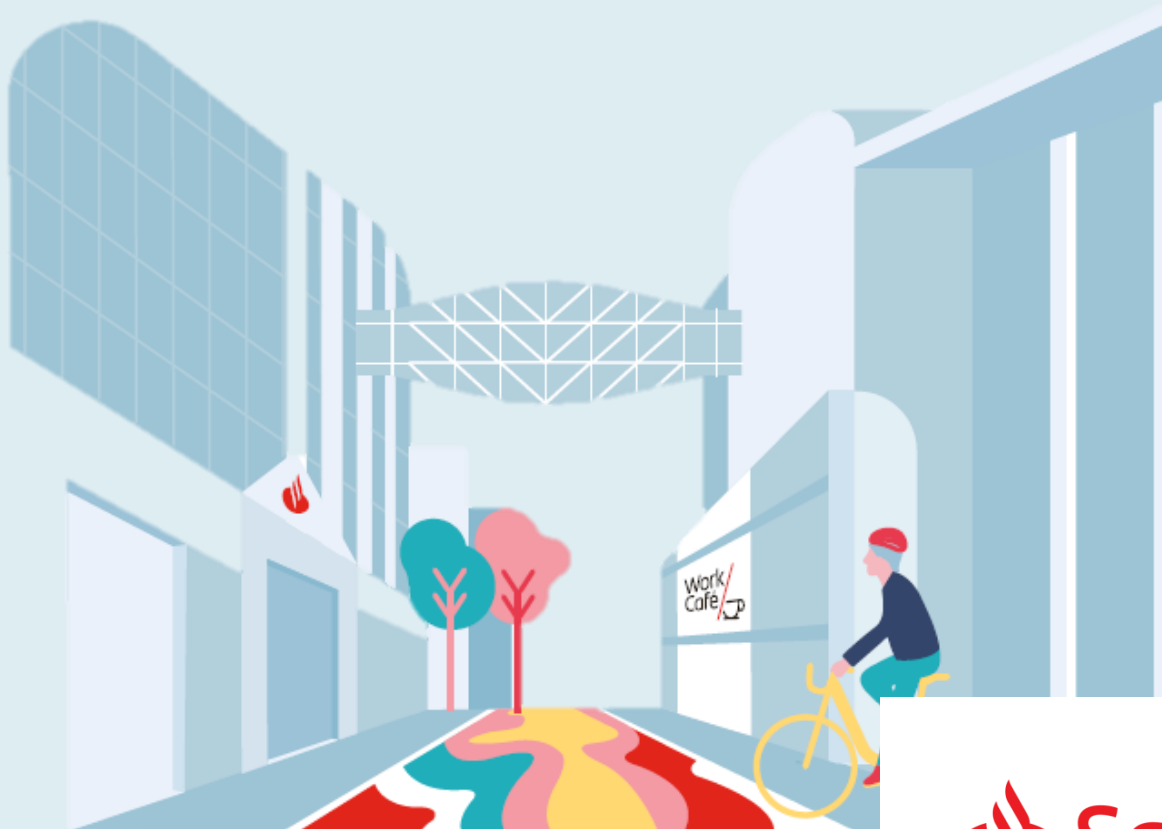


Banco Santander Chile

Institutional Presentation



June 2019



AGENDA

CHILE: A STABLE AND DIVERSIFIED COUNTRY

SOUND FINANCIAL SYSTEM WITH GROWTH POTENTIAL

SANTANDER CHILE: A LEADING BANK

ADVANCES ON OUR STRATEGIC OBJECTIVES

Chile: A Stable and Diversified Country



DID YOU KNOW...?



Chile is one of the longest countries in the world, spanning 4,620 kilometers, with a width of just over 150 km.



The Andes mountains trace the entire length of Chile, covering approximately 80% of its surface.



Easter Island, one of the most remote communities in the world, is Chilean.



Atacama Desert in the North is the driest place on Earth.



Chile's North experiences more than 200 cloudless nights a year, providing clear skies for some of the largest telescopes in the world.



Puerto Williams is the southernmost permanent human settlement in the world.



DEMOGRAPHICS



There are 18.8 million Chileans.



85% of the country's population lives in urban areas.



5.6 million people live in the capital, Santiago.



There are 127 per 100 inhabitants that have cellphone subscriptions.



Between 2014 and 2017, immigration increased by 232%, coming especially from Haiti and Venezuela.



Estimated life span is 79.1 years.



The literacy rate for the population is 97.5%.



Chile has the lowest amount of population below the poverty line in Latin America, reaching 8.6% in 2017.

CULTURE



Chile is known as the land of poets, having various Nobel Prize Winners, including Gabriela Mistral (the first Latin America Nobel Prize of Literature) and Pablo Neruda. Isabel Allende is a Chilean writer, famous for novels that fuse autobiographical and magic realism aspects.



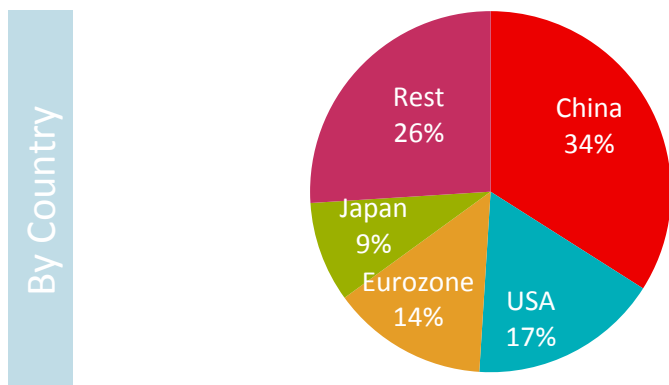
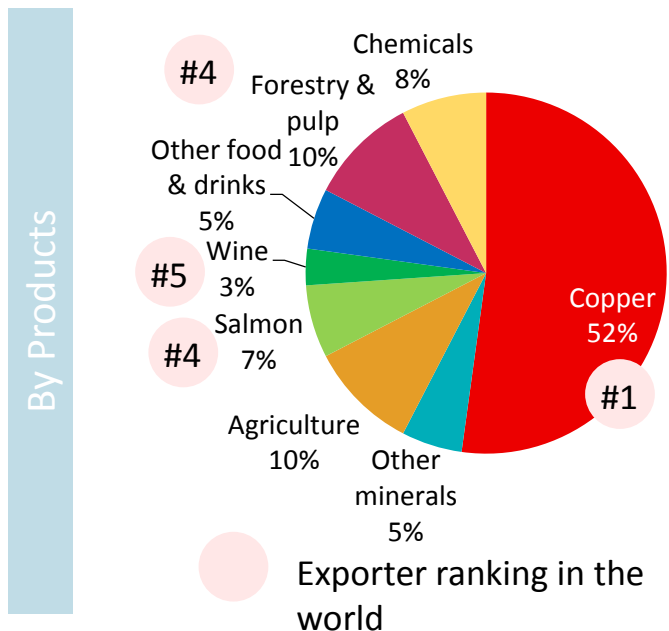
Soccer is the most popular sport in Chile. Arturo Vidal & Alexis Sánchez are currently the most famous players



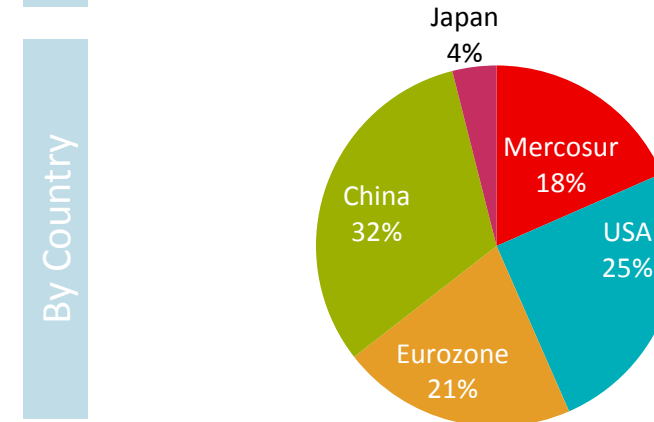
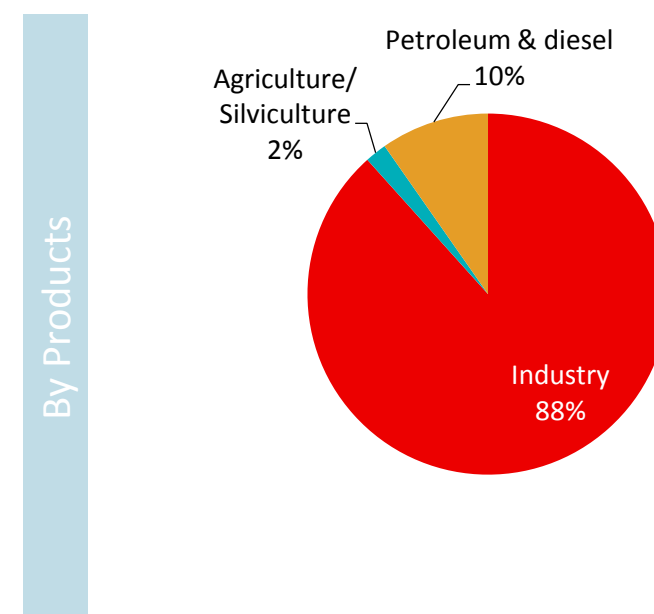


Our main trade partners are China and USA

Exports: US\$69 billion



Imports: US\$75 billion



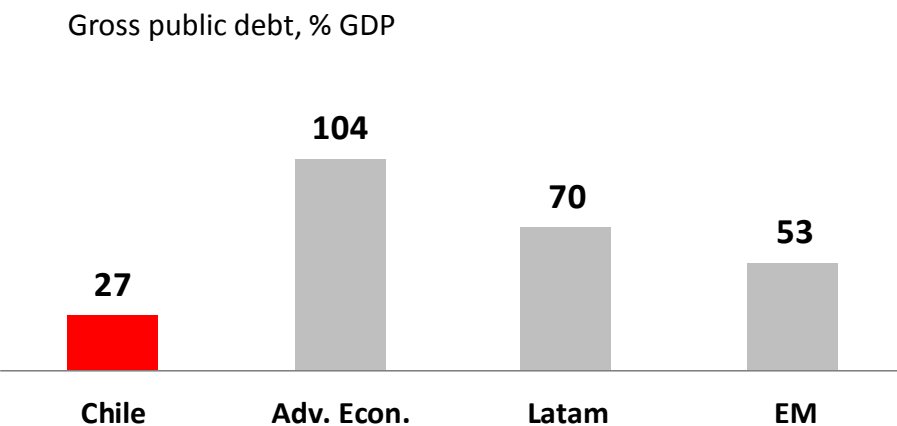


Diversified economy and high sovereign rating

Chile: Key economic indicators^{1,2}

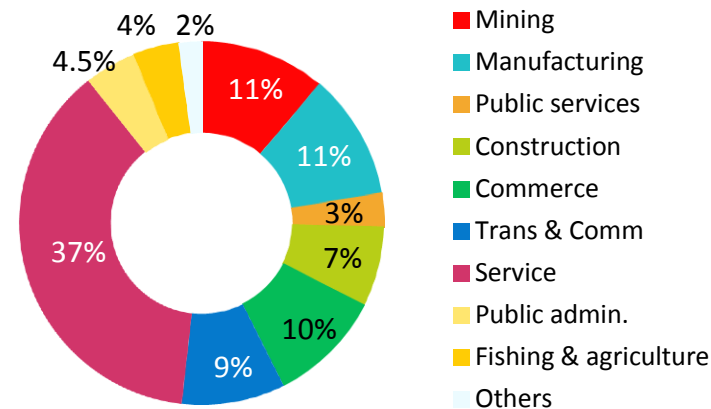
Population:	19.1mn
GDP ³ :	US\$296bn
GDP per capita (PPP):	US\$15,780
Exports / GDP:	25%
Investment / GDP :	23%
Net public debt / GDP:	8%
Sovereign ratings:	JCR: AA- / Mdy: A1/ SP: A+/ Fch: A

