



**Banco Santander
Chile
2Q20 Results**

Important information

Banco Santander Chile cautions that this presentation contains forward looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. These forward looking statements are found in various places throughout this presentation and include, without limitation, statements concerning our future business development and economic performance. While these forward looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to: (1) general market, macro-economic, governmental and regulatory trends; (2) movements in local and international securities markets, currency exchange rates, and interest rates; (3) competitive pressures; (4) technological developments; and (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties. The risk factors and other key factors that we have indicated in our past and future filings and reports, including those with the Securities and Exchange Commission of the United States of America, could adversely affect our business and financial performance.

Note: the information contained in this presentation is not audited and is presented in Chilean Bank GAAP which is similar to IFRS, but there are some differences. Please refer to our 2019 20-F filed with the SEC for an explanation of the differences between Chilean Bank GAAP and IFRS. Nevertheless, the consolidated accounts are prepared on the basis of generally accepted accounting principles. All figures presented are in nominal terms. Historical figures are not adjusted by inflation. Please note that this information is provided for comparative purposes only and that this restatement may undergo further changes during the year and, therefore, historical figures, including financial ratios, presented in this report may not be entirely comparable to future figures presented by the Bank.

AGENDA



COVID19: REGULATORY UPDATE



SAN CHILE: BALANCE SHEET AND RESULTS

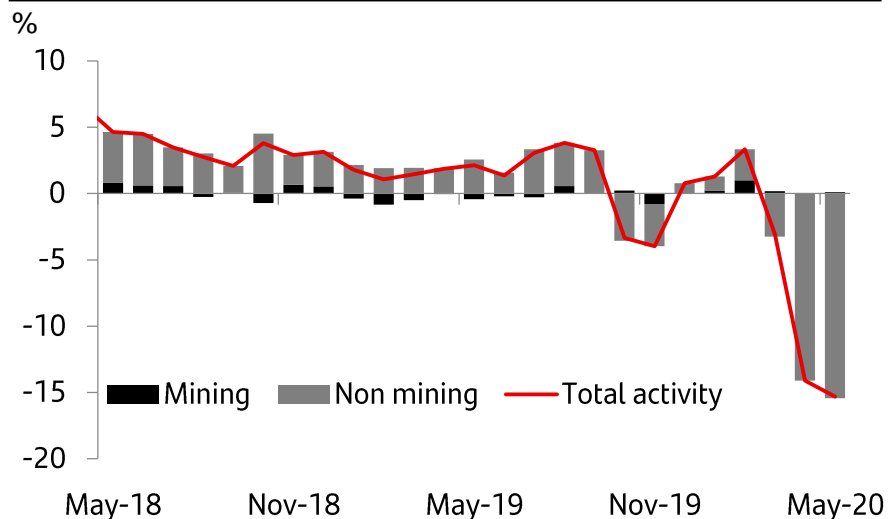


SAN CHILE: STRATEGIC INITIATIVES UPDATE

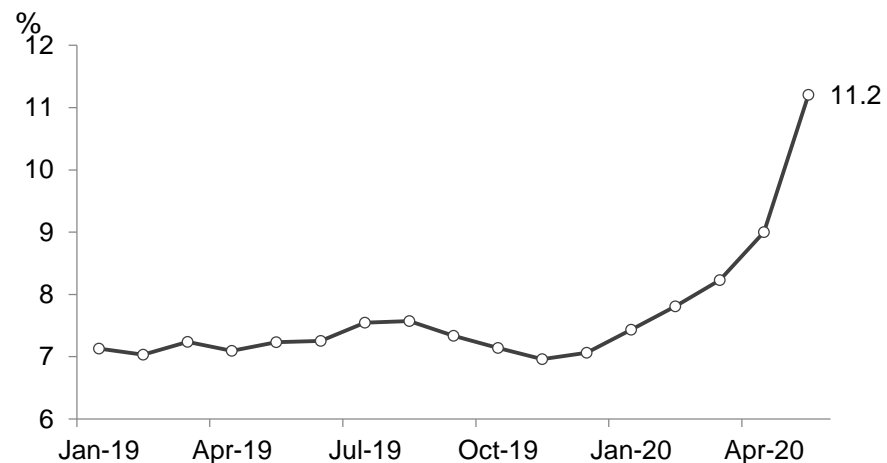
Macroeconomic environment

The COVID19 crisis has impacted the economy

Monthly economic activity (IMACEC)

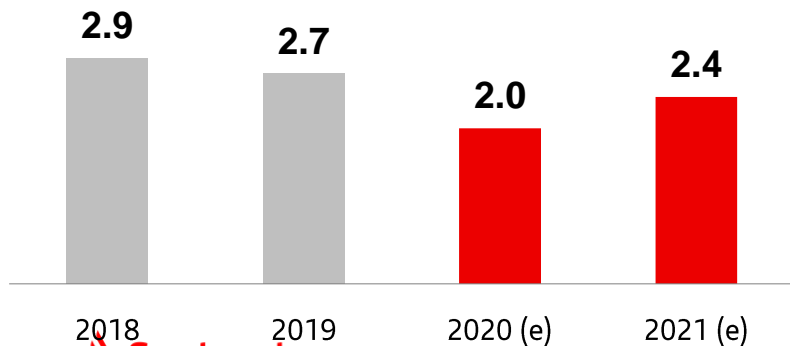


Unemployment



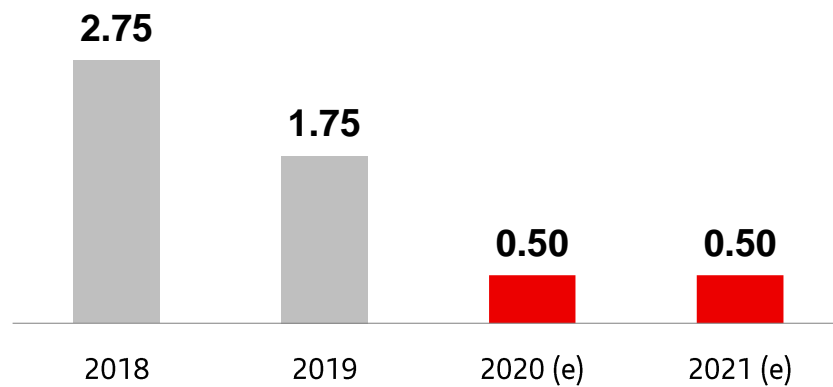
Inflation

Annual change in UF inflation, %



Monetary Policy Rate

%, eof

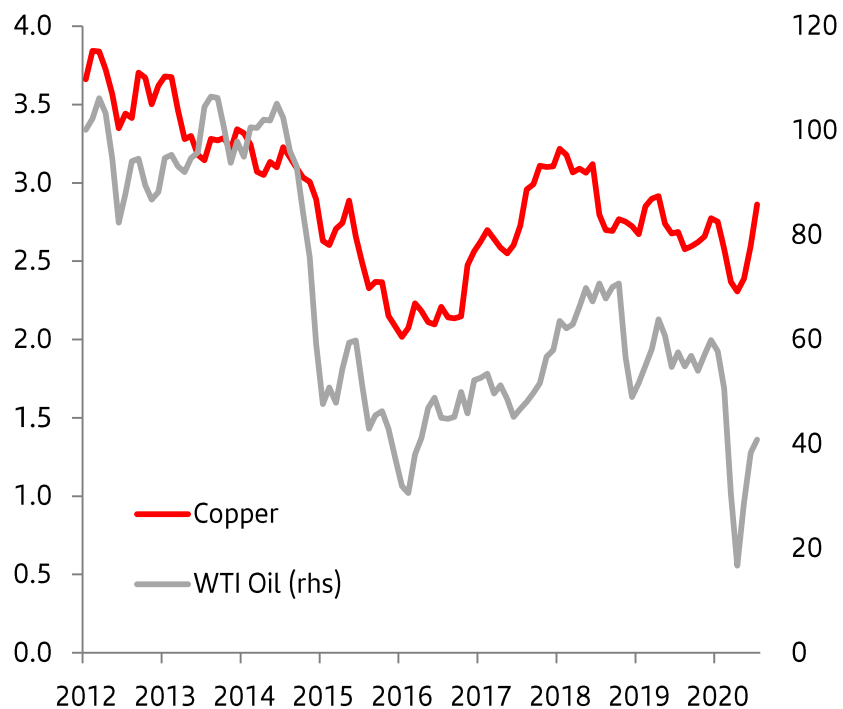


Macroeconomic environment

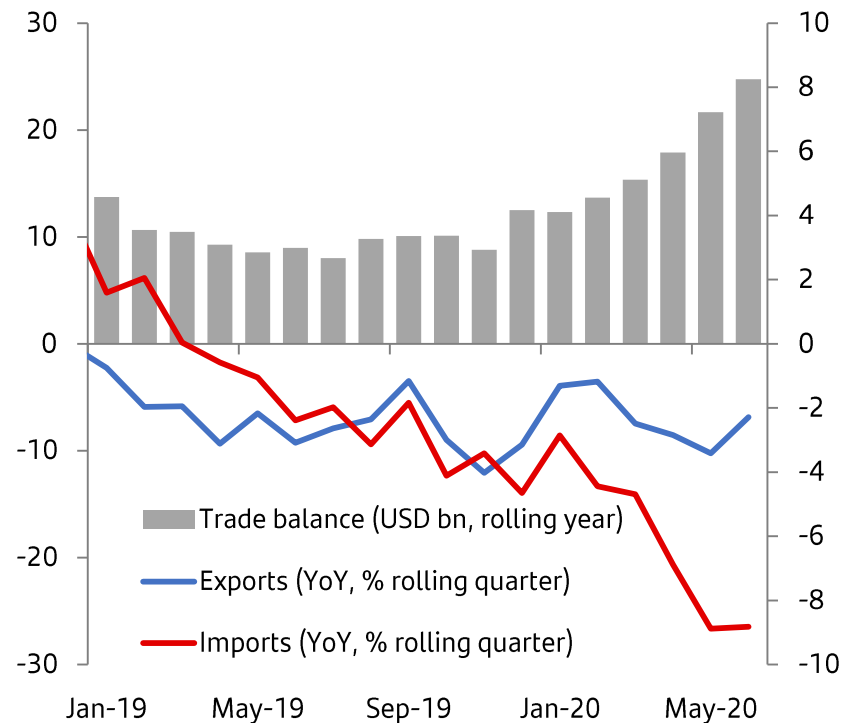
External demand has been resilient

Commodities prices

(US\$/lb and US\$/bbl)



