guarantees received in transactions with customers. In this sense, the risk management model includes assessing the existence of appropriate and sufficient guarantees that allow the recovery of the loan to be carried out when the debtor's circumstances do not allow it to meet its obligations.

The procedures used for the valuation of the guarantees are in accordance with the best practices of the market, which involve the use of valuations in real estate guarantees, market price in stock values, value of the shares in an investment fund, etc. All the collateral received must be properly instrumented and registered in the corresponding registry, as well as having the approval of the Bank's legal divisions.

The Bank also has rating tools that allow ordering the credit quality of operations or clients. In order to study how this probability varies, the Bank has historical databases that store the information generated internally. The qualification tools vary according to the segment of the analyzed client (commercial, consumption, SMEs, etc.).

The following is a breakdown of impaired and non-impaired financial assets that have collateral, collateral or credit enhancements associated with the Bank as of December 31, 2021 and 2020:

	As of December, 2021 MCh\$	As of December, 2020 MCh\$
Non-impaired financial assets:		
Properties/mortgages	27,013,636	25,424,161
Investments and others	1,813,714	2,306,062
Impaired financial assets:		
Properties/mortgages	1,715,628	1,548,568
Investments and others	69,083	65,668
Total	30,612,061	29,344,459

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 39

RISK MANAGEMENT, continued

Liquidity risk

Liquidity risk is the risk that the Bank has difficulties in complying with the obligations associated with its financial obligations.

Liquidity risk management

The Bank is exposed daily to requirements of cash funds from several banking transactions such as current account drafts, payments of term deposits, guarantee payments, disbursements of derivative operations, etc. As is inherent in banking activity, the Bank does not hold funds in cash to cover the balance of those positions, since experience shows that only a minimum level of these funds will be withdrawn, which can be foreseen with a high degree of certainty.

The Bank's approach to liquidity management is to ensure, to the extent possible, that it always has sufficient liquidity to meet its obligations at maturity, under normal circumstances and stress conditions, without incurring unacceptable losses or risking risk, of damage to the reputation of the Bank. The Board sets limits on a minimum portion of funds to be made available to meet such payments and on a minimum level of inter-bank operations and other lending facilities that should be available to cover drafts at unexpected levels of demand, which is reviewed periodically. On the other hand, the Bank must comply with regulatory limits dictated by the CMF for the mismatches of terms.

These limits affect the mismatches between future income and expenditure flows of the Bank considered individually and are the following:

- i, Mismatches of up to 30 days for all currencies, up to once the basic capital;
- ii, mismatches of up to 30 days for foreign currencies, up to once the basic capital; and
- iii, mismatches of up to 90 days for all currencies, twice the basic capital.

The treasury department receives information from all the business units on the liquidity profile of its financial assets and liabilities and details of other projected cash flows derived from future businesses. According to this information, treasury maintains a portfolio of liquid assets in the short term, composed largely of liquid investments, loans and advances to other banks, to ensure that the Bank maintains sufficient liquidity. The liquidity needs of the business units are met through short-term transfers from treasury to cover any short-term fluctuation and long-term financing to address all structural liquidity requirements.

The Bank monitors its liquidity position on a daily basis, determining the future flows of its expenses and revenues. In addition, stress tests are carried out at the end of each month, for which a variety of scenarios are used, covering both normal market conditions and fluctuation conditions. The liquidity policy and procedures are subject to review and approval by the Bank's Board of Directors. Periodic reports are generated detailing the liquidity position of the Bank and its affiliates, including any exceptions and corrective measures adopted, which are regularly reviewed by the ALCO.

The Bank is based on client (retail) and institutional deposits, bonds with banks, debt instruments and time deposits as its main sources of financing. Although most of the obligations with banks, debt instruments and time deposits have maturities of more than one year, customer and retail deposits tend to have shorter maturities and a large proportion of them are payable within 90 days. The short-term nature of these deposits increases the liquidity risk of the Bank and therefore the Bank actively manages this risk by constantly monitoring market trends and price management.