Low public debt^{3,4}

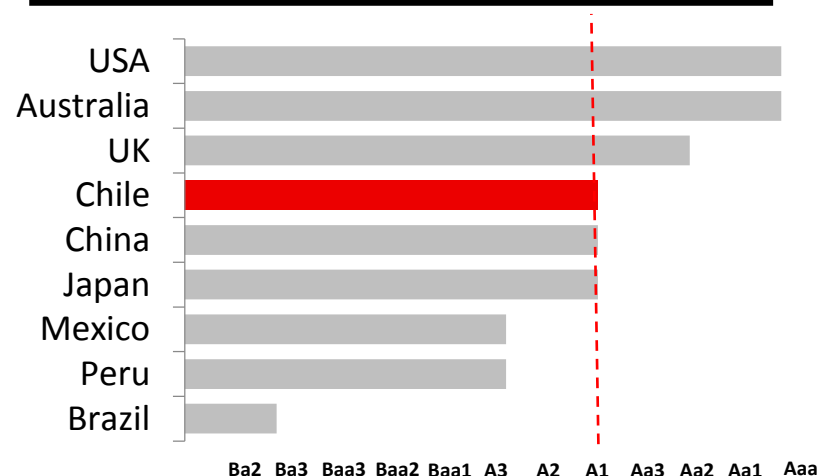


Chile's economy is well diversified¹

GDP by economic sector, %



High sovereign rating⁵

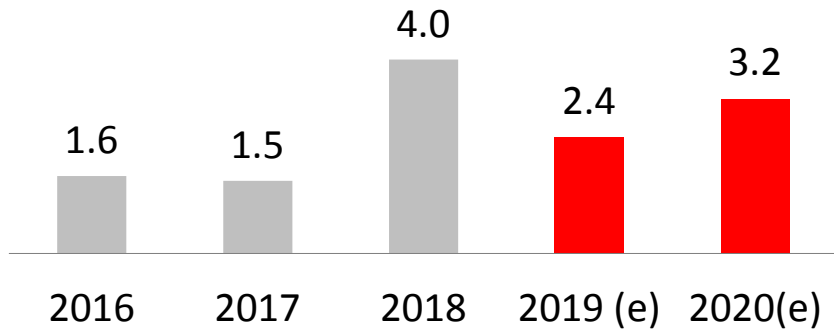




GDP growth expectations

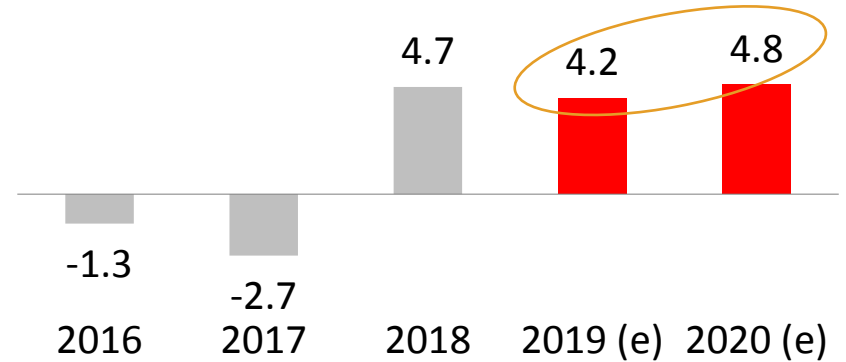
GDP

YoY real growth, %



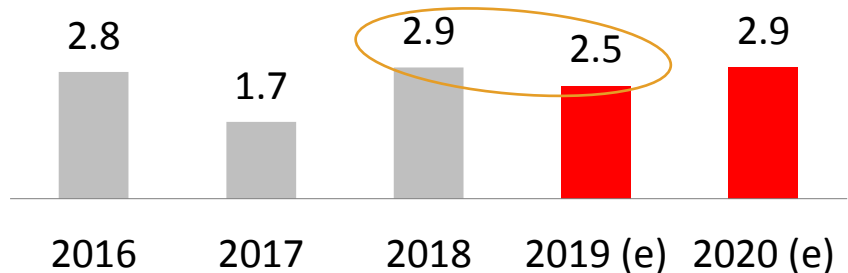
Investment

YoY real growth of fixed capital formation, %



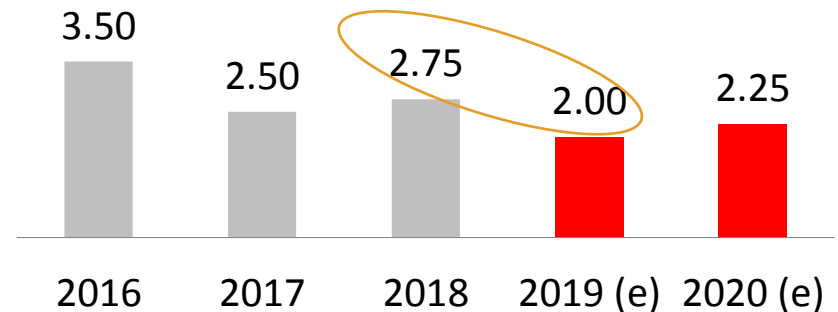
Inflation

Annual change in UF inflation, %



Central Bank ST Reference Rate

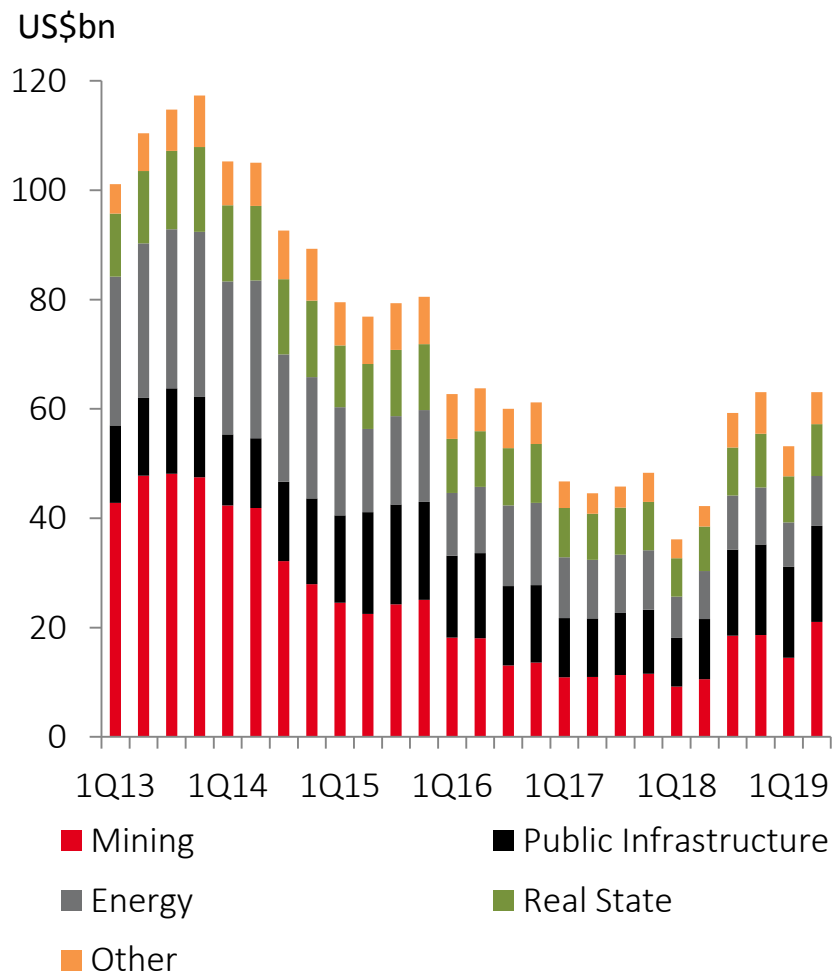
%





...with a pick up in investment in various sectors

Five year investment portfolio

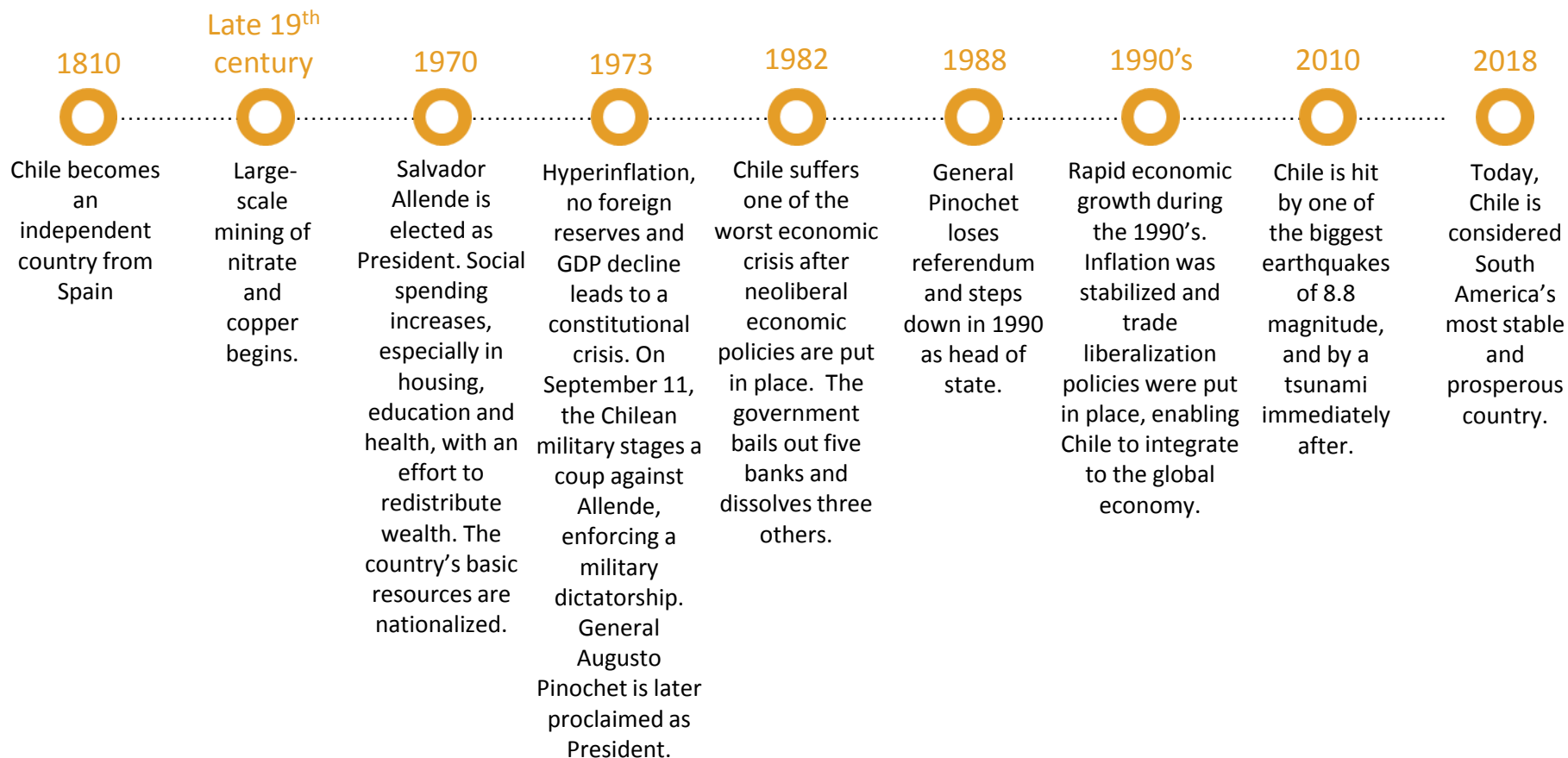


Growth by Sectors (YoY growth, %)

	2017	2018	2019 (f)	2020 (f)
Agro/Fishing	1.8	5.7	-0.5	3.3
Mining	-1.8	5.2	-1.2	1.2
Manufacturing	1.8	3.9	0.3	1.7
Construction	-3.2	3.2	3.6	5.2
Utilities	5.6	5.0	3.0	2.9
Commerce	2.6	5.0	3.3	4.0
Transportation	2.0	4.4	3.9	3.3
Communications	3.4	4.7	3.1	3.1
Services	1.2	3.6	3.4	3.4
Public Admin.	2.0	1.1	2.5	3.1
GDP	1.3	4.0	2.7	3.2



Development of Chilean democracy has led to solid nation



AGENDA

CHILE: A STABLE AND DIVERSIFIED COUNTRY

SOUND FINANCIAL SYSTEM WITH GROWTH POTENTIAL

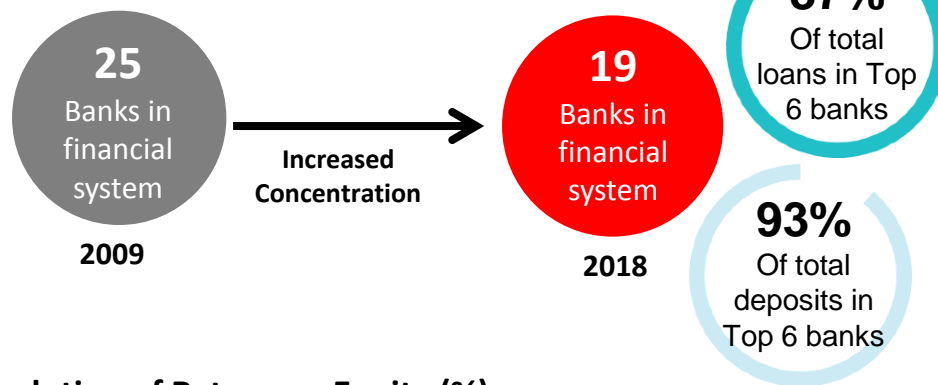
SANTANDER CHILE: A LEADING BANK

ADVANCES ON OUR STRATEGIC OBJECTIVES

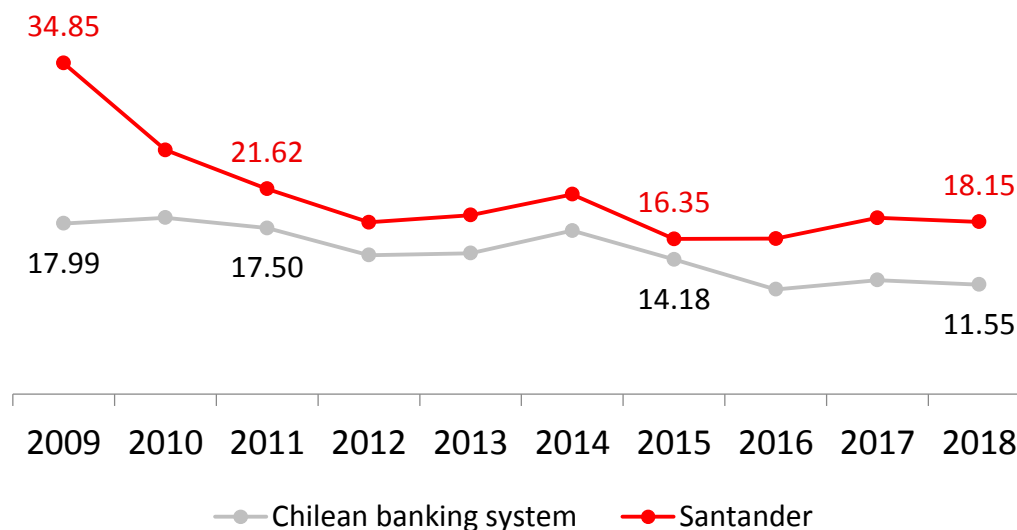
Sound Financial System with Good Growth Potential

Solid Financial System

As of Dec. 2018	Ch\$ bn	US\$ bn
Assets	246,265	354.0
Loans	178,578	256.3
Deposits	138,924	199.1
Equity	20,736	29.7
Net income	2,395	3.4
NIM	3.9%	
Cost of credit	1.1%	
NPL ratio	1.9%	
Coverage ratio	128.4%	
Efficiency ratio	50.9%	
ROAA	1.0%	
ROAE	12.5%	
Core capital	10.7%	
BIS ratio	13.3%	



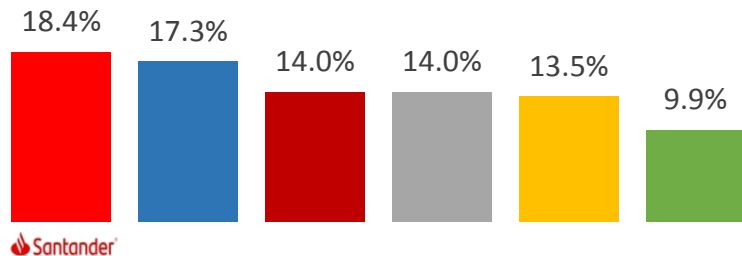
Evolution of Return on Equity (%)



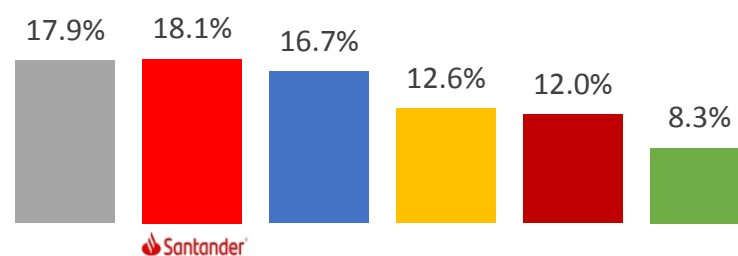
No banking crisis in Chile since the beginning of the 1980's thanks to prudent regulations and strong supervisory bodies.