Trade balance

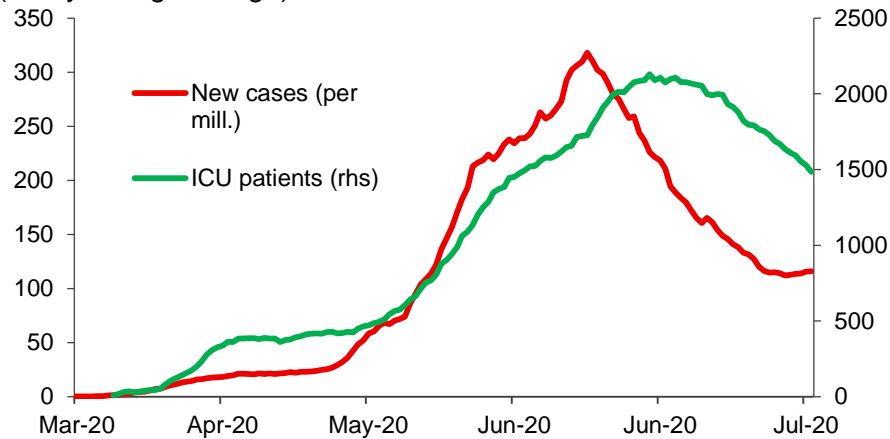


Macroeconomic environment

A gradual re-opening began this week

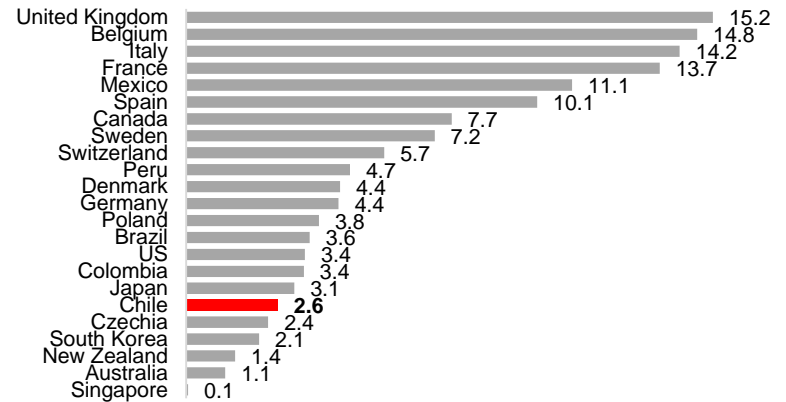
New cases and ICU patients

(7-day rolling average)



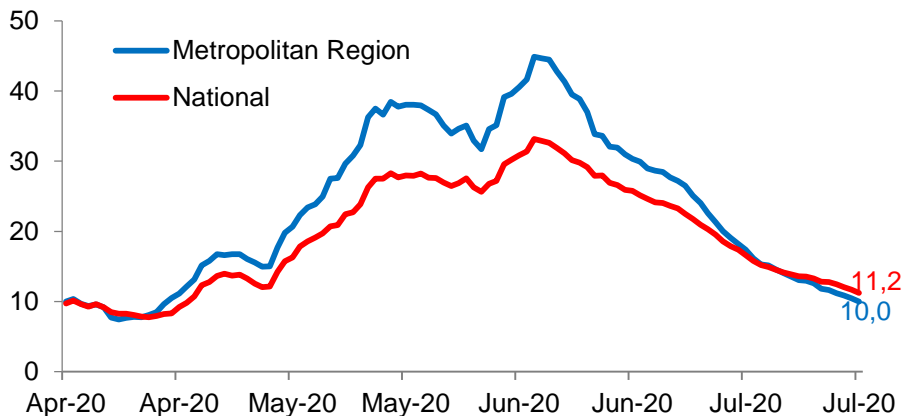
Lethality rate

(% Total deaths/ Total cases, as of July 28)

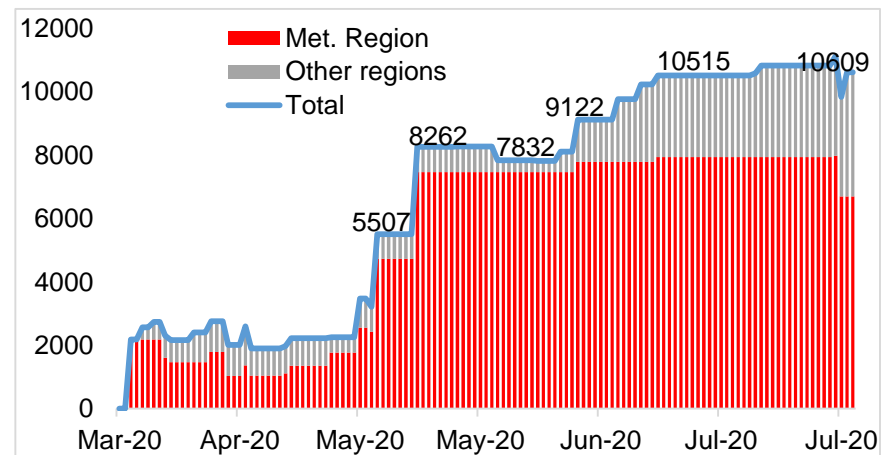


Positivity rates

(7-day rolling average)



People under quarantine



Update on regulatory measures

Covid-19 fiscal fund of up to US\$12 billion

- Two objectives: enhance financial support to families, and provide fiscal stimulus for a fast economic recovery.
- Can be used within two years.
- Financed through debt issuance and financial assets of the Government

Aid to middle class program

- Cash transfer of Ch\$500 thousand (USD 600)
- Public soft loans with 0% real interest, and payment conditional on income.
- Household rent subsidy.
- State guarantee for mortgage postponements of up to 6 months [announced but not yet in Congress]. Many banks are already in their second wave of voluntary reprogramming

COVID-19 guarantee line: Risk weighting to be modified from 100% to 10%.



Update on regulatory measures

One-time early withdrawal of pension saving (tax free)

Amount of savings	Maximum amount to be withdrawn
Savings < US\$ 1,300	Full amount of savings
US\$ 1,300 < Savings < US\$ 13,000	US\$ 1,300
US\$ 13,000 < Savings < US\$ 55,000	10% Savings
US\$ 55,000 < Savings	US\$ 5,500

Liquidity programs: FCIC¹ & LCL² lines: Extension of liquidity program (FCIC2) with a limit of USD 4 bn per bank conditional on loan growth.

Bank bond purchasing program: USD 8 bn for bank bonds and Central Bank bonds, with USD 1.9 bn outstanding.

Treasury bond purchasing: Constitutional reform to allow the Central Bank to buy and sell Treasury bonds in the secondary market [To be approved soon in Congress].