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 39
RISK MANAGEMENT, continued

Exposure to liquidity risk

One of the key measures used by the Bank to manage liquidity risk is the proportion of net liquid assets to customer deposits, For this purpose, the net liquid assets must include cash / cash, cash equivalents and debt investments for which there is an active and liquid market minus the deposits of the banks, fixed income securities issued, loans and other commitments maturing in next month, A similar measure, but not identical, is used as a calculation to measure the Bank's compliance with the liquidity limit established by the CMF, where the Bank determines the mismatch between its rights and obligations according to maturity according to the estimated performance.

The proportions of the mismatches at 30 days in relation to capital and 90 days in relation to 2 times the capital are shown in the following table:

	As of December 31,	As of December 31,
	2021	2020
	%	%
30 days	1	30
30 days foreign	2	15
90 days	2	32

Following is a breakdown, by contractual maturities, of the balances of the Bank's assets and liabilities as of December 31, 2021 and 2020, considering also those unrecognized commitments:

As of December 31, 2021	Demand	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
	MMS	MMS	MMS	MMS	MMS	MMS	MMS	MMS
Asset expiration (Note 20)	5,454,325	5,010,170	2,013,914	5,287,477	7,883,561	7,193,830	29,432,503	62,275,780
Expiration of liabilities (Note 20)	(19,625,676)	(5,720,212)	(3,886,855)	(6,075,164)	(10,533,015)	(4,737,817)	(7,787,555)	(58,366,294)
Net expiration	(14,171,351)	(710,042)	(1,872,941)	(787,687)	(2,649,454)	2,456,013	21,644,948	3,909,486
Unrecognized loan / credit commitments								
Guarantees and bonds	-	(29,336)	(44,479)	(442,801)	(52,665)	(798)	(8,972)	(579,051)
Letters of credit from abroad confirmed	-	(29,379)	(20,199)	(4,199)	-	-	-	(53,777)
Letters of documentary credits issued	-	(77,679)	(156,045)	(89,794)	(13)	-	-	(323,531)
Guarantee	-	(93,792)	(178,894)	(649,643)	(423,555)	(37,463)	(7,063)	(1,390,410)
Net maturity, including commitments	(14,171,351)	(940,228)	(2,272,558)	(1,974,124)	(3,125,687)	2,417,752	22,628,913	1,562,717

As of December 31, 2020	A la vista	Hasta 1 mes	Entre 1 y 3 meses	Entre 3 y 12 meses	Entre 1 y 3 años	Entre 3 y 5 años	Más de 5 años	Total
	MMS	MMS	MMS	MMS	MMS	MMS	MMS	MMS
Asset expiration (Note 20)	4,034,824	2,639,165	1,848,268	4,655,603	5,589,111	4,397,802	31,437,352	54,602,125
Expiration of liabilities (Note 20)	(15,867,957)	(7,821,474)	(4,029,845)	(3,589,747)	(4,714,324)	(8,142,738)	(6,817,582)	(50,983,667)
Net expiration	(11,833,133)	(5,182,309)	(2,181,577)	1,065,856	874,787	(3,744,936)	24,619,770	3,618,458
Unrecognized loan / credit commitments								
Guarantees and bonds	-	(33,588)	(29,958)	(367,164)	(10,798)	-	-	(441,508)
Letters of credit from abroad confirmed	-	(18,247)	(48,056)	(16,163)	(313)	-	-	(82,779)
Letters of documentary credits issued	-	(42,089)	(83,764)	(36,201)	(3,065)	-	-	(165,119)
Guarantee	-	(114,653)	(181,399)	(437,835)	(303,165)	(46,971)	(6,620)	(1,090,643)
Net maturity, including commitments	(11,833,133)	(5,390,886)	(2,524,754)	208,493	557,446	(3,791,907)	24,613,150	1,838,409

The above tables show the undiscounted cash flows of the Bank's financial assets and liabilities on the estimated maturity basis. The expected cash flows of the Bank from these instruments can vary considerably compared to this analysis. For example, demand deposits are expected to remain stable or have an increasing trend, and unrecognized loan commitments are not expected to be executed all that have been arranged, In addition, the above breakdown excludes available lines of credit, since they lack contractual defined maturities.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 39

RISK MANAGEMENT, continued

Operating risk

Operational risk is the risk of direct or indirect losses arising from a wide variety of causes related to the Bank's processes, personnel, technology and infrastructure, and external factors that are not credit, market or liquidity, such as those related to legal or regulatory requirements, Operating risks arise from all Bank operations.