The main figures of the banking system

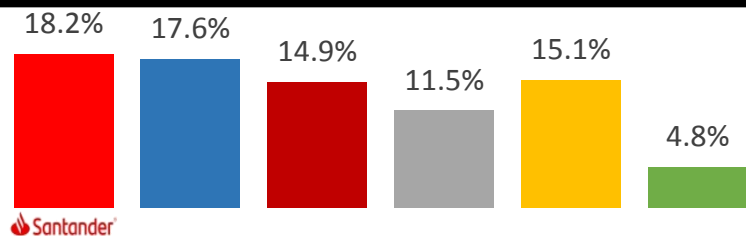
Loan Market Share¹



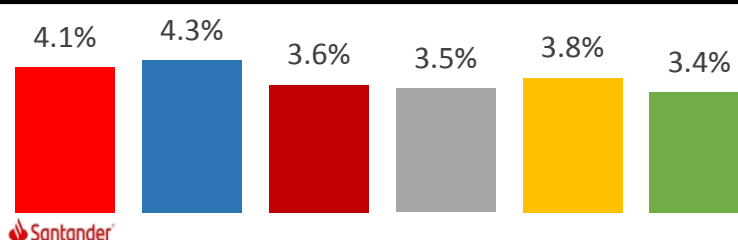
Deposit Market Share¹



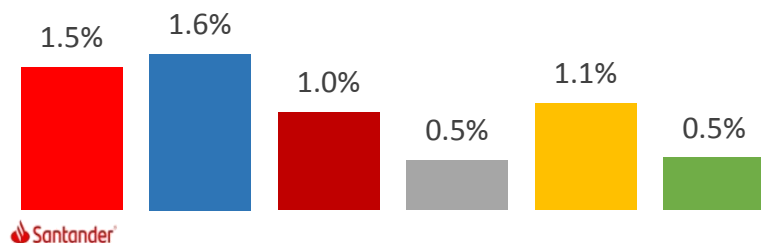
Return over Average Equity¹



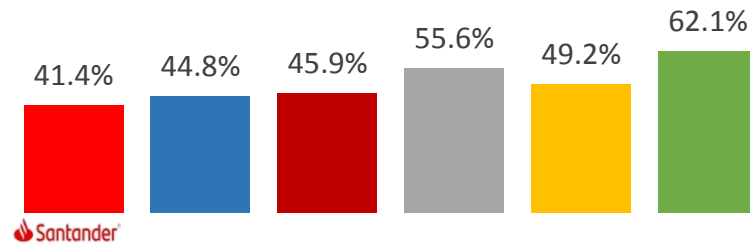
Net Interest Margin^{1,2}



Return over Average Assets¹

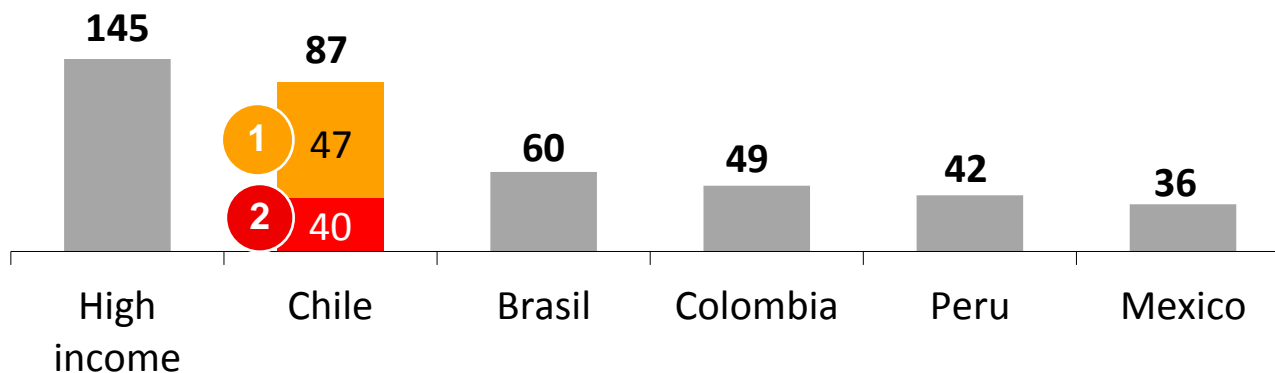


Efficiency^{1,3}



Developed banking system with high growth potential

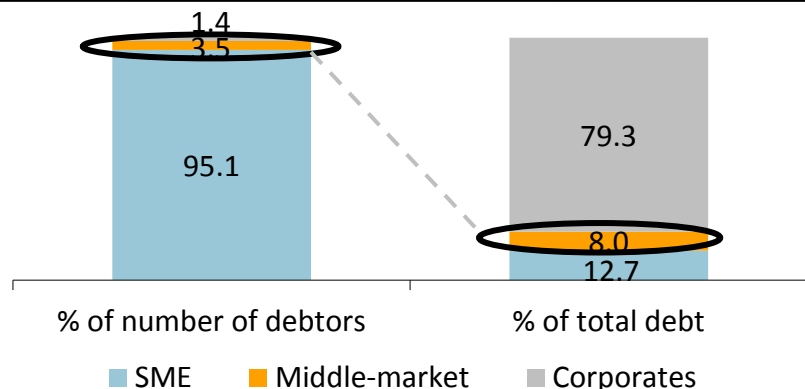
Loans to GDP, 2018 (%)¹



1 Loans to companies over GDP

The large corporates make up around 1% of all the companies, but have 80% of the total debt.

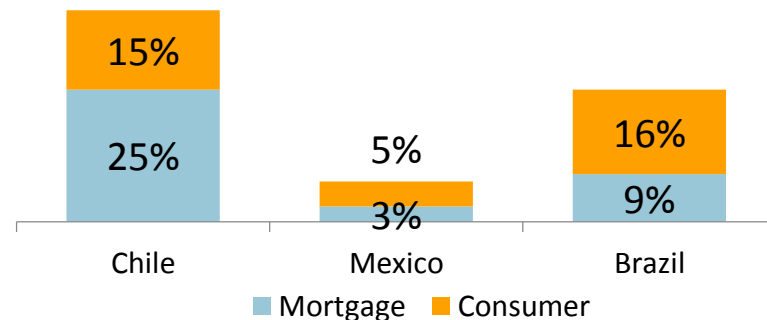
Commercial lending by type of client



2 Loans to individuals over GDP

The mortgage market is deep in Chile and many households have long-term stable debt.

Individual loans penetration²



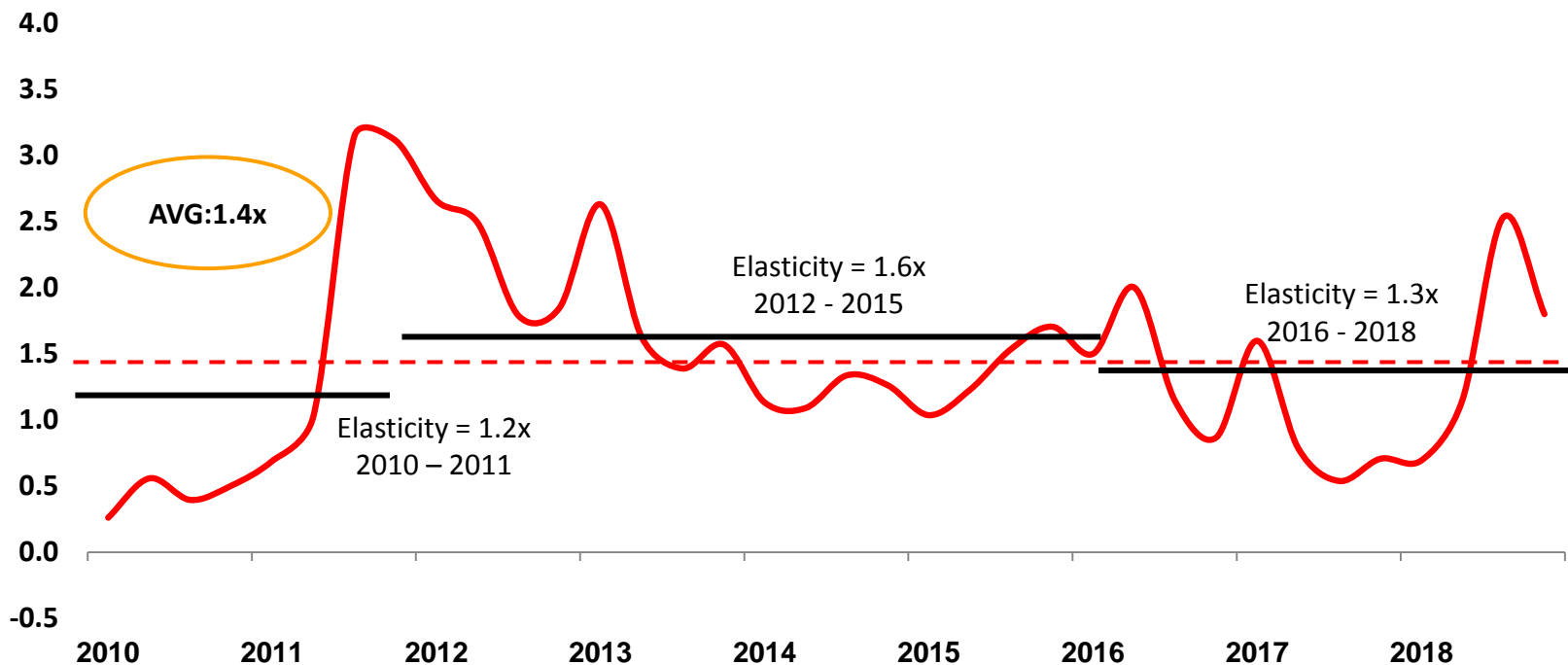
1. Or latest available information. Source: World Bank, weighted by size of world economies. Chilean loan include bank and non-bank lending. Source Chile: Santander Chile based on information from SBIF, BCCh, CMF and Superintendency of Social Security.

Source: SBIF, 2018

2. Sources: for Chile: SVS, SBIF and SVS; for Mexico: Comisión Nacional Bancaria y de Valores; for Brazil: IBGE

Loans multiplier of 1.4x

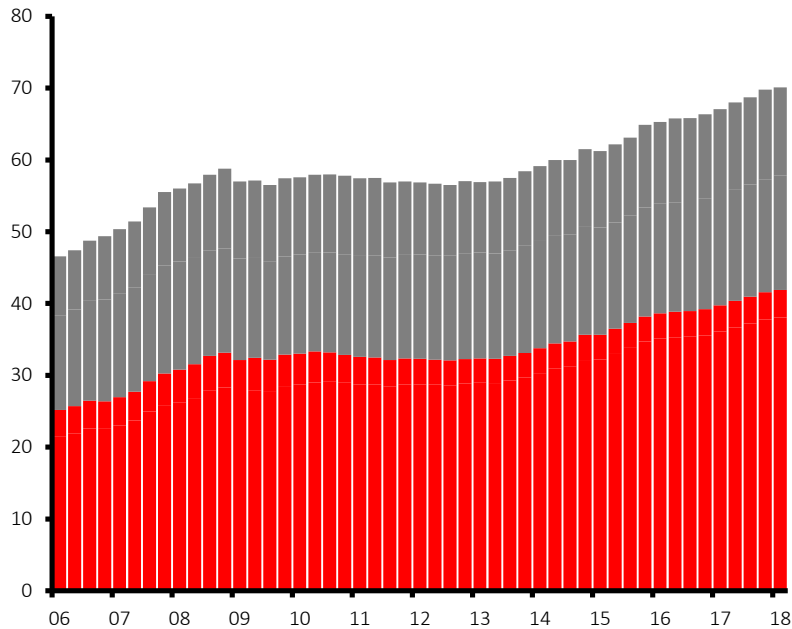
Loan growth multiplier¹



Loans should continue to grow 1.4 times GDP

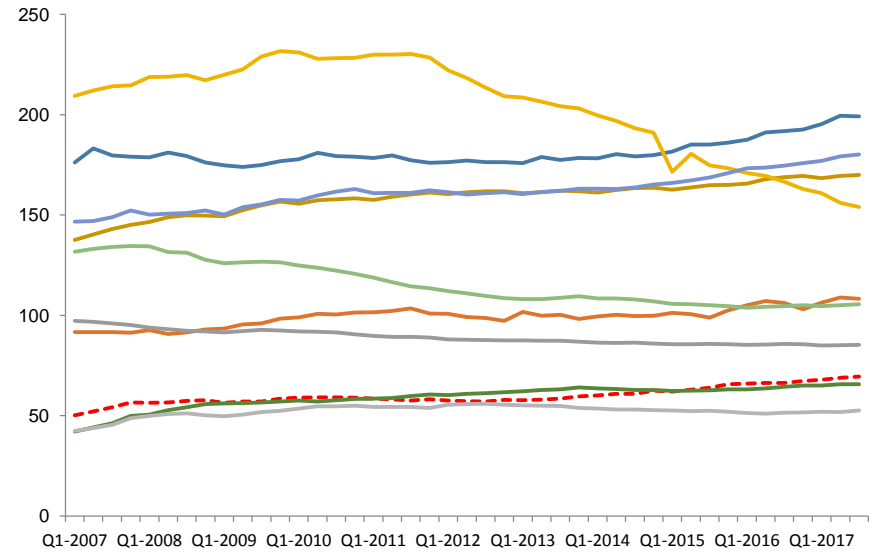
Household debt rising but still low compared to other nations

Household debt to disposable income, %



- Consumer loans to disposable income
- Mortgage loans to disposable income

Household debt to disposable income, %

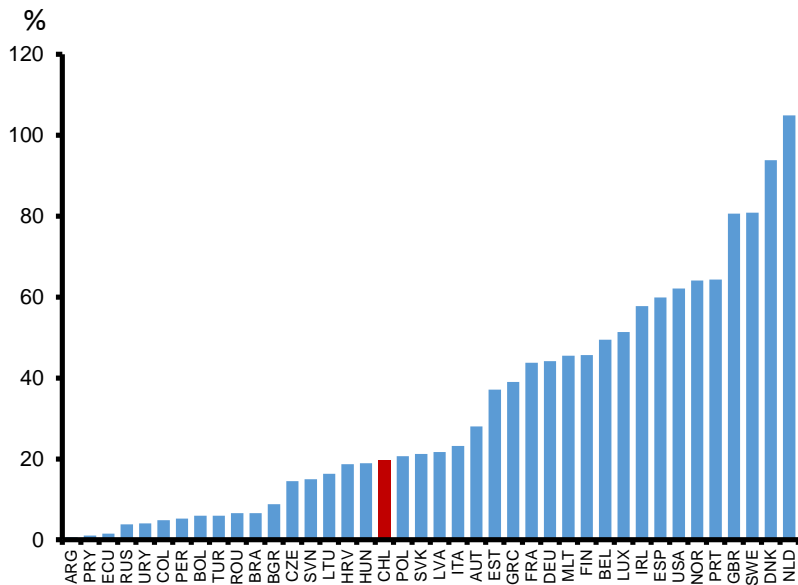


- Australia
- - - Chile
- France
- Ireland
- Sweden
- Canada
- Czech Republic
- Germany
- Slovenia
- United States

Household debt to disposable income has been increasing, but remains at low levels compared to other countries.

Mortgage penetration is still rising but is also still low

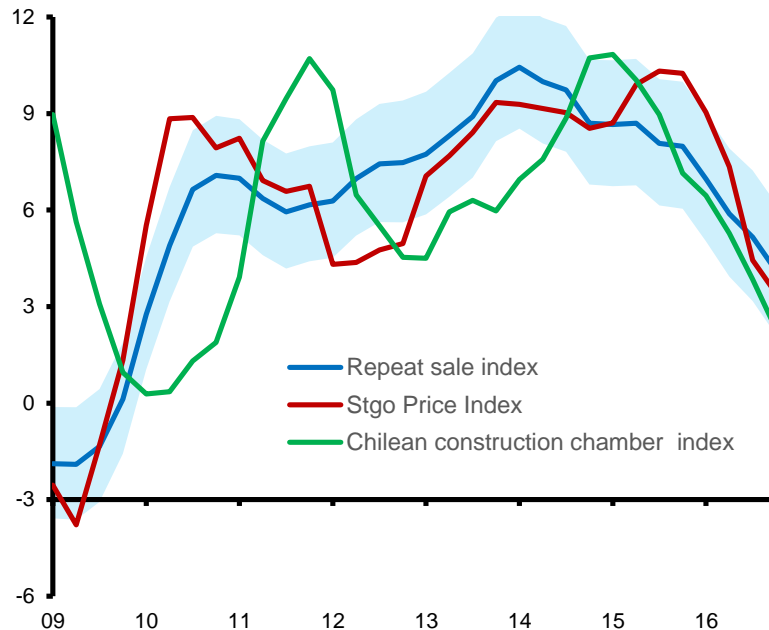
Mortgage loans to GDP OECD sample



Source: Central Bank of Chile Financial Stability Report I1H 2018, XXIX Reunión de Presidentes de los Bancos Centrales de América del Sur, McKinsey Global Institute y European Mortgage Federation.

Real estate price indexes

Yearly growth of moving average last four quarters, %



1. VW-ARS estimator presented in Shiller (1990). Four-quarter moving average of the index's growth rate is shown. Areas indicate 95% confidence intervals of significance

Source: Banco Central de Chile and Chilean Internal Revenue Service

Mortgage loans to GDP have been rising but are still low compared to other OECD countries.