AGENDA

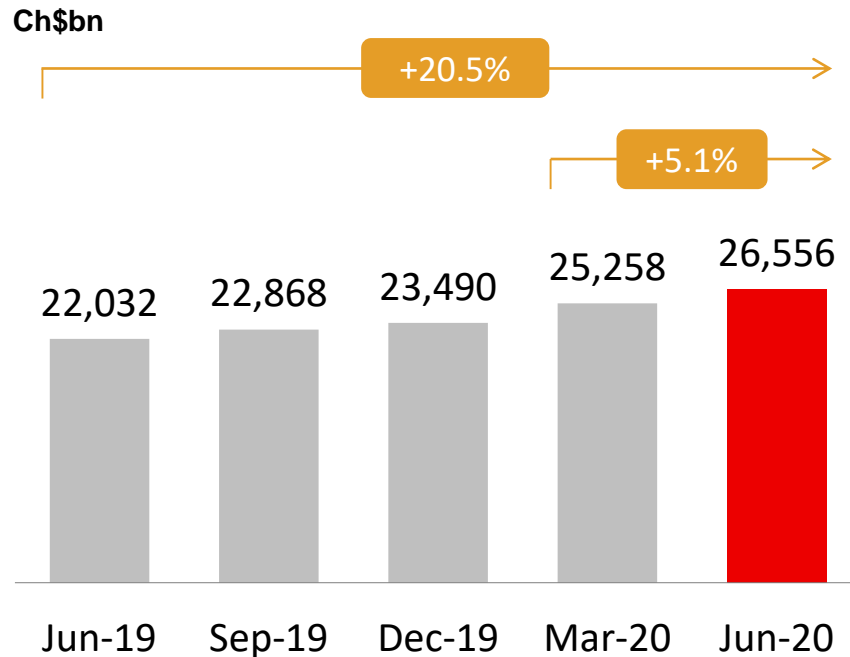
COVID19: REGULATORY UPDATE

SAN CHILE: BALANCE SHEET AND RESULTS

SAN CHILE: STRATEGIC INITIATIVES UPDATE

Non-interest bearing demand deposits up 39.3% YoY

Total Deposits



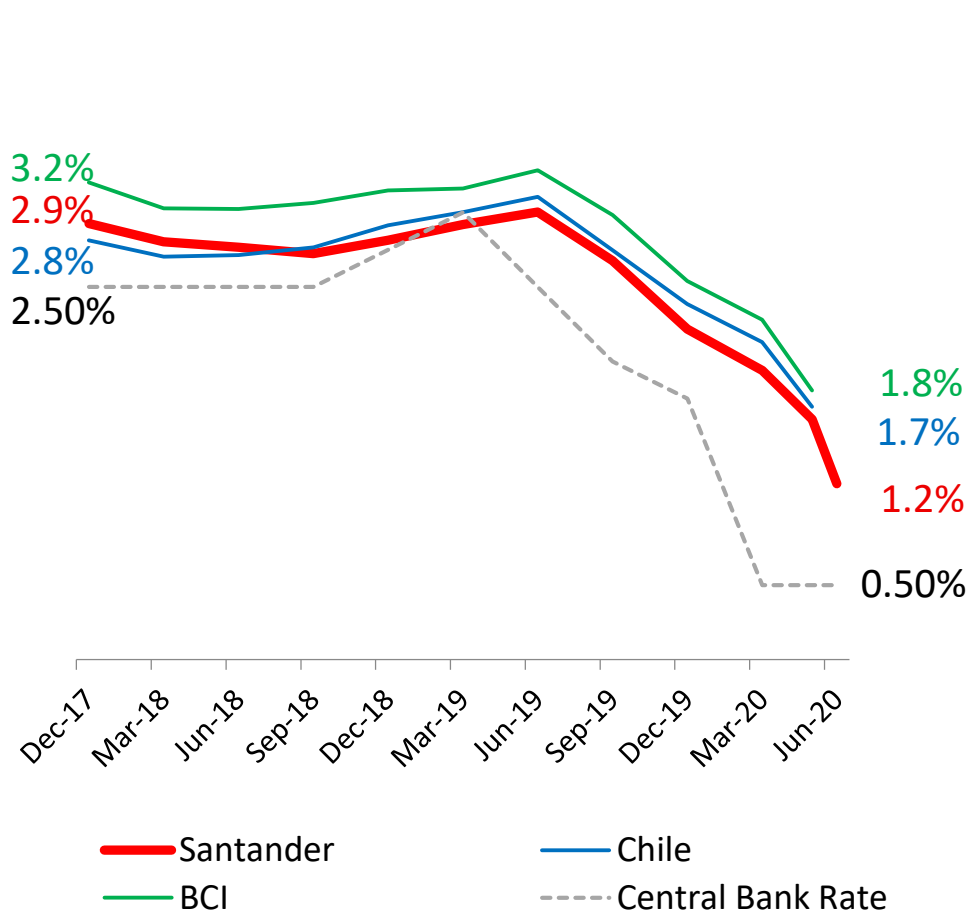
Ch\$ bnS	6M20	YoY	QoQ
Demand deposits	12,411	39.3%	12.3%
Time deposits	14,145	7.8%	(0.5%)
Total Deposits	26,556	20.5%	5.1%
Mutual funds ¹	7,788	24.3%	11.6%
Loans/Deposits²	94%		
LCR³	198%		
NSFR⁴	105%		

1. Banco Santander Chile is the exclusive broker of mutual funds managed by Santander Asset Management, a subsidiary of SAM Investment Holdings Limited. 2. (Net Loans – portion of mortgages funded with long-term bonds) / (Time deposits + demand deposits). 3. LCR calculated following the new local Chilean models 4. Internal methodology and not the local Chilean regulator's guidelines still under discussion.

Balance sheet & results

Improved funding mix & outpacing competitors

CLP Time Deposit Cost Evolution¹



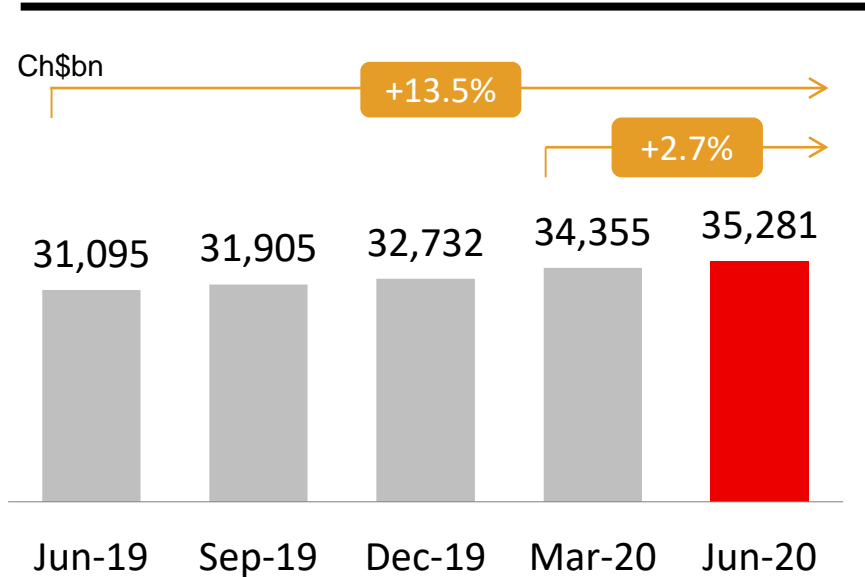
Demand deposits by segment

Ch\$ bn	6M20	YoY	QoQ
Individuals	4,122	32.9%	7.6%
SMEs	2,353	53.6%	31.8%
Retail	6,476	39.7%	15.3%
Middle Market	3,543	32.8%	12.5%
Corporate (SCIB)	2,048	51.0%	0.4%
Total²	12,411	39.3%	12.3%



Loan growth driven by Corporate and FOGAPE guaranteed lines

Total Loans



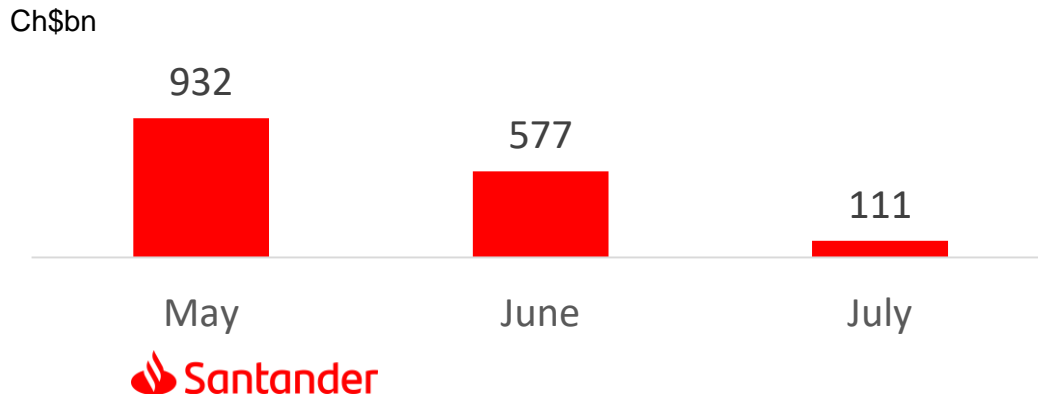
Ch\$ bn	6M20	YoY	QoQ
Individuals ¹	19,018	8.1%	(1.3%)
Consumer	5,068	1.6%	(7.0%)
Mortgages	11,931	11.9%	2.3%
SMEs	4,698	19.9%	13.8%
Retail	23,717	10.3%	1.4%
Middle Market	9,120	15.8%	3.8%
Corporate (SCIB)	2,273	45.4%	4.6%
Total²	35,288	13.5%	2.7%

Covid-19 Bank measures: Reprogramming and FOGAPE loans

Reprogramming and Fogape ¹	Amount	% of loan book ²
Retail	Ch\$ 7,455,334 million (USD 9.1 billion)	43.9% (consumer+mortgage)
Commercial ²	Ch\$ 2,949,601 million (USD 3.6 billion)	16.1% (commercial)
Total	Ch\$ 10,404,935 million (USD 12.7 billion)	29.5%

Fogape Loans	Amount	% of commercial loan book
Total	Ch\$ 1,484,533 million (USD 1.8 billion)	8.1%