The objective of the Bank is the management of operational risk in order to mitigate economic losses and damages to the Bank's reputation with a flexible structure of internal control.

The Bank's Administration has the primary responsibility for the development and application of controls to deal with operational risks, This responsibility is supported by the overall development of the Bank's standards for operational risk management in the following areas:

- Requirements for the proper segregation of functions, including the independent authorization of operations
- Requirements for reconciliation and supervision of transactions
- Compliance with applicable legal and regulatory requirements
- Documentation of controls and procedures
- Requirements for the periodic evaluation of the applicable operational risks, and the adequacy of the controls and procedures to deal with the identified risks
- Requirements for the disclosure of operating losses and the proposed corrective measures
- Development of contingency plans
- Training and professional development / training
- Establishment of business ethics standards
- Reduction or mitigation of risks, including contracting insurance policies if they are effective.

Compliance with Bank regulations is supported by a program of periodic reviews carried out by the Bank's internal audit and whose examination results are presented internally to the management of the business unit examined and to the Directors and Audit Committee.

The Bank operates mainly in Chile, therefore most of its financial instruments are concentrated in that country. Refer to Note No. 09 of the Consolidated Financial Statements for a detail of the concentration by industry of the Bank's credits and accounts receivable.

Capital risk

The Group defines capital risk as the risk that the Group or any of its companies may have an insufficient amount and/or quality of capital to: meet the minimum regulatory requirements in order to operate as a bank; respond to market expectations regarding its creditworthiness; and support its business growth and any strategic possibilities that might arise, in accordance with its strategic plan.

The objectives in this connection include most notably:

- To meet the internal capital and capital adequacy targets.
- To meet the regulatory requirements.
- To align the Bank's strategic plan with the capital expectations of external agents (rating agencies, shareholders and investors, customers, supervisors, etc.)
- To support the growth of the businesses and any strategic opportunities that may arise.

The Group has a capital adequacy position that surpasses the levels required by regulations,

Capital management seeks to optimize the creation of value in the Bank and in its business segments. The Bank continually assesses its risk-return ratios through its basic capital, effective equity, economic capital, and return on equity. With regard to capital adequacy, the Banks carry out their internal process based on the CMF standards that are based on the Basel Capital Accord (Basel I) and as of December 1, 2021 the CMF will be based on Basel III. Economic capital is the capital required to bear all the risk of commercial activity with a certain level of solvency.

Capital is managed according to the risk environment, the economic performance of Chile and the business cycle, Board may modify our current equity policies to address changes in the mentioned risk environment.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 39

RISK MANAGEMENT, continued

Capital minimum

Under the General Banking Law, a bank is required to have a minimum of UF800,000 (approximately Ch\$24,793 million or U.S.\$ 29,0 million as of December 31, 2021) of paid-in capital and reserves, calculated in accordance with CMF.

Capital requirement

Chilean banks are required by the General Banking Law to maintain regulatory capital of at least 8% of risk-weighted assets, net of required loan loss allowance and deductions, and paid-in capital and reserves ("basic capital") of at least 3% of total assets, net of required loan loss allowances. Regulatory capital and basic capital are calculated based on the consolidated financial statements prepared in accordance with the Compendium of Accounting Standards issued by the CMF. As we are the result of the merger between two predecessors with a relevant market share in the Chilean market, we are currently required to maintain a minimum regulatory capital to risk-weighted assets ratio of 11.0%. As of December 31, 2021, the ratio of our regulatory capital to risk-weighted assets, net of loan loss allowance and deductions, was 14.49% and our core capital ratio was 5.72%.

Regulatory capital is defined as the aggregate of:

- a bank's paid-in capital and reserves, excluding capital attributable to subsidiaries and foreign branches or basic capital;
- its subordinated bonds, valued at their placement price (but decreasing by 20.0% for each year during the period commencing six years prior to maturity), for an amount up to 50.0% of its basic capital; and
- its voluntary allowances for loan losses for an amount of up to 1.25% of risk weighted-assets.