Real estate prices accelerated after the earthquake in 2010 and before the VAT was applicable to the sale of used properties in 2016.

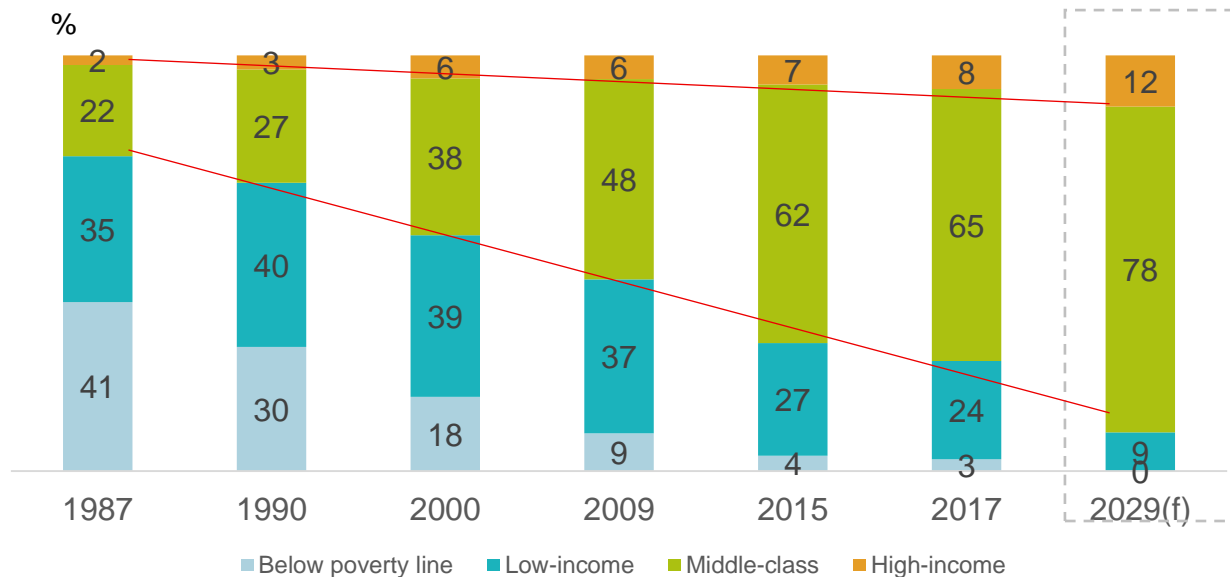
Sound Financial System with Good Growth Potential

High growth of middle income population with increasing importance of Millennials

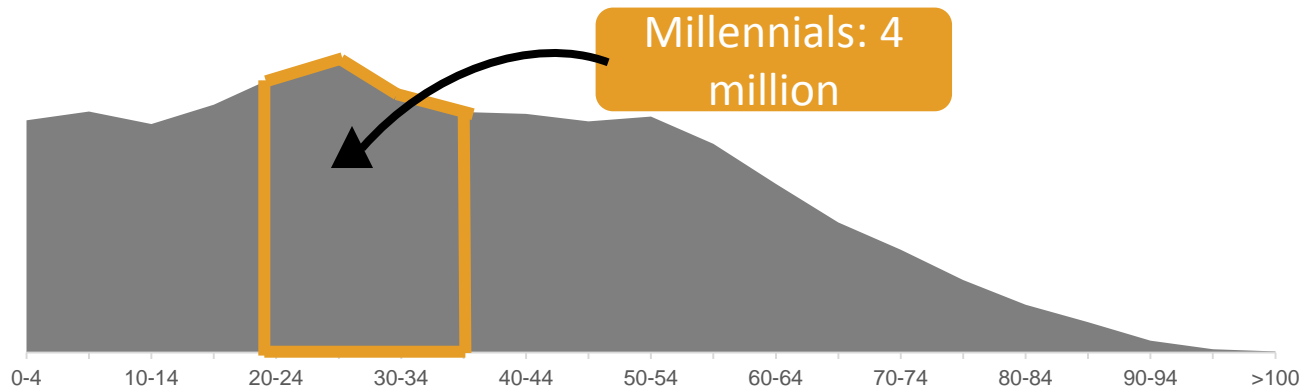
Middle-class:
highest growing segment, and should reach over **16 million** by 2029

Millennials:
4 million individuals or over **20%** of the total population

Population Distribution by Income



Population Distribution by Age

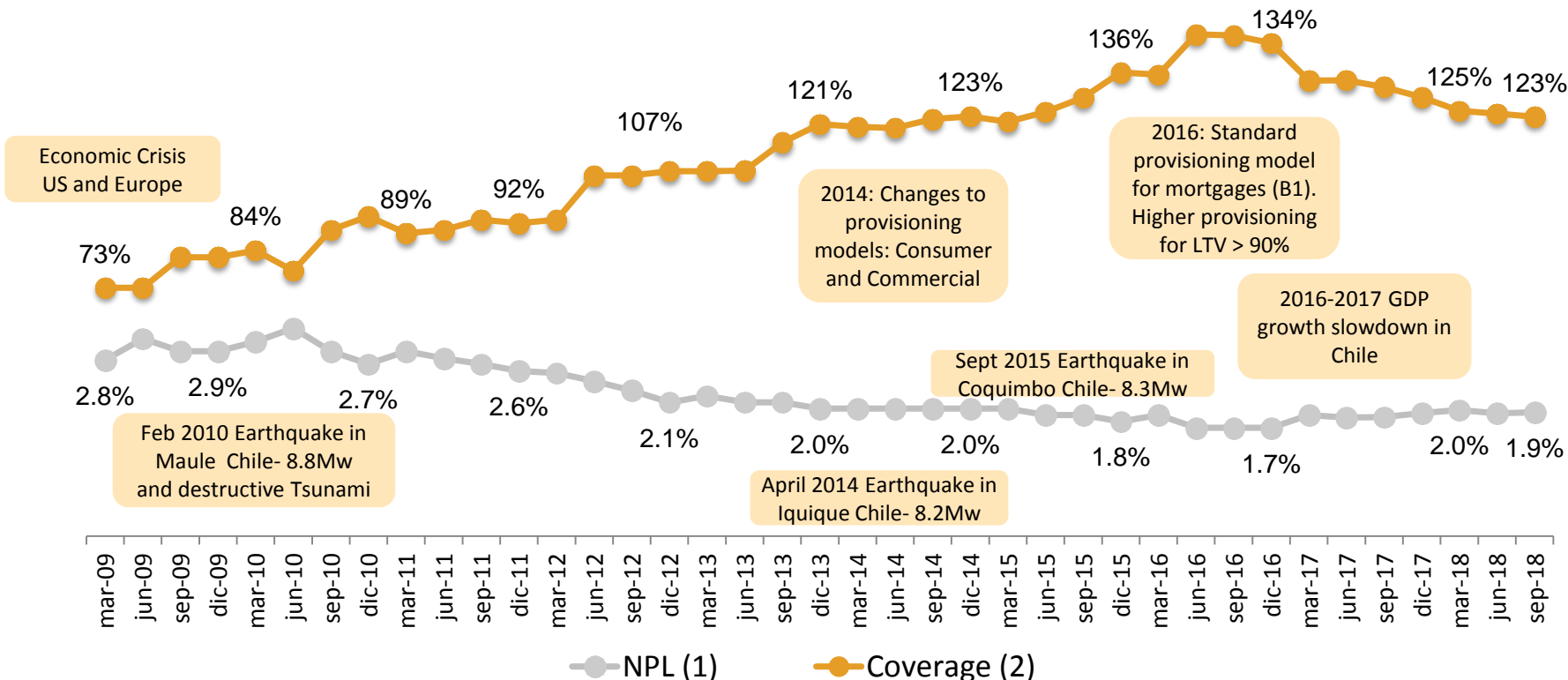


Sound Financial System with Good Growth Potential

Asset quality has been stable despite increasing regulation and market shocks in the region

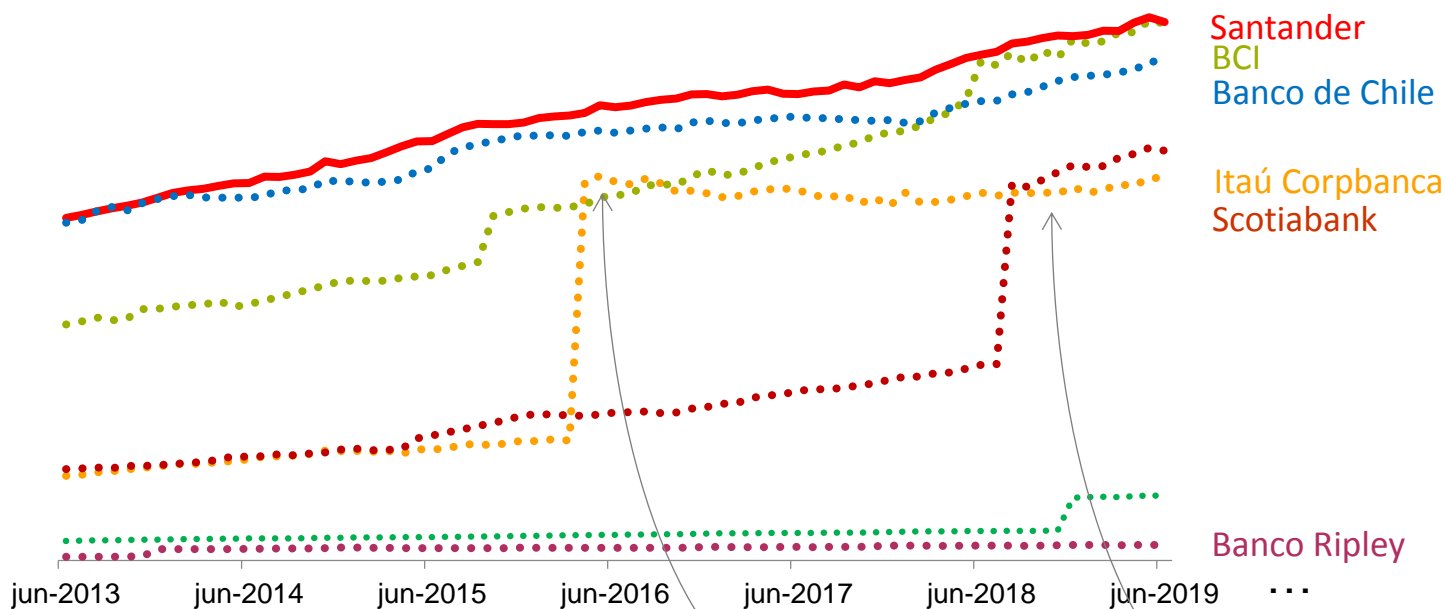
All financial institutions regulated by the CMF (previously the SBIF) use Chilean Bank GAAP as the accounting standard. The main difference to other accounting standards is that under Chilean Bank GAAP, loan loss allowances are calculated based on specific guidelines set by the local regulator, using an expected loss approach. Through the years, the local regulator has been updating their standardized provisioning models, becoming more conservative. To date, the local regulator has announced that it will not be adopting IFRS 9.

Total loans: Non-performing loans (NPL) and coverage (%)

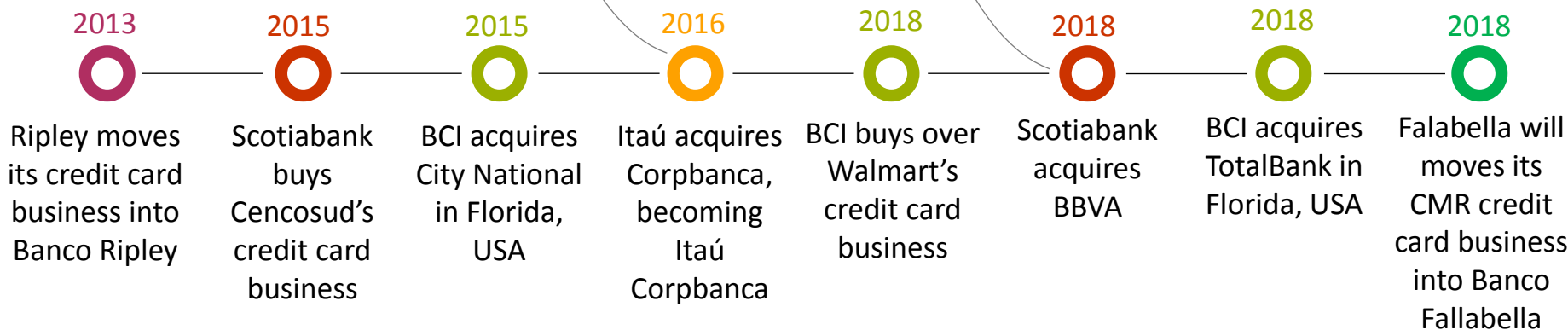


Competition has been consolidating throughout the years

Total loans to clients by bank



Santander's growth has been organic throughout the years, but recently acquired Santander Consumer Chile, an autofinancing company.



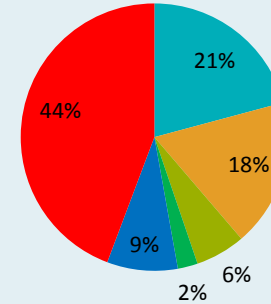
Sound Financial System with Good Growth Potential

Strong presence of institutional investors that provide liquidity

Pension Funds:

- Active participants along the entire curve.
- Approximately 75% of GDP.
- Internal policies require a local credit quality rating of investment grade.
- Limits by issuer and instruments.

Total: US\$ 209 bn

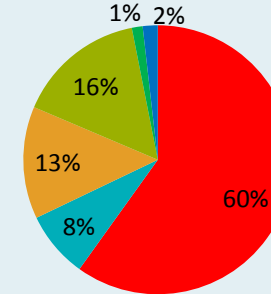


- Financial institutions
- Central Bank & Gov. Bonds
- Corporate bonds
- Investment funds
- Domestic equity
- Foreign investment

Life Insurance companies:

- Very predictable flows of financing long-term liabilities.
- Approximately 20% of GDP.
- Major investors when the term exceeds 10 years - focus on instruments with terms to 20 years or more.
- No minimum rating required to invest.

Total: US\$ 62 bn

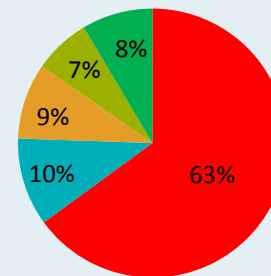


- Fixed Income
- Equity
- Foreign investment
- Real state inv.
- Loans
- Others

Mutual Funds:

- Mutual funds and individual investors focused primarily on short-term profitability and/or liquidity.
- Approximately 20% of GDP.
- Major investors when the terms of the instruments do not exceed five years.
- Limits by issuer and instruments.