FOGAPE loans disbursed each month

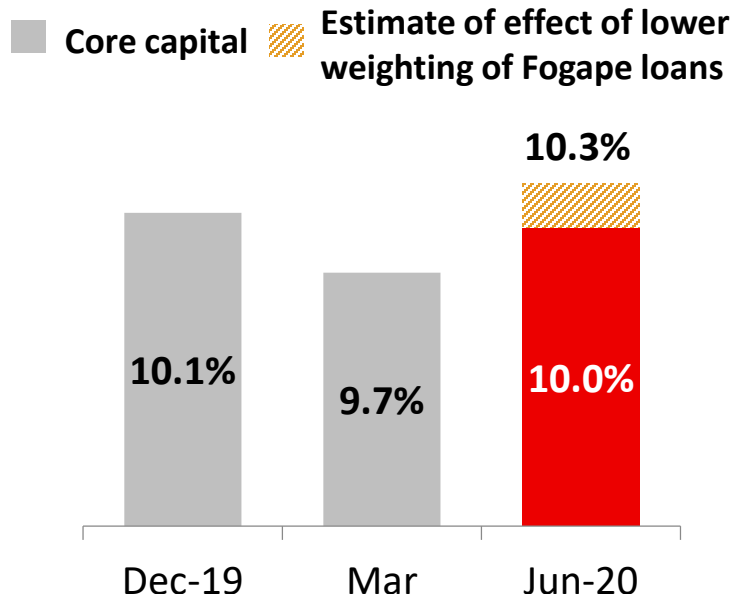


Total disbursed up to June:
Ch\$1.5 trillion

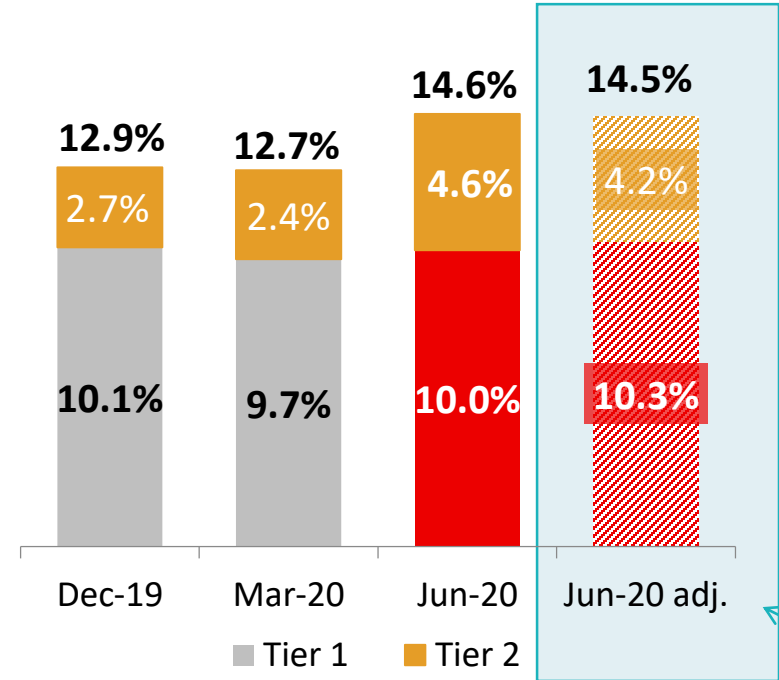
As of June 2020, 8% of commercial
loan book were FOGAPE loans

Healthy capital ratios

Core capital



BIS Ratio



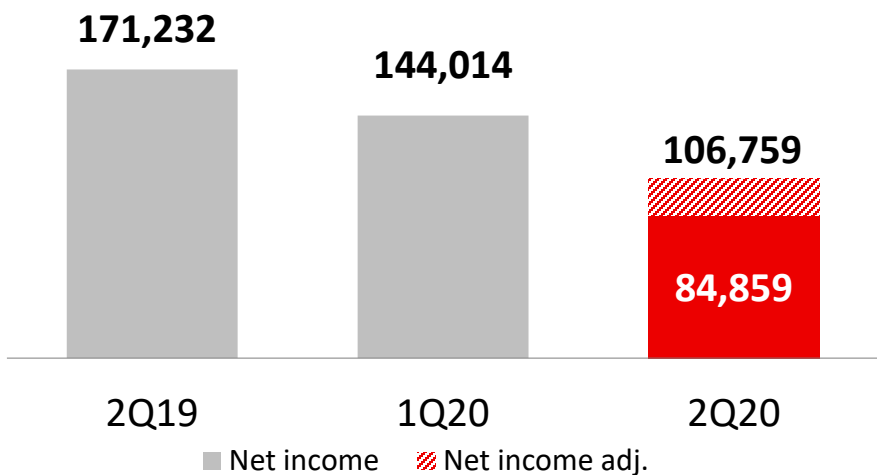
In July the CMF published new treatment for FOGAPE loan guarantees. Instead of computing as Tier II capital, it will now be included in the calculation of RWA with the risk weighting lowered from 100% to 10%

Balance sheet & results

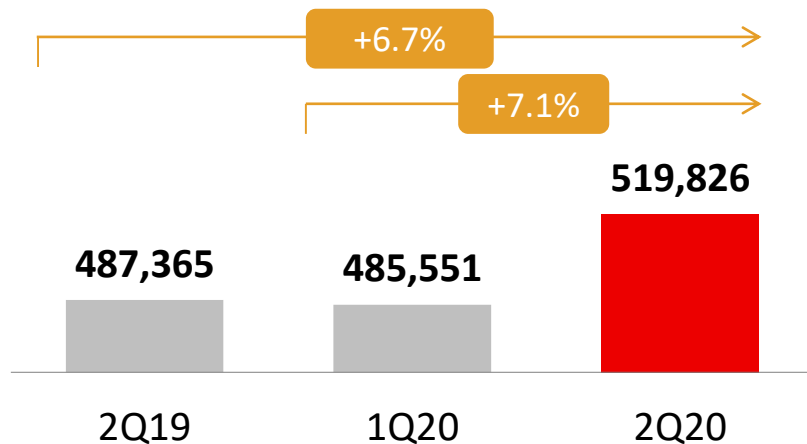
Strong revenue generation/ cost control offset by higher provisions

Net income (+adjusted¹)

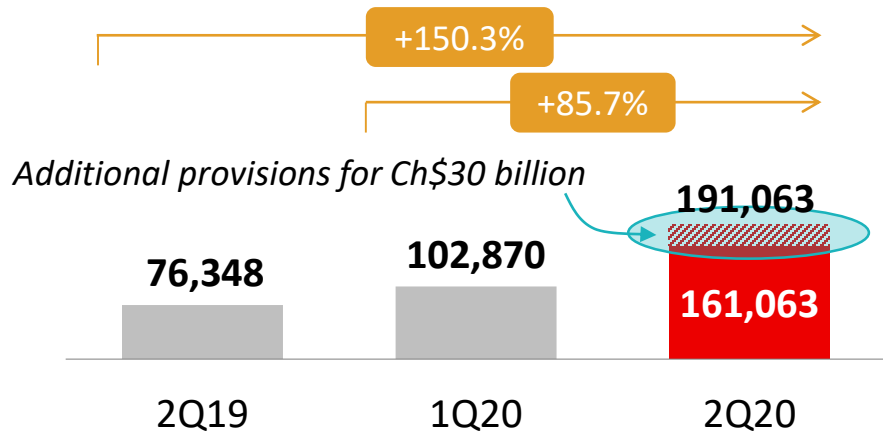
Ch\$bn



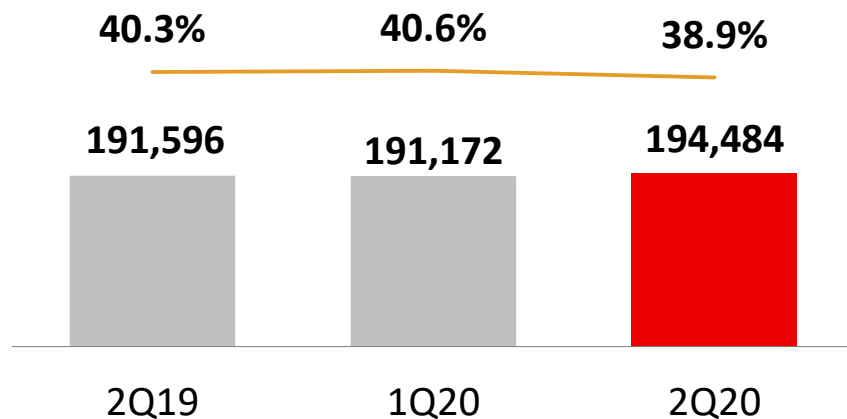
Gross income (NII, Fees, Trading)