On August 21, 2020, circular No. 2265 was published indicating the new treatment, where the amounts of the credits that are guaranteed by the Chilean Treasury are incorporated into category 2 of the risk-weighted asset classification. , CORFO and FOGAPE, which consequently went from having a credit risk weight of 100% to 10%.

Since December 1, the regulatory capital definition has changed and is defined as follows:

- Paid capital of the bank for ordinary shares subscribed and paid;
- Premium paid for the instruments included in this capital component;
- Reserves, both non-profit and non-profit, due to the depreciation of bonds without a fixed maturity term and due to the expiration of bonds without a fixed maturity term;
- Items of "other accumulated comprehensive income";
- Retained earnings from previous years, profit (loss) for the year, net of provisions for minimum dividends, appreciation of bonds with no fixed maturity term and payment of interest and / or dividends of issued regulatory capital financial instruments;
- Non-controlling interest as indicated in the Compendium of Accounting Standards (CNC).

BASILEA III adoption in Chile

The new General Banking Law (updated through Law 21,130) defines general guidelines to establish a capital adequacy system in line with the international standards of Basel III, giving the CMF the power to dictate the framework of capital in a prudent manner. In particular, the CMF is empowered, with the prior favorable agreement of the Board of the Central Bank of Chile (BCCCh), to define by regulation, the new methodologies for calculating assets weighted by credit, market and operational risk; the conditions of issuance of hybrid instruments AT1, and the determination and capital charges for banks of local systemic importance. It also introduced conservation and counter-cyclical buffers and expanded the CMF's powers to make prudential discounts to regulatory capital and require additional measures, including higher capital, from banks that present deficiencies in the supervisory evaluation process (pillar 2). The implementation of Basel III makes it possible to focus risk management towards a more comprehensive vision of them, with a focus on capital adequacy.

In accordance with the foregoing, last December the CMF completed the process of issuing the necessary regulations for the implementation in Chile of the capital framework of the Basel III standards. But in the current context of a coronavirus pandemic, the CMF, in coordination with the Central Bank of Chile and in line with the measures adopted by regulators at the international level, decided to postpone the implementation of the APR calculation for one year and maintain it temporarily the general regulatory framework in force until November 30, 2021.

Banco Santander-Chile and Subsidiaries

Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 39

RISK MANAGEMENT, continued

Additionally, it was decided to advance in the transitory credit risk standard, a capital mitigation mechanism to facilitate the development of the debt agreement market, and that complements a similar treatment of state guarantees already granted by the CMF this year. In the case of Pillar 3, implementation was postponed until 2023.

The Bank, for its part, is already working on the implementation of the regulations through a multidisciplinary group, which are carrying out the necessary exercises and required developments, including the implementation of the files designed by the regulator for this purpose, taking into account consideration of the implementation schedule.

The basic capital and effective equity levels at the end of each period are as follows:

	As of December 31,		Ratio As of December 31,	
	2021 MCh\$	2020 MCh\$	2021 %	2020 %
Basic capital	3,400,220	3,567,916	5.72	6.69
Regulatory capital	5,184,363	5,143,843	14.49	15.37

The ratios determined for the limit of basic capital/ordinary capital level 1 and consolidated effective equity as of December 31, 2021 in accordance with the transitory BIS III regulations are the following:

	As of December 31, 2021	
	MCh\$	Razón %
Basic capital	3,494,580	5.73
Regulatory capital	5,776,831	15.86

Concentration of risk

The Bank operates mainly in Chile, so most of its financial instruments are concentrated in that country, Refer to Note 9 of the financial statements for a breakdown of the concentration by industry of the Bank's receivables and accounts receivable.

NOTE 40

NON-CURRENT ASSETS HELD FOR SALE

Banco Santander has embarked on an internal process of developing its acquisition network, thereby abandoning investments in the companies that provided such services. Therefore, senior management has engaged in a buyer search plan for such shareholdings.

As required by IFRS 5, the Bank has presented the non-current asset classified as held for sale by isolating it from the rest of the investments in associates, in the same way it has presented the income associated with said investments as non-current results in a comparative way.