Total: US\$ 56 bn

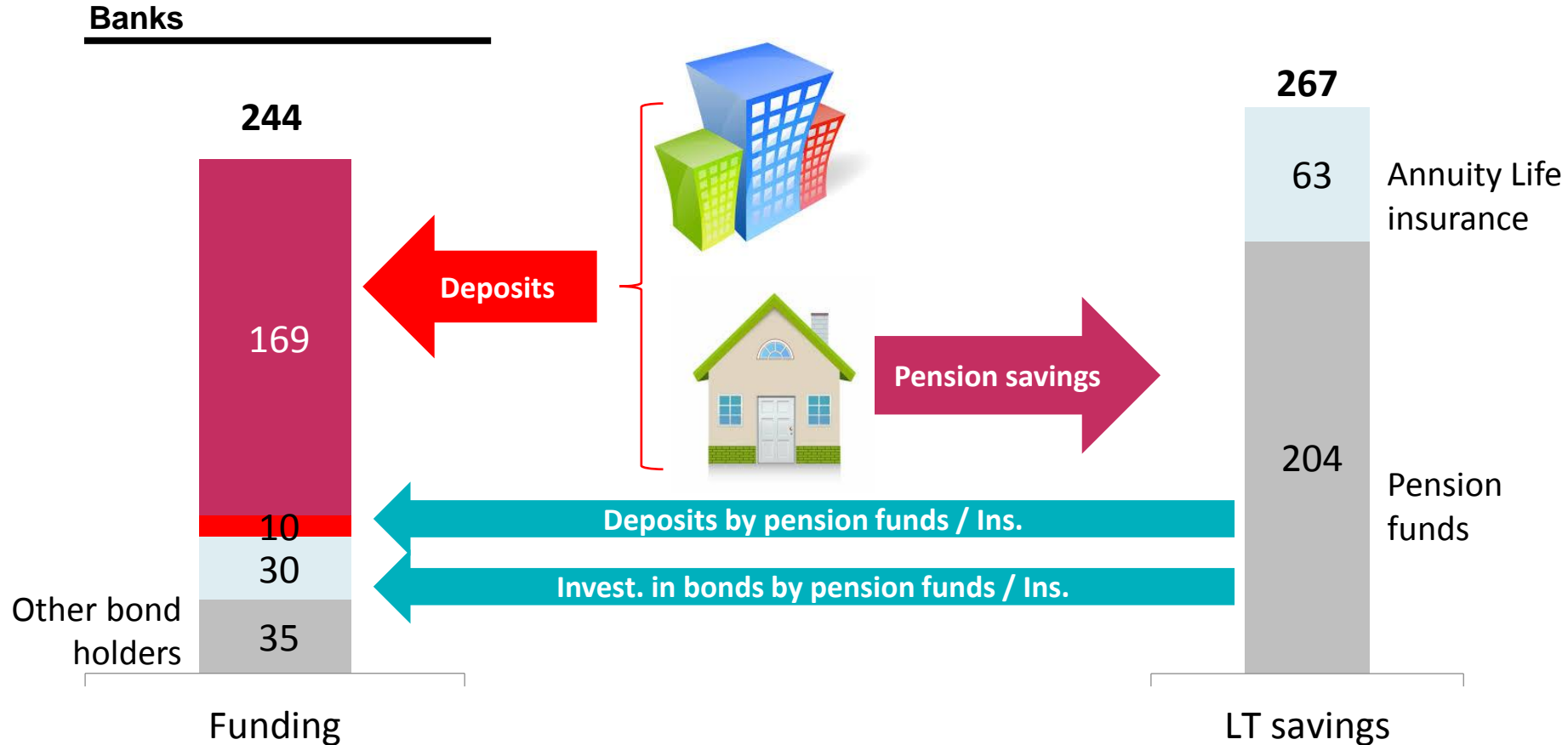


- Financial institutions
- Equity
- Investment funds
- Central Bank & Gov. bonds
- Corporate bonds

Sound Financial System with Good Growth Potential

Unique savings cycle gives stability to market funding sources

Chile's savings, US\$ billion*



In Chile, 10% of salaries are put into pension funds throughout the duration of an individual's work life. Pension funds then fund banks through deposits and investment in bonds. Since their investment horizon is long-term, pension funds are a natural investor to fund long-term loans such as mortgages.

Sound Financial System with Good Growth Potential

Major differences of Chilean banking system with other banking systems



π

NIM
Sensitivity to
inflation

Around 50% of our loans are indexed to inflation. Loans are fixed plus inflation (fixed % + UF)

When inflation increases → UF increases
→ interest paid on inflation-linked loans increases → NII increases

A 100 bp increase in inflation → approximately 15 bp increase in NIM

On the other hand, our NIMs are negatively sensitive to increases in the short-term interest rate, since our liabilities are shorter term than our assets, and therefore reprice faster

A 100 bp increase in average short-term interest rates → approximately 12 bp decrease in NIM



$E(loss)$

Local
provisioning
models

Chilean banks are not full IFRS, since we do not use IFRS 9.

Our local regulators sets our provisioning models calculated on expected loss. Banks can either use the set models or internal models, whichever is the most conservative.

Since 2014, our local regulator has started moving towards standardized models.

Recent updates to provisioning models:

- 2014: Companies analyzed on an individual basis
- 2016: Mortgages
- 2019: Companies analyzed on a group basis



\$

Capital
requirements

Banks are currently under a very strict Basel I, where risk-weighted asset density is close to 80%.

A new banking law was passed in 2019, and banks will transition to Basel III. The details on risk weightings and possible capital instruments are still to be determined.

The system as a whole will have a shortfall when implementing Basel III. We believe Santander Chile will not need a capital increase and will be fully compliant from the beginning.

The banks will have approximately four years to become fully compliant.

What is the UF?

- › The UF (Unidad de Fomento) is an inflation-indexed unit used in Chile.
- › It was created in 1967 and used for certain international secured loans in order to calculate real interests. Over time, it was extended to other bank loans, contracts and other investments.
 - › **Most real estate and mortgages are valued in UF in Chile.** Wages are adjusted in accordance with the CPI (in accordance with the Labor Code).



CPI: Consumer Price Index, which shows the variation of prices of basic consumer goods. This index is published on a monthly basis.

- › **The value of the UF varies daily.**
- › The monthly variation (beginning on the 10th of each month and ending on the 9th of the following month) of the UF is in line with the total CPI variation of the previous month.

$$\left[\left(\frac{1 + \Delta\%CPI}{100} \right) - 1 \right] \cdot (1/d)$$

$\Delta\%CPI$: Percentage change of last month's CPI
d= number of days of the current period for which the UF is being calculated.

1UF = Ch\$ 27,565,79 = US\$ 40.9 (As of December 31, 2018).

The Chilean financial system is well ring-fenced



- ✓ No interim dividends allowed (Art 57).
- ✓ No dividend allowed if it infringes minimum capital requirements (Art. 56)
- ✓ **Liable:** Directors of a Bank who propose the payment of dividends in violation of the provisions of Title IV of the General Banking Law shall be liable to the refund of the dividend distributed under such circumstances (Art. 58).
- ✓ **Lending limits** (Art 84):
 - Same borrower: 10% of regulatory capital unsecured and up to 30% of regulatory capital if additional 20% is secured. 30% limit to single economic Group.
 - Related party lending: Limited to 5% of regulatory capital (unsecured) or 25% (w/ collateral). Total related party lending cannot exceed regulatory capital.
 - No loans to Board members
- ✓ **Audit Committee:** All 3 members must be independent

Our main regulators



Central Bank of Chile

Autonomous institution.

Mission: To safeguard the stability of the currency and the normal operation of the internal and external payment systems, hereby contributing to the well-functioning of the economy, financial stability, and the well-being of society.

Central Bank targets a 3% inflation, with a threshold of +/- 1%.

Governed by five members, each designated by the President of the Republic who must be ratified by the Senate for a term of 10 years. President of the Bank is elected among the current five members every five years by the President of the Republic.



CMF

Decentralized public service, related to the President through the Ministry of Finance. Supervises entities within the securities and exchange markets.

Mission: to promote social wellbeing, contributing to the development of the financial markets and to preserve the trust in the system.

The Commission is made up of five members, designated in the following manner:

- (i) President of the Commission designated by the President of the Republic for a term of four years.
- (ii) Four members designated by the President who must be ratified by the Senate for a term of six years, which can be reelected in pairs every three years.



SBIF

Supervises banks and financial institutions seeking to protect depositors and the public interest.

Mission: Ensure the stability of the financial system.

Superintendent is named by the President of the Republic of Chile.

During 2019 a new banking law was passed, and on June 1, 2019, the SBIF merged into the CMF, leaving one sole regulator, the CMF, for all listed companies.

Our general banking law

General Banking Law 1925-2019

With the General Banking Law passed in 1925, the Central Bank and the banking regulator at the time- the SBIF- was born. Over the years the banking law has been modified to include new standards. Within this law, banks were under Basel I, where capital required and risk weighting of assets was stipulated within the law. This made it difficult to modify any of the requirements as each modification needed to be passed by Congress.



New General Banking Law 2019-

In January 2019, the new banking law was passed. Here, the regulator takes a more predominant role and sets capital requirements and risk weightings themselves. The structure of the regulator also changes: instead of one Superintendent overseeing banks, there is a commission that oversees not only banks, in addition to all other listed companies. In this manner, the structure is much more flexible in order to move with international standards.

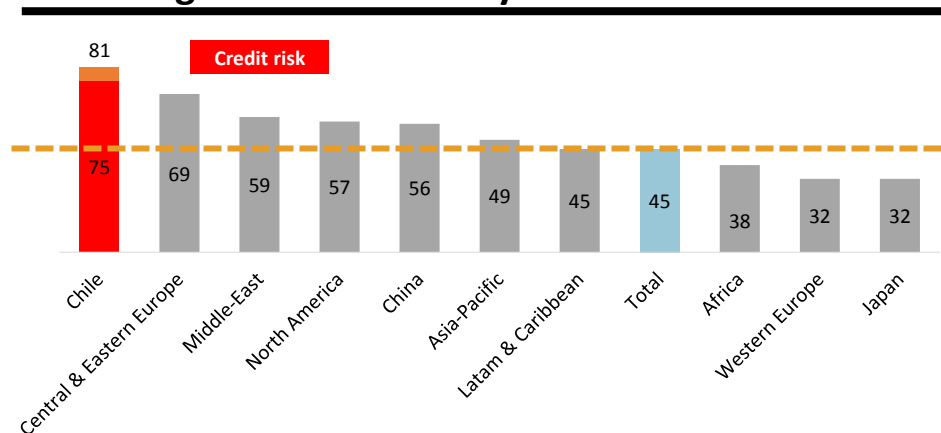
Sound Financial System with Good Growth Potential

New banking regulation will implement BIS III in Chile

Currently:

- › Chile has a very high risk-weighted asset density, where mortgages are all risk weighted 60% and consumer and commercial loans 100%.

Risk-weighted asset density¹



The new banking law was passed at the beginning of 2019, paving the way for the transition to BIS III. The main changes are:



Merger of SBIF with CMF
Seeks to have a solid and efficient governance which will be more flexible to make changes in accordance to international standards
Merger as of June 1, 2019



Minimum capital requirements
Increase capital requirements, giving more faculties to regulator in the decision-making process



Mechanisms to manage crisis
Includes mechanisms of early intervention in order to prevent a bank's insolvency beforehand, protect bank depositors and maintain the financial stability of the system



Other guarantees
Increase in state guarantees for deposits, among others

1. BIS. RWA density = Risk weighted assets / Total assets. The Banker database July 2017. Chile includes credit and market risk

Sound Financial System with Good Growth Potential

New banking regulation will implement BIS III in Chile

- › New banking law has higher capital requirements, but we would expect normalization of RWA density.
- › Hybrid instruments (AT1 and preferred stock) will be recognized as capital
- › Normal transition to BIS III should be positive for our capital ratios
- › Includes the implementation of liquidity ratios (LCR and NSFR)
- › **Following steps:**

Next 12-18 months



SBIF will merge the CMF, creating one general regulator for all companies (including banks)

Next 12 months



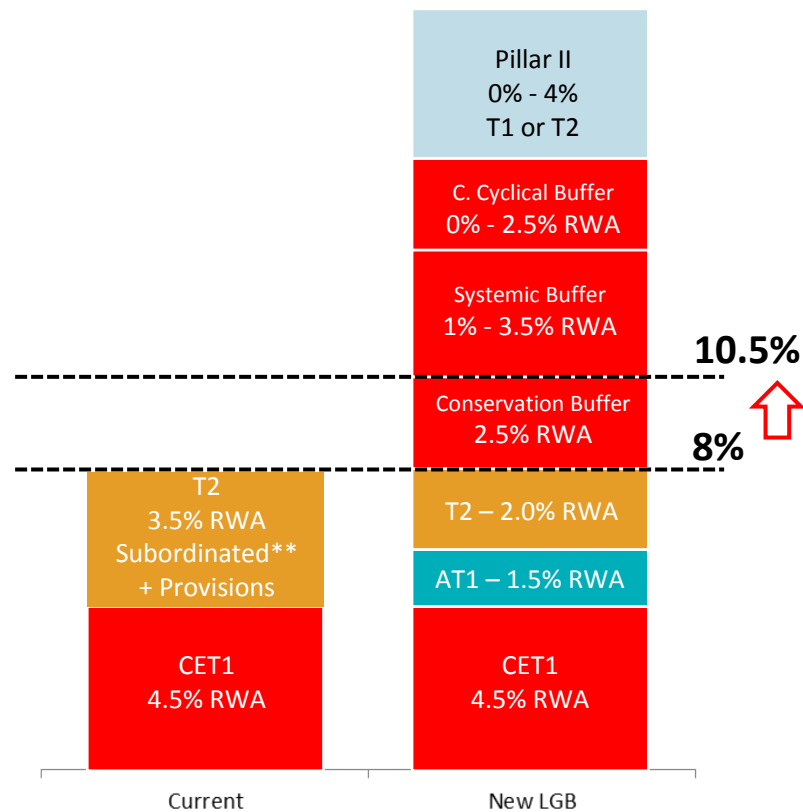
CMF will have to specify the requirements for the implementation of Basel III