Provisions



Expenses & Efficiency ratio

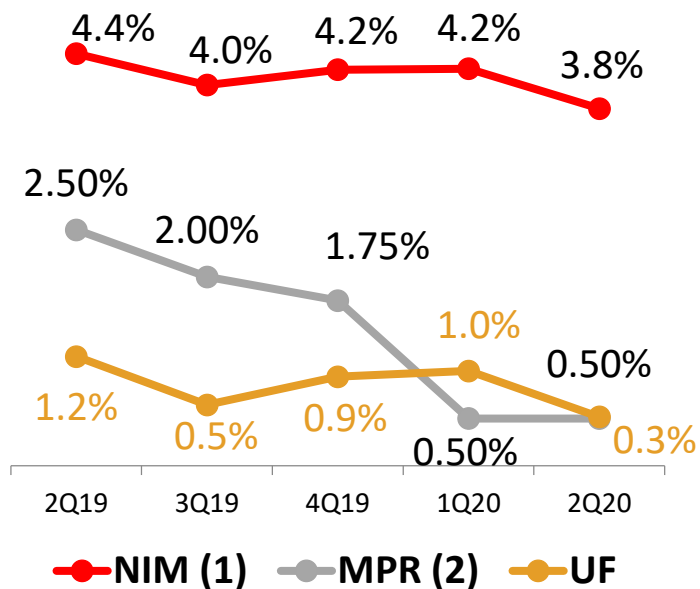


1. Adjusted for Ch\$30,000 million in additional provisions during the second quarter 2020.

Balance sheet & results

Lower NIMs due to growth in low risk assets. NII up 10.9% YTD

NIM¹ & Inflation



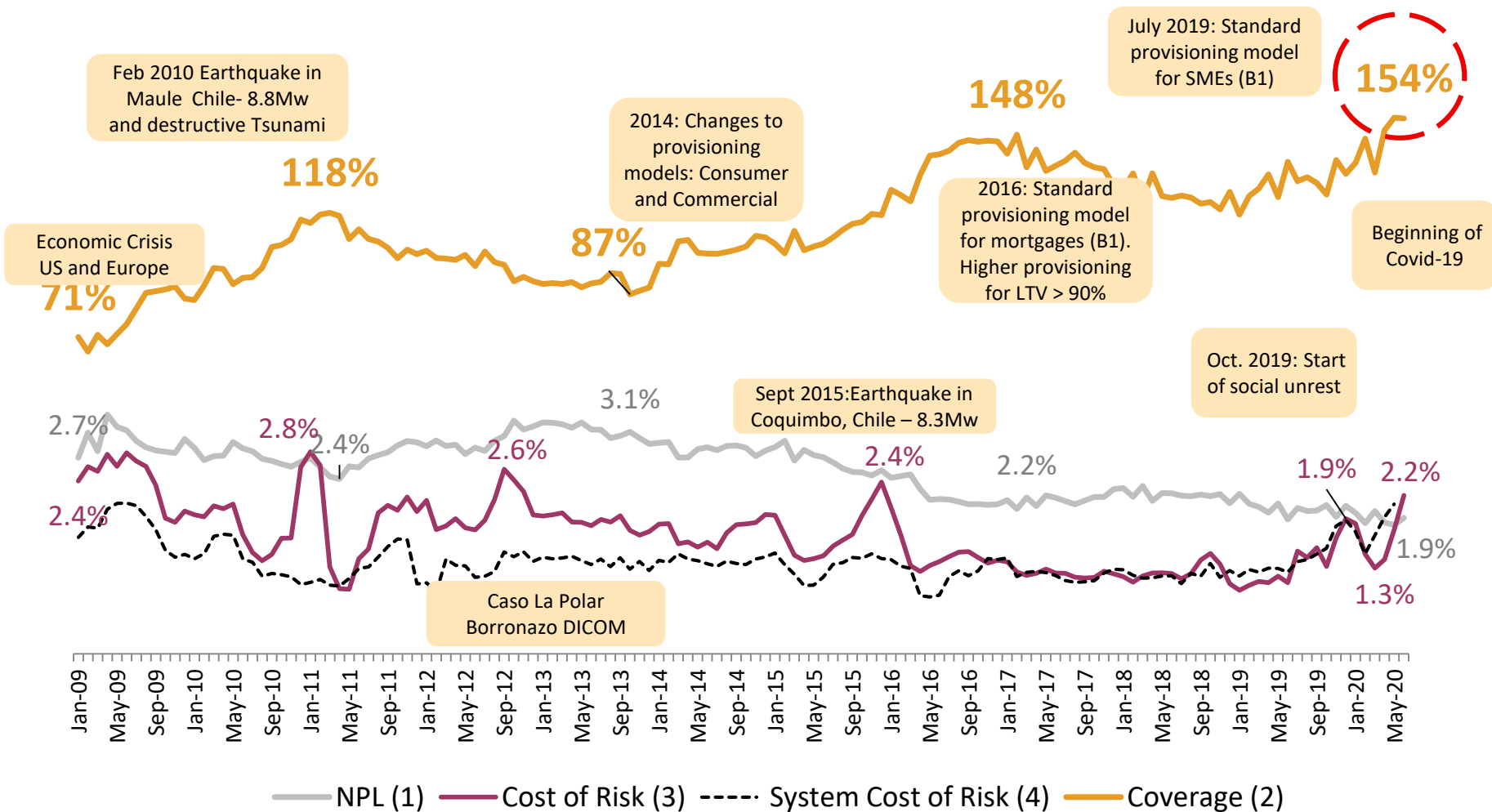
Net interest income

Ch\$ bn	6M20	YoY	QoQ
Net interest income	769	10.9%	(2.0%)
Average interest-earning assets	38,720	15.5%	8.9%
Average loans	34,149	11.0%	3.6%
Interest earning asset yield ³	6.0%	-83bp	-184bp
Cost of funds ⁴	1.97%	-75bp	-141bp
NIM YTD	4.0%	-16bp	

This has been partially offset by a better funding mix

Coverage rising to record levels

Total loans: NPLs, coverage and cost of risk

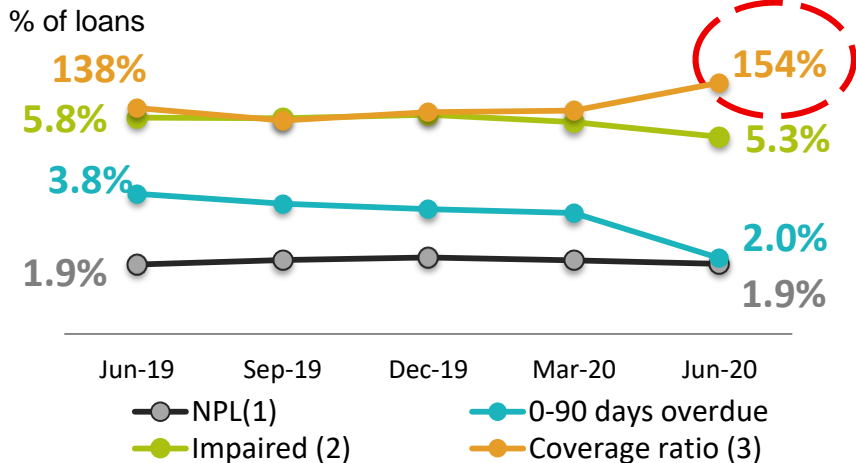


1. Loans with 90 days or more overdue. 2. Stock of provisions divided by NPLs. 3. Quarterly cost of risk = quarterly provision expense/ quarterly average loans. 4. Quarterly cost of risk for the banking system. For May the cost of risk is the monthly provision expense for April and May annualized/ average loans of these months. Source: CMF

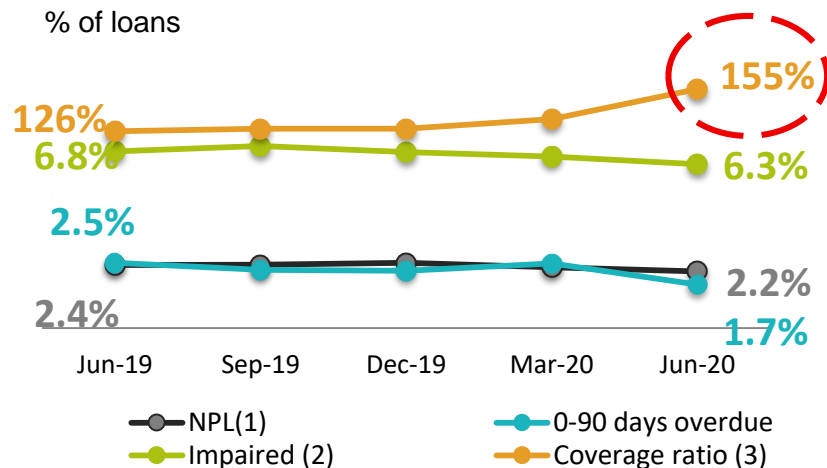
Balance sheet & results

Asset quality deterioration lower than expected...