Given the facts and circumstances arising from the social contingency in Chile and the global pandemic due to Covid-19 (situations beyond the Bank's control), the process of sale of the shares has taken a longer time than initially estimated, however the Bank continues committed to the sale plan for said assets and to its acquisition network development plan, evidenced by the recent creation of a payment card operating company and the active search for potential buyers.

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 40
NON-CURRENT ASSETS HELD FOR SALE continued

The following investments in associates were classified to non-current assets held for sale:

	Participation %	As of December 31, 2021		As of December 31, 2020	
		Assets MCh\$	Result MCh\$	Assets MCh\$	Result MCh\$
Transbank	25.00	-	-	19,093	-
Nexus	-	-	-	-	-
Redbanc	33.43	-	-	2,943	-
Total				22,036	-

(*) During July and September 2021, payments were made for additional capital contributions to Transbank S.A. for an amount of \$2,500 million and \$4,999 million, respectively, see Note No. 3.

(**) By public deed dated January 22, 2020, the sale of 79,577 shares that Banco Santander Chile held with Nexus S.A. was materialized with Banco Itau-Corpbanca, thus completing the total sale of the stake that the Bank held in Nexus S.A.

NOTE 41
REGULATORY CAPITAL FINANCIAL INSTRUMENTS ISSUED (BONDS WITHOUT FIXED MATURITY)

As of December 31, 2021 and 2020, the composition of the item is as follows:

	As December 31 of	
	2021 MCh\$	2020 MCh\$
Bond without a fixed term of maturity	592,468	-
Total	592,468	-

Debts classified as short-term are those that constitute demand obligations or that will mature in a period equal to or less than one year. All other debts are classified as long-term. The detail is as follows:

	As December 31 of		
	Short term MCh\$	2021 Long term MCh\$	Total MCh\$
Bond without a fixed term of maturity	-	592,468	592,468
Total	-	592,468	592,468

The detail of current bonds by currency is as follows:

	As December 31 of	
	2021 MCh\$	2020 MCh\$
Bonds US \$	592,468	-
Total	592,468	-

Banco Santander-Chile and Subsidiaries
Notes to the Consolidated Financial Statements

AS OF DECEMBER 31, 2021 AND 2020

NOTE 41
REGULATORY CAPITAL FINANCIAL INSTRUMENTS ISSUED (BONDS WITHOUT FIXED MATURITY) continued

During 2021, the Bank has placed bonds for USD 700,000,000 according to the following detail:

Serie	Currency	Amount placed	Term (years)	Issuance rate (Annual)	Issue date	Placement date	Amount	Maturity date
Bond AT1	USD	700,000,000	-	4.63 annual	10-21-2021	10-21-2021	700,000,000	-
Total USD		700,000,000					700,000,000	

During the course of 2021, no partial bond repurchases were made.

As of December 31, 2021, the bank maintains transaction costs, including issuance expenses, deferred on initial recognition for \$5,649 million and amortization of deferred transaction costs in the Consolidated Statements of Income for \$203 million.

NOTE 42
SUBSEQUENT EVENTS

a) On January 1, 2022, the Bank has fully implemented the updated version of the compendium of accounting standards for banks (CNCB), which mainly incorporates the new amendments introduced by the International Accounting Standards to international financial reporting standards (IFRS) in recent years, particularly IFRS 9, 15 and 16, also establishes new limitations or clarifications due to the need to follow more prudential criteria (ie chapter 5 of impairment of IFRS 9) that are detailed in chapter A-2.

b) The Bank has issued the following subordinated bonds,

Serie	Currency	Issuance rate (Annual)	Issue date	Amount	Maturity date
USTDW70320	UF	3.51%	07-01-22	3,300,000	01-09-28

c) On February 4, 2022, the Committee for the Setting of Limits on Interchange Rates resolved that the new limits for interchange rates will be: 0.6% for debit cards, 1.48% for credit cards , and 1.04% for payment cards with provision of funds. The Bank is evaluating the eventual effects of the implementation of said limits in relation to the results of the means of payment operations.

There are no other subsequent events to be disclosed that occurred between January 1, 2022 and the date of issuance of these Financial Statements (February 25, 2022).

JONATHAN COVARRUBIAS H.
Chief Accounting Officer

MIGUEL MATA HUERTA
Chief Executive Officer