Next 4-5 years



Implementation time for banks to be fully compliant to Basel III requirements

Introducing new capital requirements



** Subordinated bonds allowed up to 50% of the CET1

AGENDA

CHILE: A STABLE AND DIVERSIFIED COUNTRY

SOUND FINANCIAL SYSTEM WITH GROWTH POTENTIAL

SANTANDER CHILE: A LEADING BANK

ADVANCES ON OUR STRATEGIC OBJECTIVES

Santander Chile is the nation's leading bank

Figures in US\$

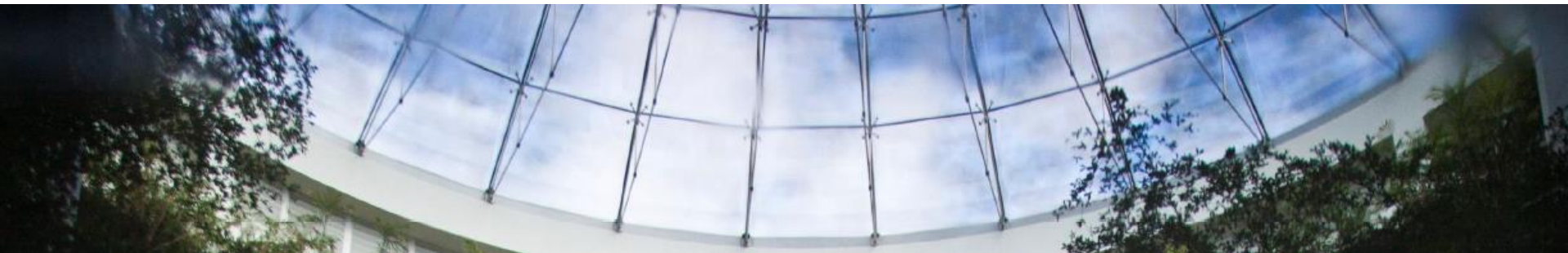
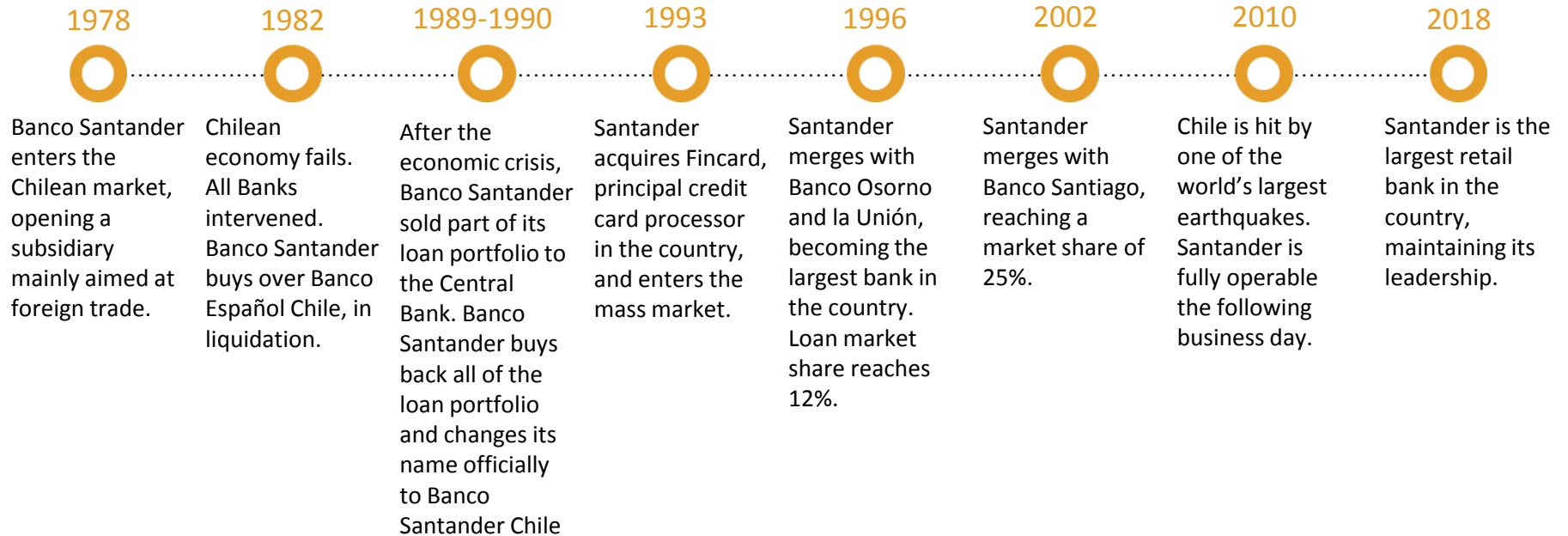


Business and Results	06M19 (US\$)	YoY
Gross Loans	45.8 bn	6.4%
Deposits	32.5 bn	5.9%
Equity	4.9 bn	5.7%
Net income ¹	859 mn	1.6%
Network and Customers	06M19	Market Share
Clients	3.4 mn	21.4% ²
Digital Clients	1.1 mn	31.7% ³
Offices	380	18.4%
Market Share²	06M19	Rank
Loans ⁴	18.4%	1
Deposits ⁴	18.1%	1
Checking accounts ²	21.4%	1
Bank credit cards ⁵	27.7%	1

1. Net income attributable to shareholder, last twelve months 2. Market share of clients with checking accounts, as of May 2019. Source: CMF 3. Average yearly market share over clients that enter a website with a passkey. Excludes Banco Estado. Source: CMF. YTD avg as of May 2019. 4. Excludes loans and deposits of Chilean banks held abroad. 5. Market share in terms of monetary amount of credit card purchases, as of May 2019.

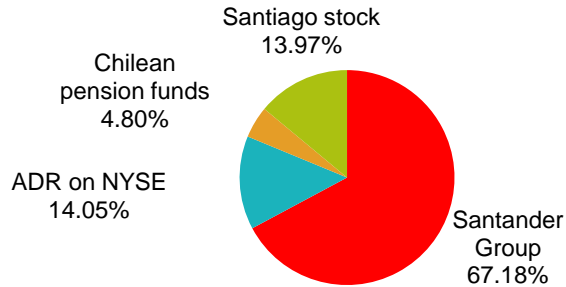
A leading bank

Santander Group's first significant foreign endeavor was in Chile



Ownership structure

Composition of shareholders

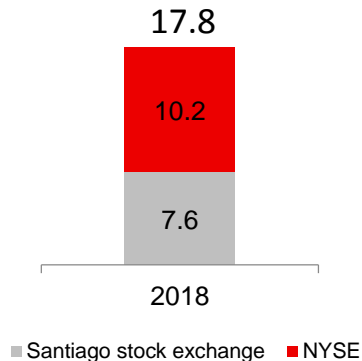


12.0%
Total return local
stock 2018

Santander Group owns 67.2%. We are listed on the Santiago Stock Exchange and the NYSE

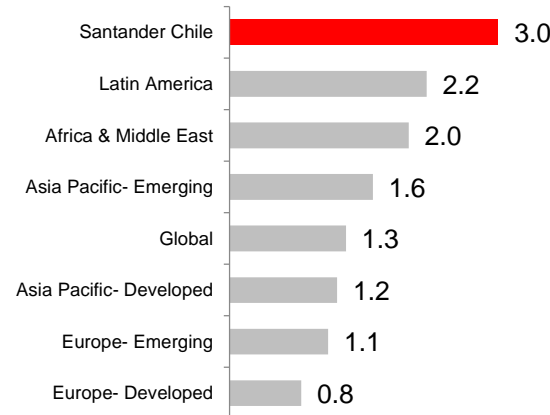
Average daily volume traded

(US\$ millions)



Price to Book value vs global banks

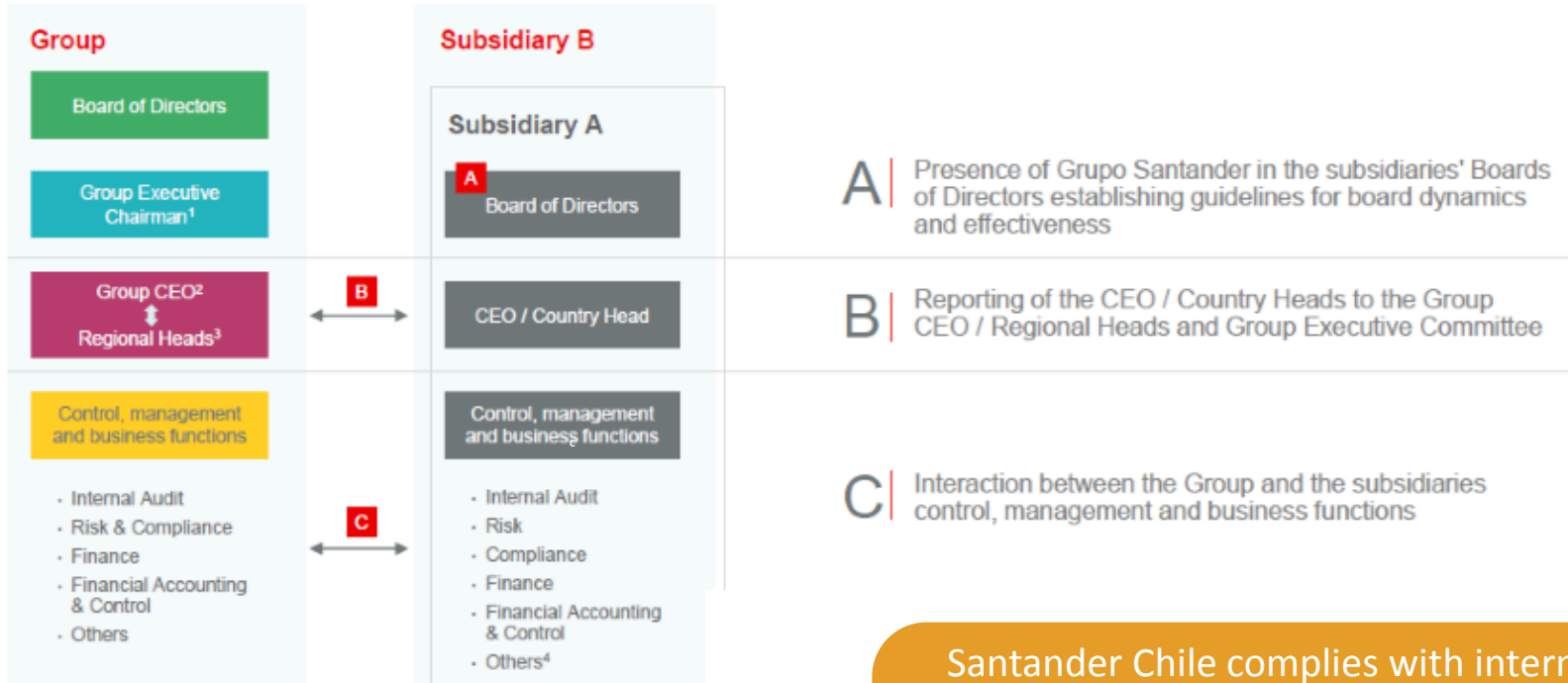
(P/B times, as of Dec. 2018)



Minority shareholders

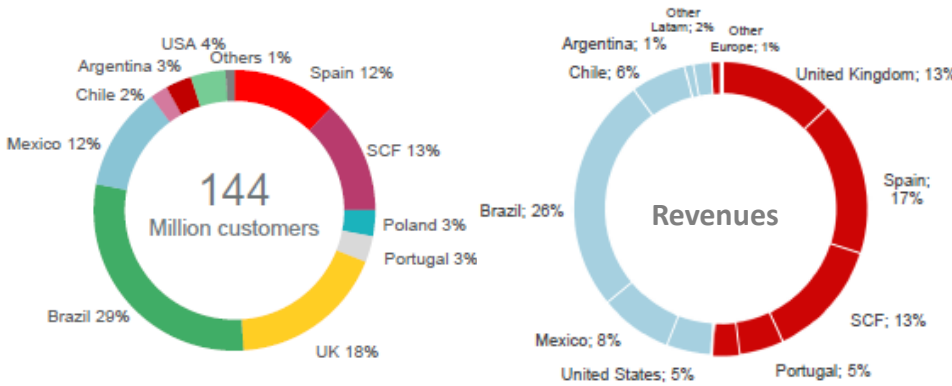
Standard Life Aberdeen PLC	7.8%	UK
Itau Corpbanca (on behalf of third parties)	2.3%	Chile
T Rowe Price Group Inc	2.0%	US
Banco de Chile (on behalf of third parties)	1.5%	Chile
Banco Santander (on behalf of third parties)	1.4%	Chile
JPMorgan Chase & Co	1.2%	US
A F P Provida S A	1.2%	Chile
Vanguard Group Inc	1.2%	US
A F P Habitat S A	1.1%	Chile
Schroders PLC	1.1%	UK
A F P Cuprum S A	1.0%	Chile
A F P Capital S A	0.9%	Chile
Harding Loevner LP	0.7%	US
AQR Capital Management LLC	0.6%	US
Banchile stock broker	0.6%	Chile
Wells Fargo & Co	0.6%	US
Renaissance Technologies LLC	0.5%	US
ADIA	0.5%	Utd Emirates
Government of Singapore	0.4%	Singapore
Santander stock broker	0.4%	Chile
William Blair & Co LLC	0.4%	US
NORGES BANK	0.4%	Norway
B.C.I. Stock broker	0.4%	Chile
USS Investment Management Ltd	0.3%	UK
FMR LLC	0.3%	US
A F P Modelo S A	0.3%	Chile
BlackRock Inc	0.3%	US
Dimensional Fund Advisors LP	0.2%	US
Larrain Vial S.A. stock broker	0.2%	Chile
INCA Investments LLC	0.2%	US
Morgan Stanley	0.2%	US
Valores Security S.A. stock broker	0.2%	Chile
Ariel Investments LLC	0.2%	US

Relationship with Santander Group



Santander Chile complies with international standards of corporate governance as established by the Group

However we are independent in terms of Capital, Liquidity, Financing and Dividends.



A leading bank

Santander follows a global funding strategy based on independence

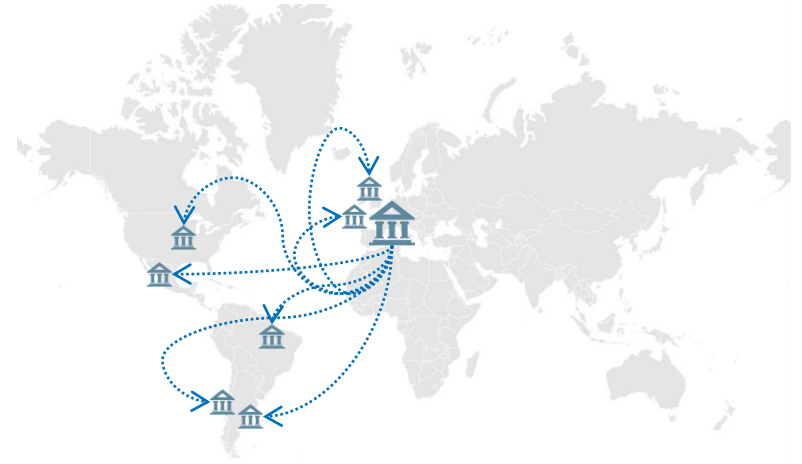
Santander Model



“Firewalls”

International network of **INDEPENDENT** subsidiaries in terms of funding, capital, liquidity and dividends

Other models



“Crisis Contagion”

International network of **DEPENDENT** branches in terms of funding, capital, liquidity and dividends

Independent board

	Analysis & Resolution Committee	Human Resources Committee	Audit Committee	Asset & Liability Committee	Market Committee	Risk Committee	Strategy Committee
Claudio Melandri ★		Member			Member	Member	Member
Rodrigo Vergara ☆			Member	Member			
Orlando Poblete Iturrate ☆		Member	Member				
Juan Pedro Santa María Pérez	Member					Member	
Lucía Santa Cruz Sutil	Member					Member	Member
Ana Dorrego							
Rodrigo Echenique	Member						
Felix de Vicente Mingo		Member	Member	Member			Member
Alfonso Gomez Morales				Member	Member	Member	Member
Bianca Bustamante Bravo (Alternate)		Member				Member	
Oscar Von Chrismar (Alternate)				Member	Member	Member	

= Chairperson
 = Member
 ★ = Chairman of the Board
 ☆ = Vice-Chair of the Board

Corporate Governance Standards

- ✓ **Board of Directors:**
5 out of 11 Board members unrelated to Grupo Santander. Board approves Corporate Responsibility & Sustainability Policy and Strategy.
- ✓ **Separation of functions:** commercial areas separated from risk; main credit decisions taken by committees.
- ✓ **Compliance:**
Regulated by CMF of Chile, ECB and SEC. Comply with SEC and NYSE Guidelines & SOX.

➔ Independent Board members with no relationship to the Bank or the Santander Group.

✓ **DJSI Chile, MILA**



Main board committees

Risk Committee

The Risk Committee of the Board is **responsible for reviewing and monitoring all risks that may affect us**, including reputation risk, allowing for an integral risk management. This committee serves as the governing body through which the Board supervises risk in general. It also evaluates the reasonability of the systems for measurement and control of risks. This Committee includes 6 Board members. This committee also includes the CEO, the Director of Risk and other senior level executives from the commercial side of our business.

Audit Committee

The Audit Committee is comprised of **three independent members of the Board of Directors**. This Committee's primary responsibility is to support the Board of Directors in the continuous improvement of our system of internal controls, which includes reviewing the work of both the external auditors and **the autonomous Internal Audit Department**. The committee is also responsible for analyzing observations made by regulatory entities of the Chilean financial system about us and recommending measures to be taken by our management in response. The external auditors are recommended by this committee to our Board of Directors and appointed by our shareholders at the annual shareholders' meeting.