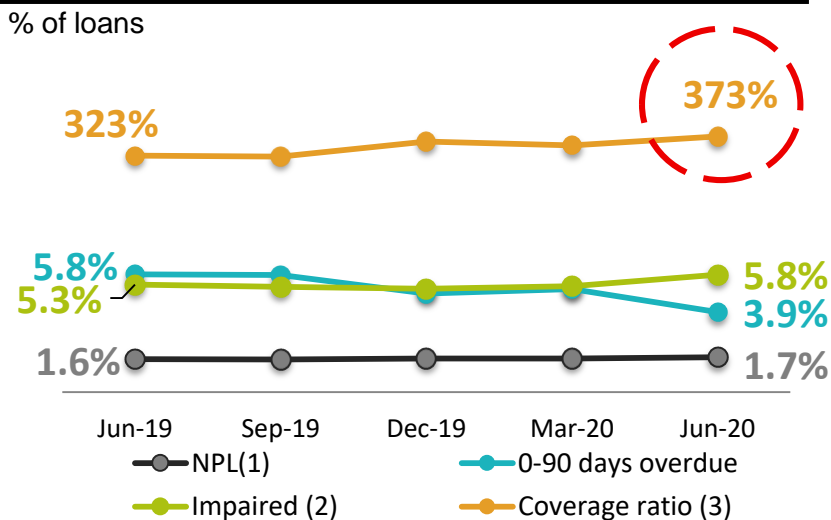
Total loans



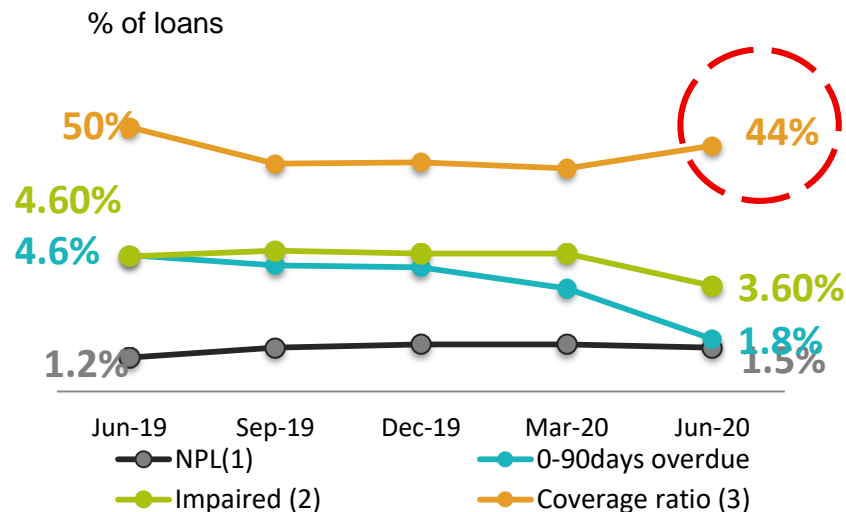
Commercial loans



Consumer loans



Mortgage loans

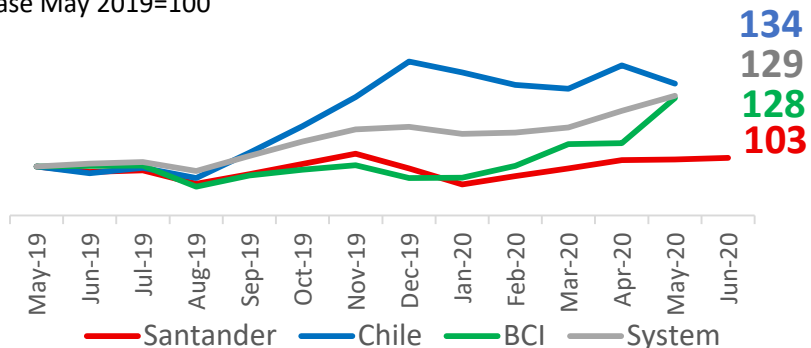


Balance sheet & results

...especially in consumer loans

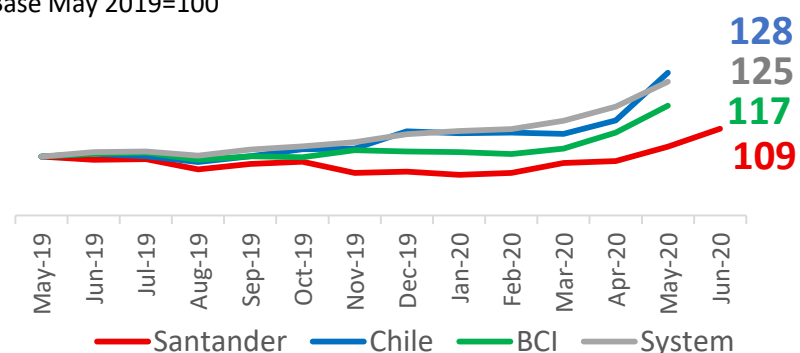
Consumer NPLs¹

Base May 2019=100

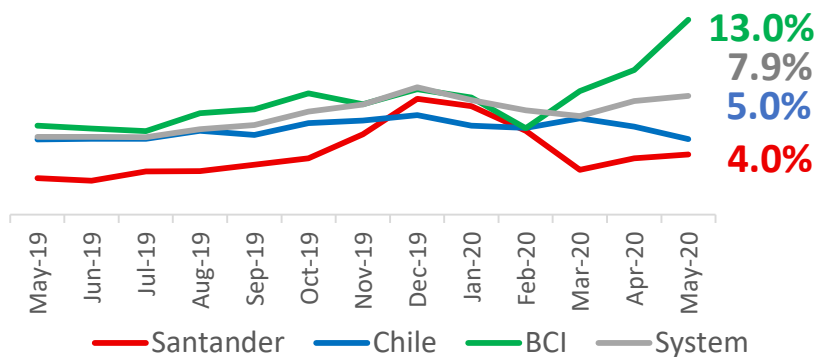


Consumer Impaired Loans²

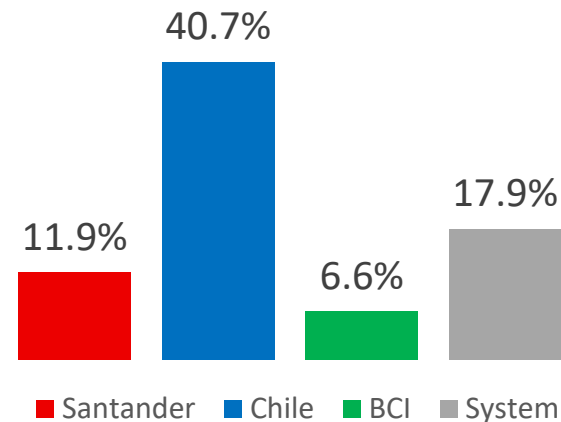
Base May 2019=100



Consumer Cost of risk³



Consumer loans reprogrammed⁴

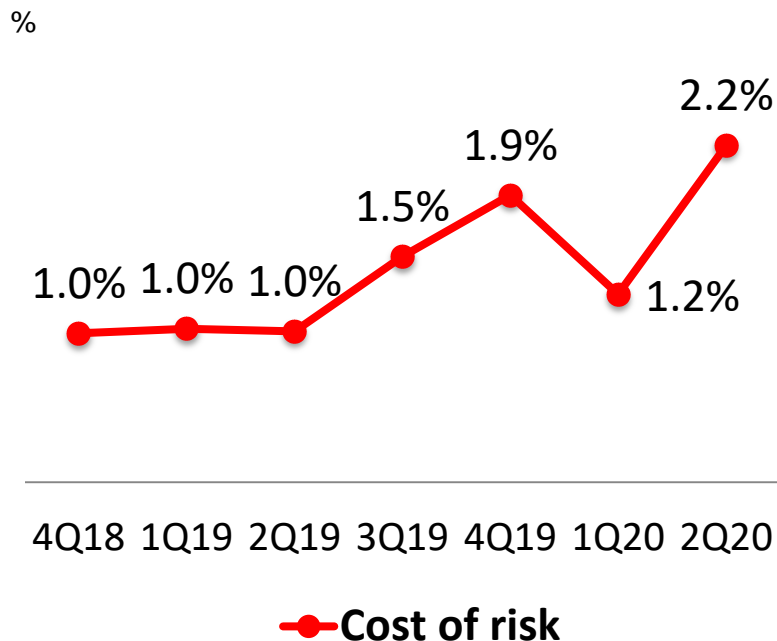


1. 90 days or more NPLs of consumer loans over total consumer loan book. 2. Impaired consumer loans over total consumer loan book. 3. Consumer cost of risk = annualized quarterly consumer provision expense / quarterly average loans. Includes additional provisions. 4. According to the CMF

Balance sheet & results

Cost of risk reaches 2.2%, including Ch\$30bn in additional provisions

Quarterly cost of risk¹



Provision for loan losses

Ch\$ bn	6M20	YoY	QoQ
Gross provisions and write-offs	(329,810)	69.8%	63.9%
Recoveries	35,877	(13.8%)	(37.6%)
Provisions	(293,933)	92.6%	85.7%
Cost of risk(YTD)¹	1.72%		

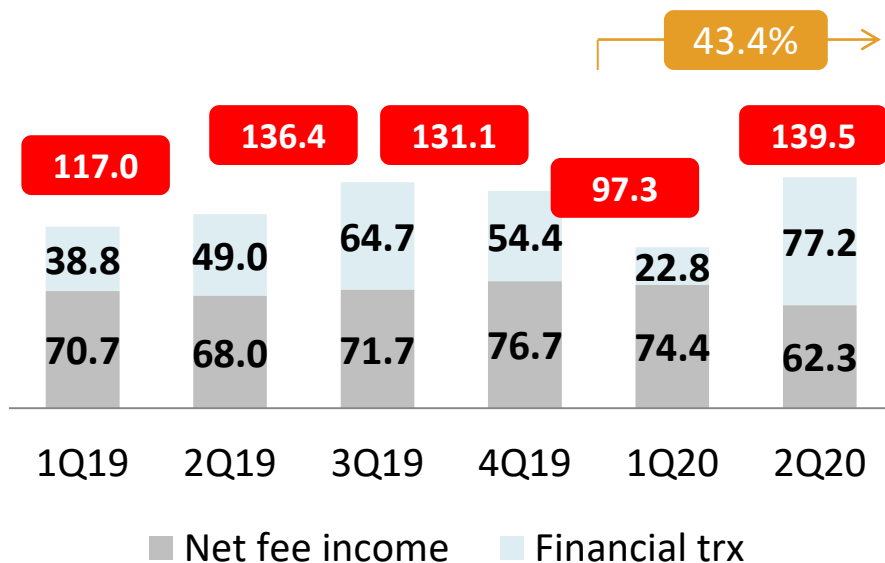
In July '20, an additional voluntary provision of Ch\$30 bn will be recognized to bolster coverage and to reduce cost of risk pressure for 2021

Balance sheet & results

Non-NII increases 43.4% QoQ

Fees & financial transaction

Ch\$bn



Realized gains from AFS portfolio helps to offset reduction of NIMs due to lower inflation

Fees

Ch\$ bn	6M20	YoY	QoQ
Retail	107.9	(3.9%)	(15.0%)
Middle Market	19.7	1.3%	(16.0%)
Corporate	12.5	(12.6%)	(5.9%)
Subtotal	140.1	(4.0%)	(14.3%)
Others	(3.4)	(53.2%)	124.3%
Total	136.7	(1.4%)	(16.3%)

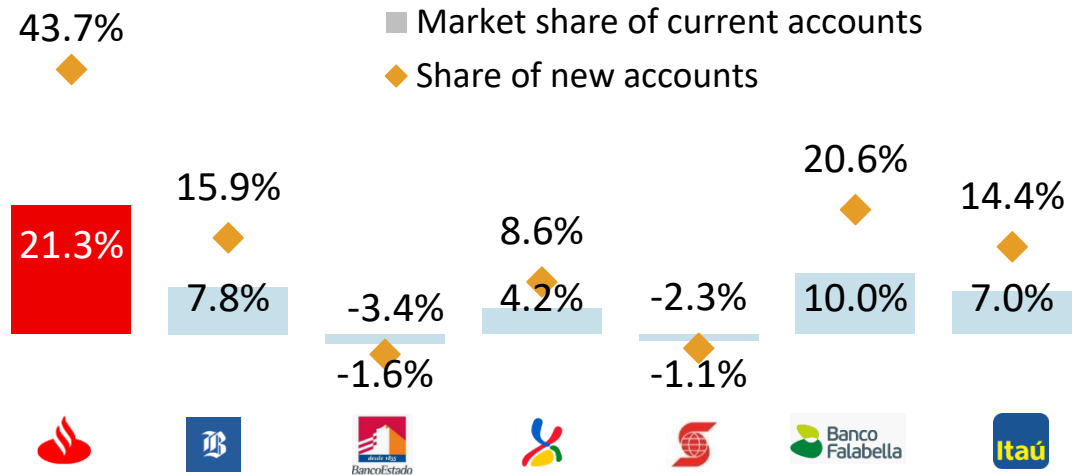
Financial transactions, net

Ch\$ bn	6M20	YoY	QoQ
Client	75.9	111.2%	49.8%
Non-Client	24.1	84.8%	--%
Total	100.1	57.5%	238.0%

Balance sheet & results

44% market share in new account openings / Strong NPS scores

Current account openings 3M20¹



22%

Market share of current accounts¹

44%

Market share of current account openings¹

Net Promoter Score (NPS)²

NPS: Top 2 score

among peers
(score of 38)

N°1

for innovation,
commitment and product
benefits

App NPS 74

Highlighting user
friendliness

Life NPS 71

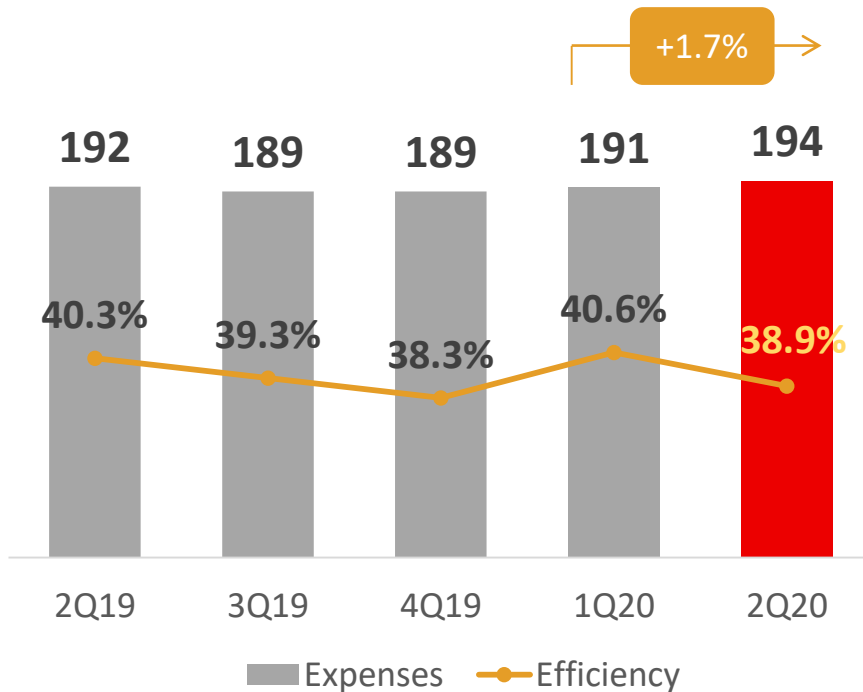
Our happiest clients



Cost growth under control

Operating expenses

Ch\$bn



Ch\$ bn	6M20	YoY	QoQ
Personnel expenses	202.6	1.6%	2.9%
Administrative expenses	127.8	5.9%	0.9%
Depreciation	55.3	6.9%	(0.6%)
Operational expenses¹	385.7	3.8%	1.7%
Efficiency ratio²	39.7%	-165bp	-174bp
Costs/assets	1.4%	-48.7bp	-12bp

The Bank is open for business despite lockdowns

Open for business

Branches
~70% open 9am – 2pm

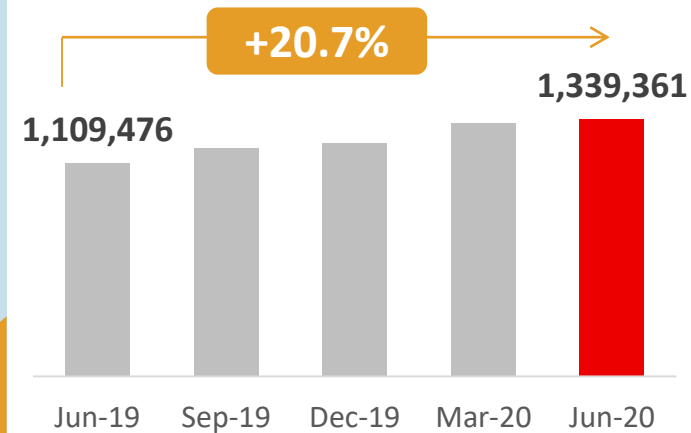
Tele-working
~75% are able to work from home
~95% of central services are working from home

Supported by digital banking

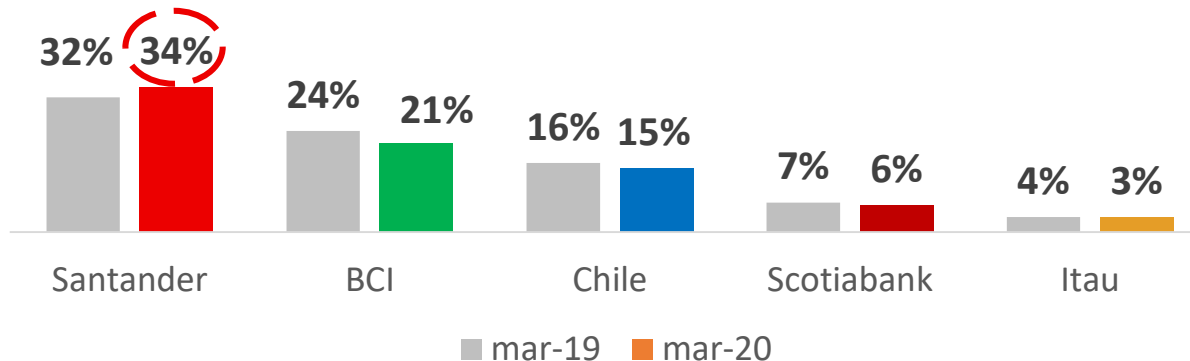
N° of transactions
Online: +11.1% QoQ

+20.7%
N° of digital clients YoY

Digital clients



Market share of digital clients¹



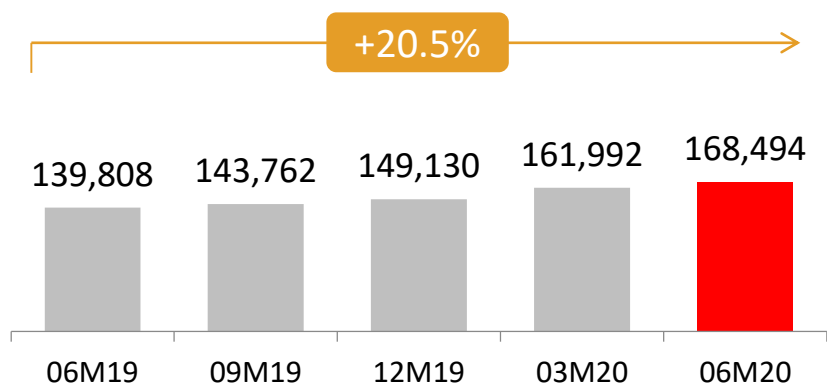
1. Source: CMF as of last available information. Last 12 months yearly average. Based on clients who access their account with a password. Excludes Banco Estado.

Balance sheet & results

Strong improvements in productivity and efficiency

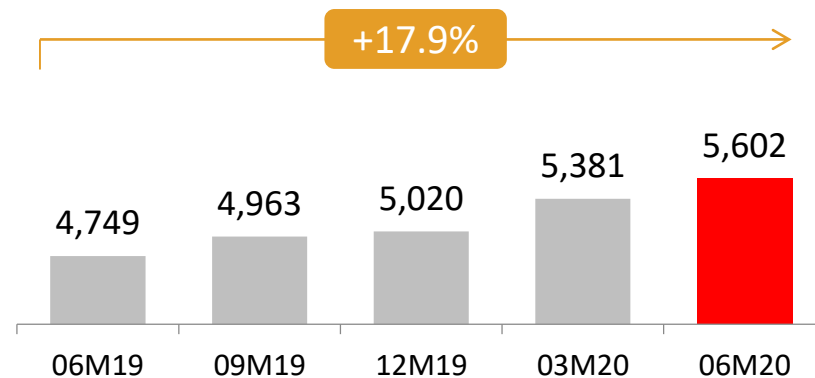
Volumes¹ per point of sale

Ch\$ billion

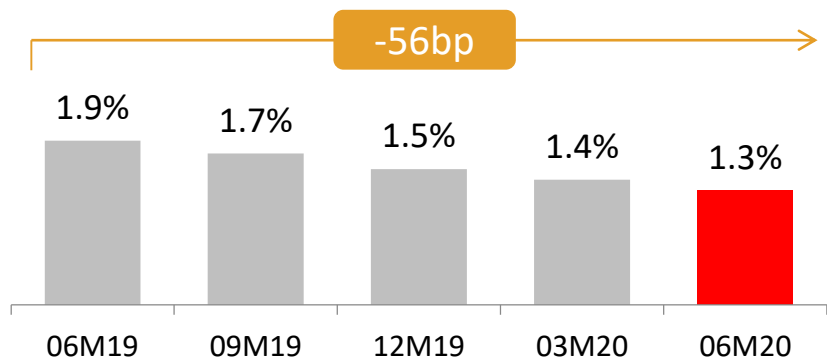


Volumes¹ per employee

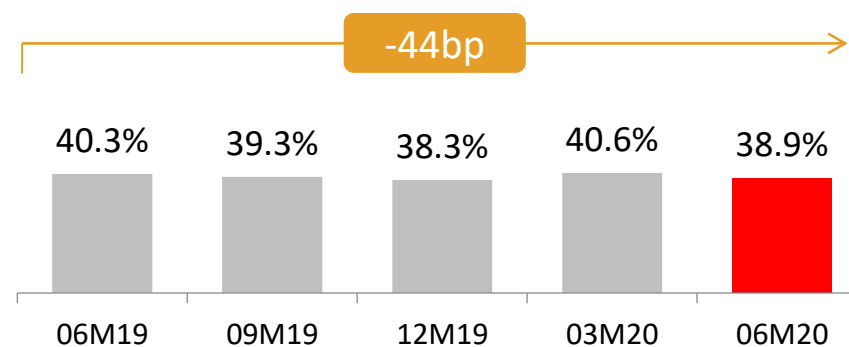
Ch\$ billion



Cost to Assets



Efficiency



1. Volumes = Loans + Deposits

AGENDA


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Strategic initiatives

Moving forward in our innovations

Challenge	Approach	Progress
Offer transactional products with access to digital economy		More than 70,000 clients, with official launch in April 2020
Increase SME access to banks and to digital economy		First operation in Dec. 2019. Full operations begin 2H20
Enter the car loan market, creating synergies with other bank products, creating synergies with other bank products		Transaction complete. Acquired in November 2019
Reactivate loan growth within mass segment		Over 215,000 clients. Already profitable
Continue expanding cross-selling with our clients with better products		Launch of the first Insurtech company in Chile in April 2020
Digitalization of onboarding and loans		Obtain loan without going to a branch
Branch format in digital / socially-distanced world		Building on our Workcafé 2.0 pilot branches to design the future of our network

We have announced an investment plan of US\$380 million for the period of 2019-2021 in technology, branch upgrading and new products and services.