ALCO

The ALCO includes the Vice-President of the Board and three additional members of the Board, the Chief Executive Officer, the Chief Financial Officer, the Corporate Financial Controller, the Manager of the Financial Management Division, the Manager of Market Risk, the Manager of the Treasury Division, and other senior members of management. The ALCO meets monthly. All limits reviewed by the ALCO are measured and prepared by the Market Risk Department. The non-Board members of the ALCO meet weekly to review **liquidity, funding, capital and market risk** related matters.

Our management team



**CHAIRMAN
& COUNTRY HEAD**
Claudio Melandri



CEO
Miguel Mata

**DIRECTOR OF
INTERNAL AUDITING**
Ricardo Martínez



**DIRECTOR OF
RETAIL BANKING**
Matías Sánchez



DIRECTOR OF RISKS
Franco Rizza



**DIRECTOR OF
HUMAN
RESOURCES**
M. Eugenia de la
Fuente



**DIRECTOR OF
MIDDLE-MARKET**
José Manuel Manzano



**DIRECTOR OF
TECH & OPERATIONS**
Ricardo Bartel



**DIRECTOR OF
CLIENTS &
QUALITY**
Carlos Volante



DIRECTOR OF CIB
Fred Meller



**DIRECTOR OF
ADMINISTRATION**
Sergio Ávila



CFO
Emiliano Muratore



PRODUCTS
Cristián Peirano



GENERAL COUNSEL
Cristián Florence

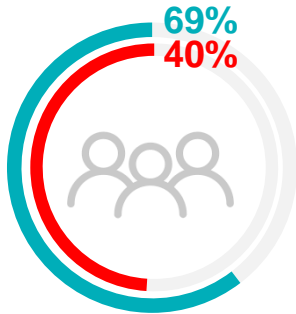


CONTROLLER
Guillermo Sabater



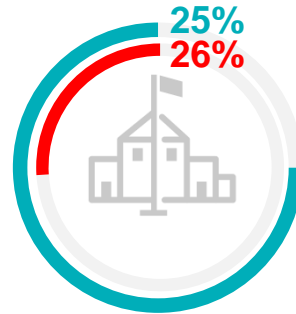
Our main business segments

■ % of total loans ■ % of total net income



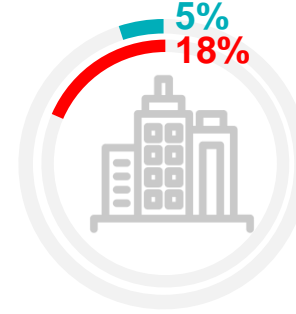
Retail banking

Individuals and small to middle-sized entities (SMEs) with annual sales less than Ch\$2,000 million (U.S.\$3 million).



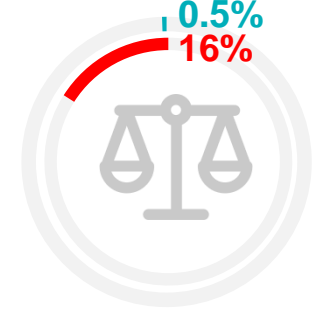
Middle-market

Companies and large corporations with annual sales exceeding Ch\$2,000 million (U.S.\$3 million). Also institutions such as universities, government entities, local and regional governments and companies engaged in the real estate industry, with annual sales exceeding Ch\$800 million.



Corporate Investment Banking

Foreign and domestic multinational companies with sales over Ch\$10,000 million (U.S.\$16.2 million). Also includes Treasury Division.

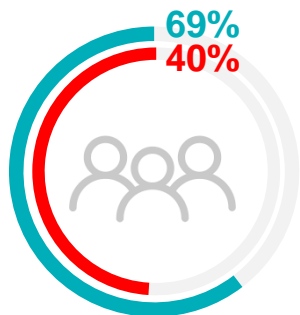


Corporate activities

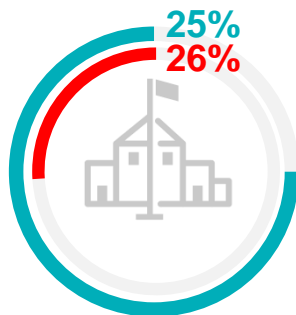
Includes our Financial Management Division, which develops global management functions, including managing inflation rate risk, foreign currency gaps, interest rate risk and liquidity risk.

A diversified and universal bank

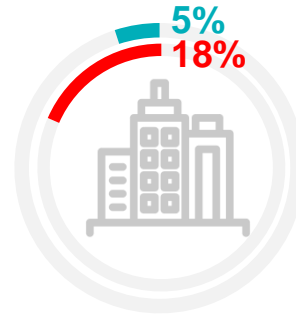
■ % of total loans ■ % of total net income



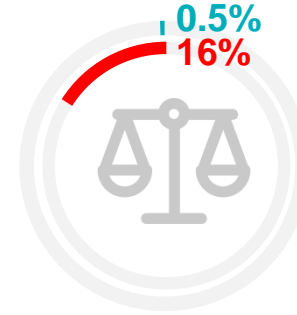
Retail banking



Middle-market

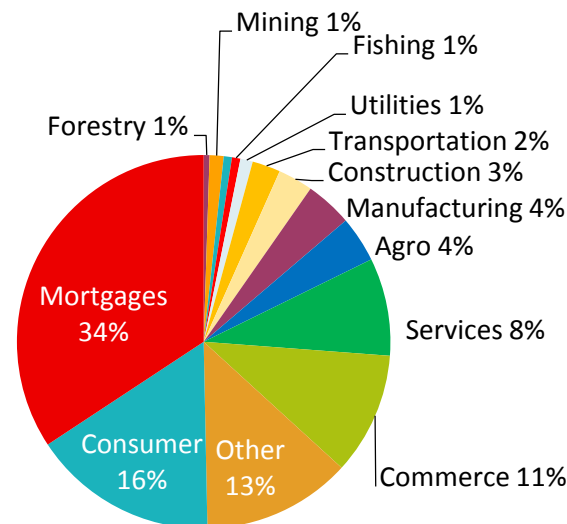


Corporate Investment Banking



Corporate activities

- **Loans: 55% Individuals / 45% companies**
- **High diversification by sector. ALL LOANS IN CHILE.**
- **Individual:** focus on growing in the mid-high income segments. Selective growth in lower-end segments
- **SMEs:** focus on larger SMEs, especially with a balanced flow of income (lending and non-lending products)
- **Middle-market:** focus on non-lending business activities. Loans as part of an integral client relationship
- **SCIB:** strong focus on non-lending activities





Retail banking



Total number of clients
3.3 million

Products: *Consumer loans, credit cards, auto loans, commercial loans, foreign exchange, mortgage loans, debit cards, checking accounts savings products, mutual funds, stock brokerage, insurance brokerage.*

SMEs

With annual sales less than Ch\$2,000 million (U.S.\$3.0 million).

Includes government-guaranteed loans, leasing and factoring.

Over 200,000 clients of which around 100,000 are digital clients and 20% are considered to be loyal¹

Total loans as of June 2019
Ch\$ 3,917,838 million

There is an increasing focus on non-lending services

Consumer

Our major products are:

- › Credit cards (35% market share)
- › Consumer loans
 - > 98% denominated in Pesos
 - > 50% mature within one year, the rest within 5 years
- › We receive fees from mutual funds, stock brokerage, and insurance brokerage.

Mortgages

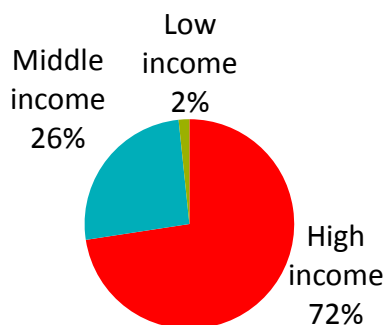
Mortgage loans are in their majority linked to the inflation-linked currency, UF. They are also in their majority non-endorsable.

- › Fixed rate + inflation
- › Average duration: 20 years
- › LTV: ~75%
- › Mortgage loans are charged-off at 48 months

Individuals

Includes consumer and mortgages.

By income segment:



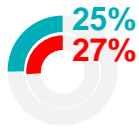
A leading bank



Middle market

+26,000
Total clients

Ch\$ 209,527 million
Total income LTM¹

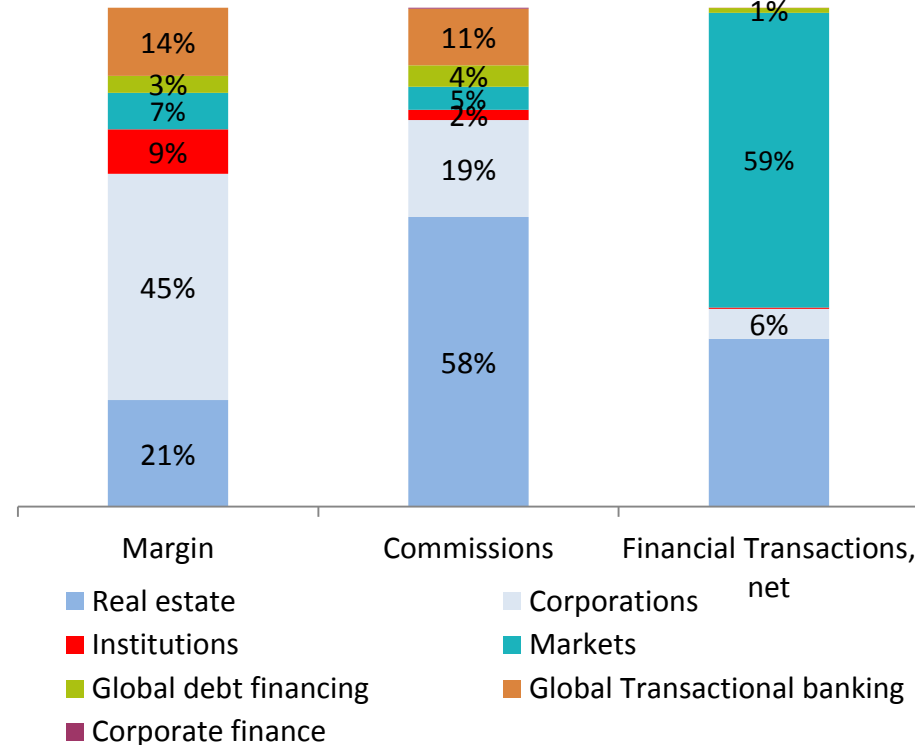
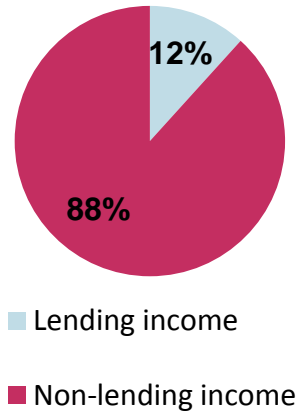


■ % of total loans
■ % of total net income

Middle market & CIB

Products: Consumer loans, leasing, factoring, foreign trade, credit cards, mortgage loans, checking accounts, transactional services, treasury services, financial consulting, savings products, mutual funds, insurance brokerage

Client income by product mix (%)

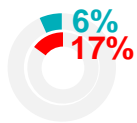


Corporate Investment Banking (CIB)

400
Total clients

50 Chilean **350** Foreign

Ch\$ 141,771 million
Total income LTM¹



■ % of total loans
■ % of total net income



Corporate activities

- › Over 77% of our assets are customer loans and 55% of our funding come from customer deposits. The rest of funding is managed by the Finance Division.
- › The finance division manages the balance sheet structure through asset liability management.
- › We fund our consumer loans and short-term commercial loans mainly through customer deposits. As our mortgages have a longer duration (7 years including the prepayment assumption) we fund these loans with debt issuance. We are active issuing bonds in the local market and also in the international markets.

The financial division at the bank manages the following risks:

Liquidity risk

As we are part of the Santander Group we comply with BIS III and report our liquidity ratios to the European regulator; LCR (ECB~130%), NSFR (BIS III)~110%.

Interest rate risk

When the interest rates rise, the liabilities reprice quicker than the assets due to a shorter duration. This means that the exposure is regularly managed in accordance with the limits and risk appetites established .

Foreign currency risk

The Bank runs no foreign currency gap. All foreign funding is usually hedged using forwards and cross-currency swaps. Including derivatives, the Bank seeks to run no foreign currency risk in its non-trading balance sheet.

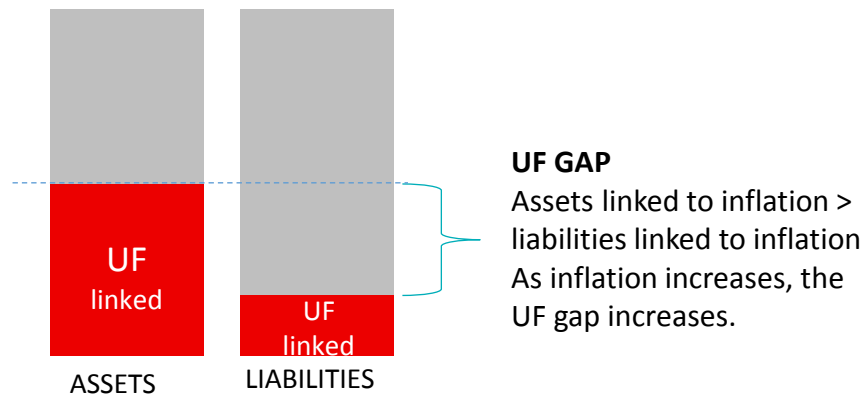
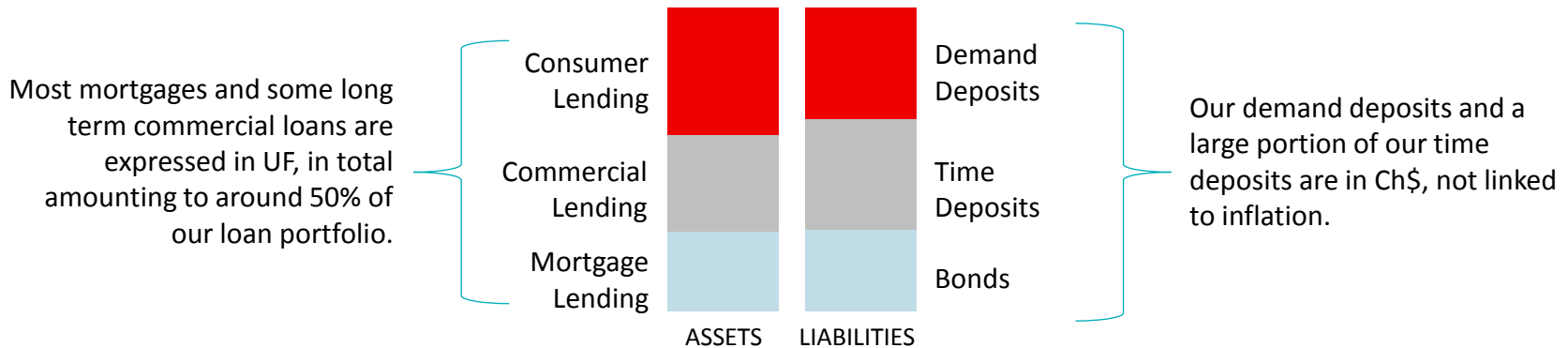
Inflation risk

The Finance division manages the UF Gap principally through hedge accounting and debt issuances in UF in the local market, using estimates of inflation at different time frames.



How do we manage the UF?