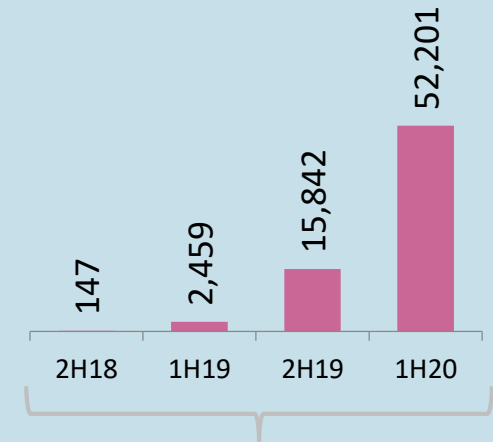
Superdigital



- Officially launched in April 2020
- Strategic alliances with companies for direct debit
- Great option for unbanked group who needs a cheap digital account
- Target market: 4.5 million people with income < Ch\$ 400 thousand (US\$7 thousand a year)

People can receive government benefits through this account

New Superdigital clients each semester



+70,000
Total SD clients

All accounts are free of charge during 2020



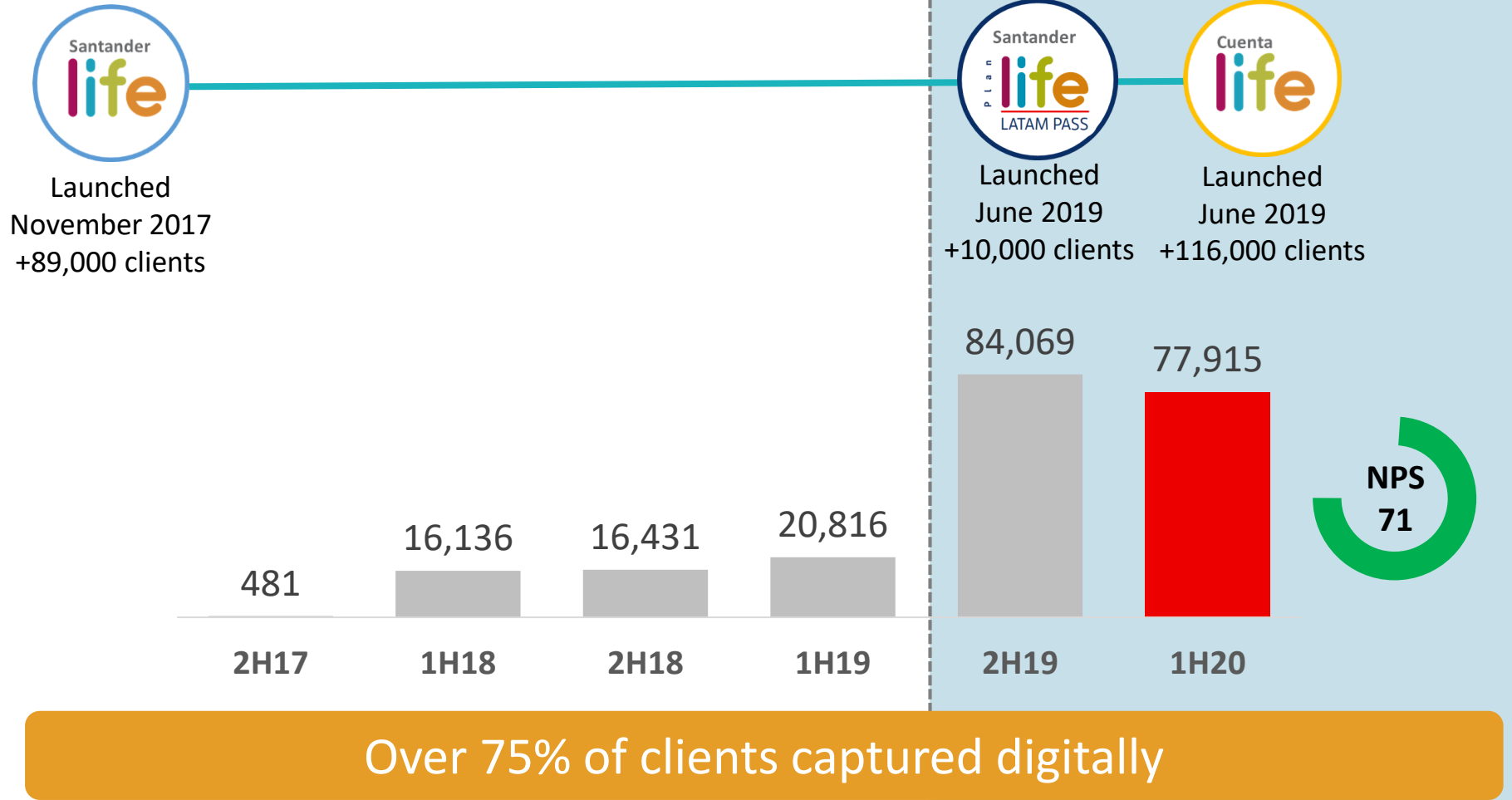
Recibe tu Ingreso Familiar de Emergencia en Superdigital

Abrir tu cuenta y mover tu plata tiene costo \$0



Strategic initiatives

Life continues to grow at a strong rate with best-in-class NPS



Santander Life is already profitable



vs.



Evolution of total gross revenues¹:

1H20: Ch\$18 bn

2019: Ch\$20 bn

2018: Ch\$7 bn

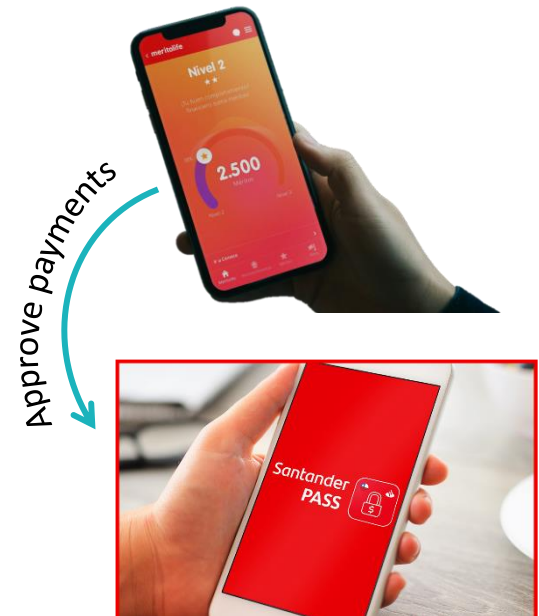


Client acquisition:	US\$150	US\$15
Digital onboarding:	0%	75%
Branches:	100	0

And a better risk profile

The road ahead

1. Upgrading all debit card clients to full current account
2. Access to Santander Pass opens more online payment capabilities
3. New products will be launched soon providing new cross-selling opportunities
4. Merits Program: Inclusion of more non-credit opportunities (savings)
5. Remote attention model based on robotics and AI



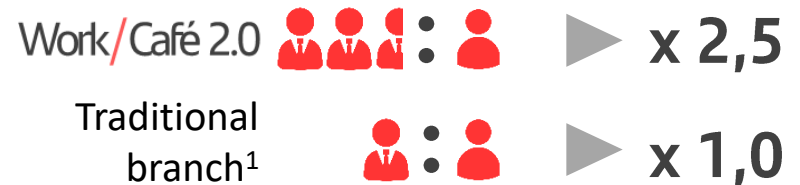
1. Net interest income plus fees

New branch model already successfully piloted

- In light of the success of the Workcafé branch model, we developed the Workcafé 2.0 which we began piloting in 2019.

- Its digital format fits perfectly for the post COVID-19 world
- No tellers
- No vaults
- More efficient and productive
- Significantly more advanced digital and AI capabilities.
- Implementation process accelerated

Commercial : backoffice personnel



	Work/Café 2.0	vs.	Traditional branch ¹
Gross revenues	+32%		+2%
Stock clients	+16%		-1%
New clients	+16%		+3%

Conclusions

2Q20 results reflect our strong core banking franchise

- ✓ The Central Bank and CMF have launched a series of initiatives that will help to maintain liquidity and capital levels.
- ✓ Government measures will also help to mitigate financial impact on the population
- ✓ Strong deposit growth in the quarter. High liquidity levels.
- ✓ Loan growth centered on less risky assets
- ✓ Capital ratios are healthy, which will improve as FOGAPE guarantees will be risk weighted 10% (in line with BIS III)
- ✓ Coverage levels reach record high levels
- ✓ Strong growth of gross income in the quarter, reflecting our defensive business model and balance sheet
- ✓ Accelerating implementation of strategic initiatives. Client growth has remained high due to strength of digital channels. New branch model project underway
- ✓ Solid efficiency levels in the quarter

Thank you.

Our purpose is to help people
and business prosper.

Our culture is based on believing
that everything we do should be:

Simple Personal Fair



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