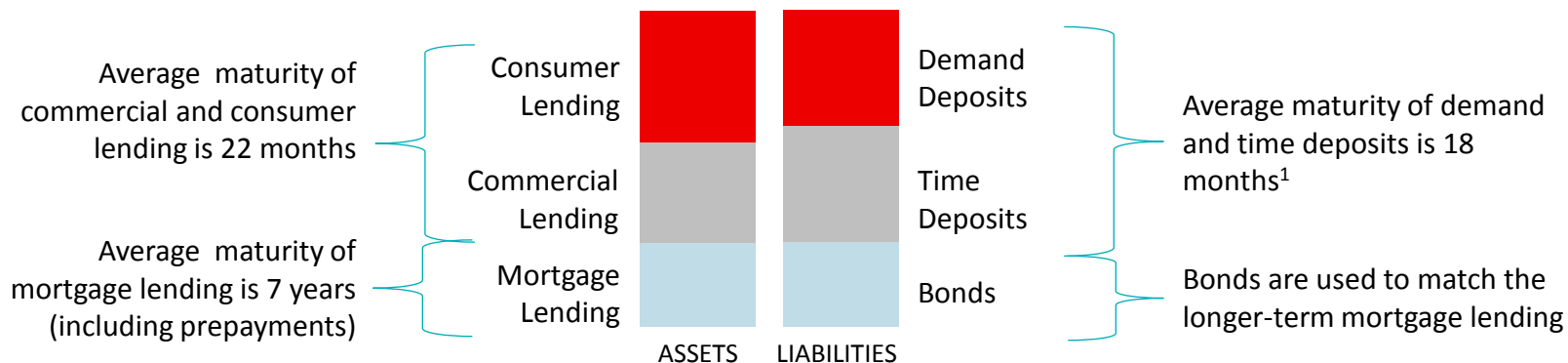
- > The UF (Unidad de Fomento) is an inflation-indexed unit used in Chile. The value of the UF varies daily, in line with the total CPI variation of the previous month.
- > It was created in 1967 and used for certain international secured loans in order to calculate the real interests. Over time, it was extended to other bank loans, contracts and other investments.
 - > **Most real estate and mortgages are valued in UF in Chile.** Wages are adjusted in accordance with the CPI (in accordance with the Labor Code).





How do we manage the duration gap?

- › Consumer and commercial lending tends to be short to medium term.
- › Mortgage lending is longer term, with terms of 10, 20, 25 and 30 years being the most popular.
- › Time deposits in general are also short-term, with terms of 30, 60 and 90 days being the most popular.
- › In order to close the duration gap, consumer and commercial lending is financed through demand and time deposits, while mortgage lending is financed through longer-term bonds. This reduces interest rate risk.

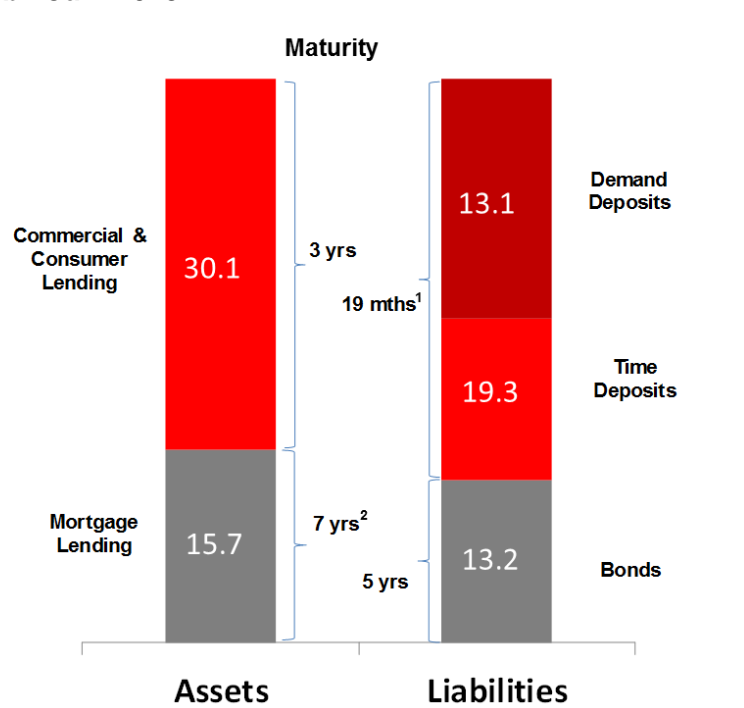




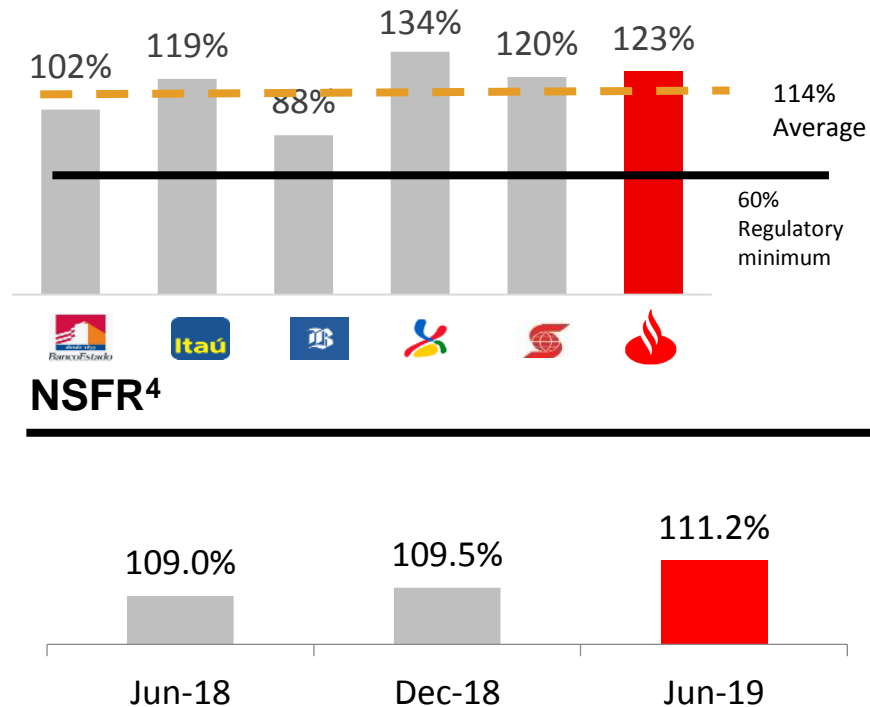
Solid balance structure and liquidity levels

Structural balance sheet

US\$bn Jun. 2019



Liquidity coverage ratio³



In Chile, demand deposits do not pay any interest. Time deposits are usually short-term, varying between 30 days up to 1 year.
 Loans to deposits are high in Chile because long-term loans are funded through long-term bonds and not through deposits.

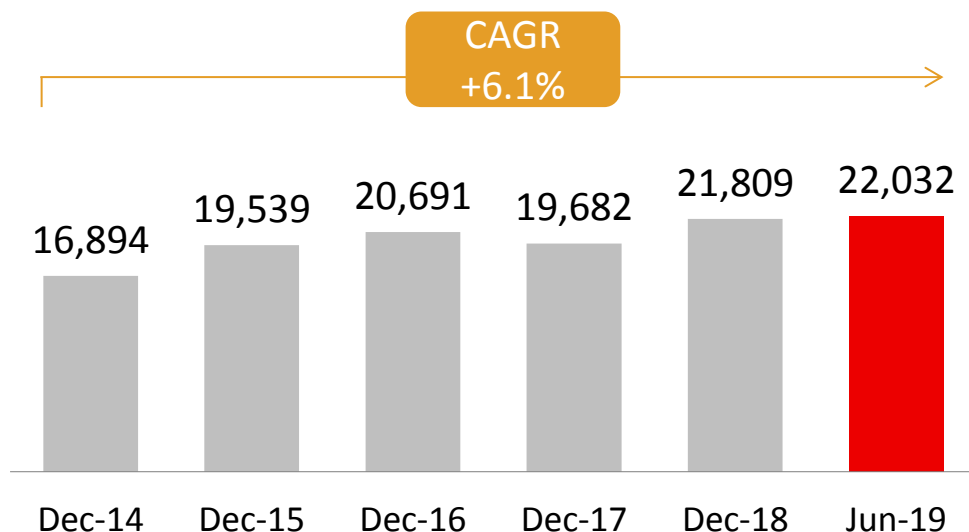


1. Assumes an actual duration for demand deposits of three years. 2. Includes pre-payment estimate. 3. LCR calculated following the new local Chilean models
 4. Internal methodology and not the local Chilean regulator's guidelines still under discussion

Healthy deposit growth

Total Deposits

Ch\$bn



Ch\$ bn	06M19	YoY
Demand	8,910	9.6%
Time	13,123	3.5%
Total Deposits	22,032	5.9%
Mutual funds ¹	6,266	12.8%
Loans to deposits	137.5%	
Loans to deposits adjusted²	97.0%	
LCR³	123%	
NSFR⁴	110%	

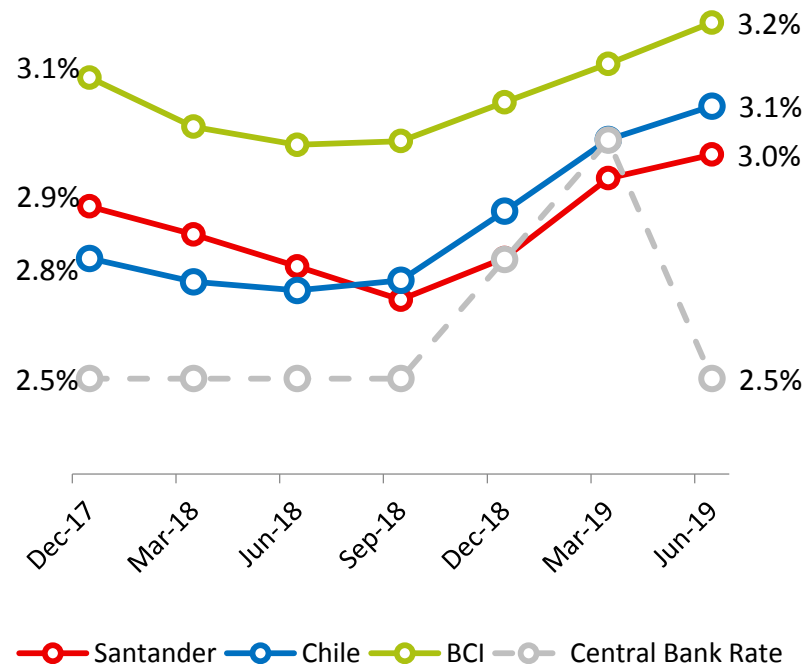
A leading bank

Competitive cost of fund despite recent increases in short-term rates

Demand deposits by segment

Ch\$ bn	06M19	YoY
Individuals	2,791	8.4%
SMEs	1,531	9.0%
Retail	4,322	8.6%
Middle Market	2,662	9.7%
Corporate (SCIB)	1,347	9.4%
Total²	8,910	9.6%

CLP Time Deposit Cost Evolution¹



Over 70% of our total deposits are retail, making them a more stable source of funding.

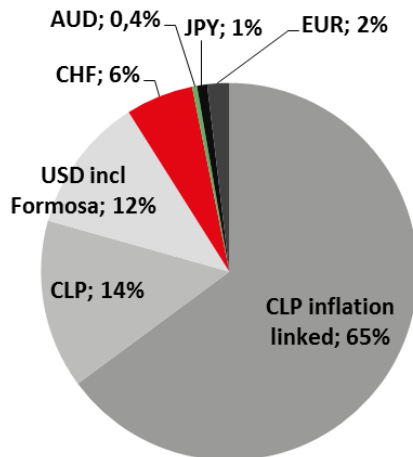


1, Interest expense from time deposits over time deposits on a monthly basis. Source of data used to construct the ratio: CMF

2. Includes deposits from our financial division

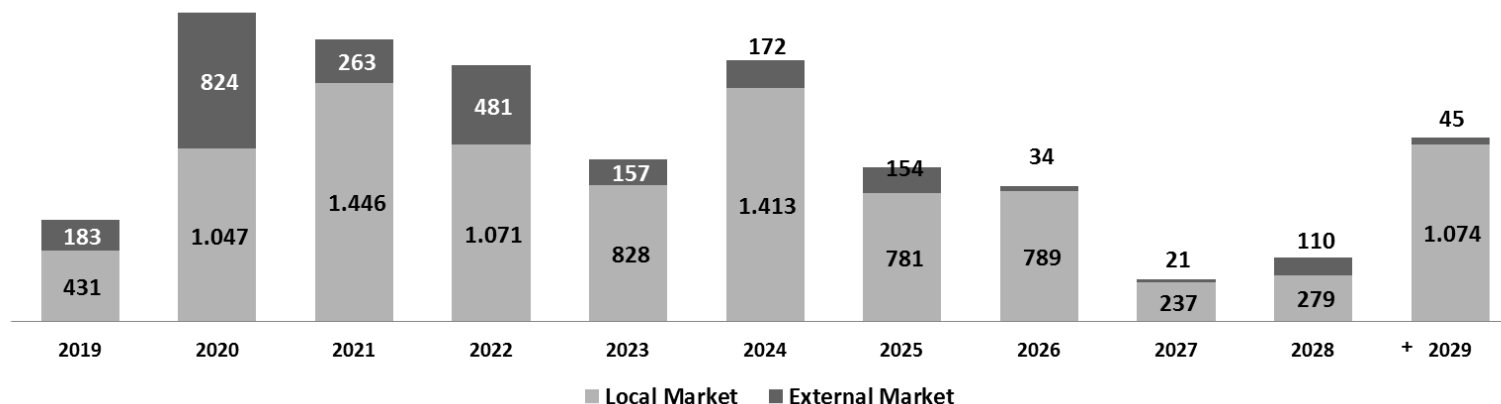
We are an active issuer in international markets

Bonds



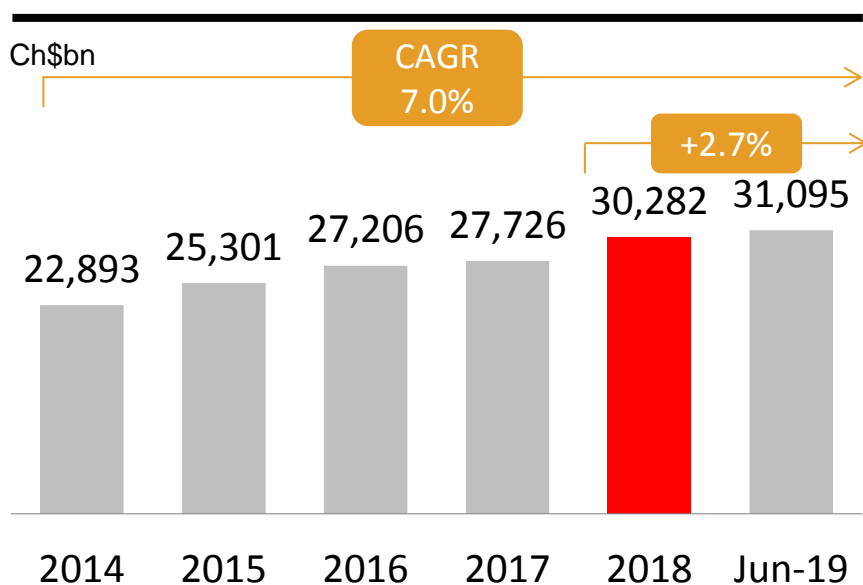
- Total outstanding: US\$12.0bn
- In 2019 we plan to issue US\$2-3bn and for 2020 we estimate issuances for US\$3-3.5bn
- High diversification by country
- MTN program: Private placements or public deals
- All foreign debt is swapped backed to local currency
- AT1 approved under the new Banking Law. Probably can issue in 2020

Maturity profile



Loan growth driven by Retail banking

Total Loans



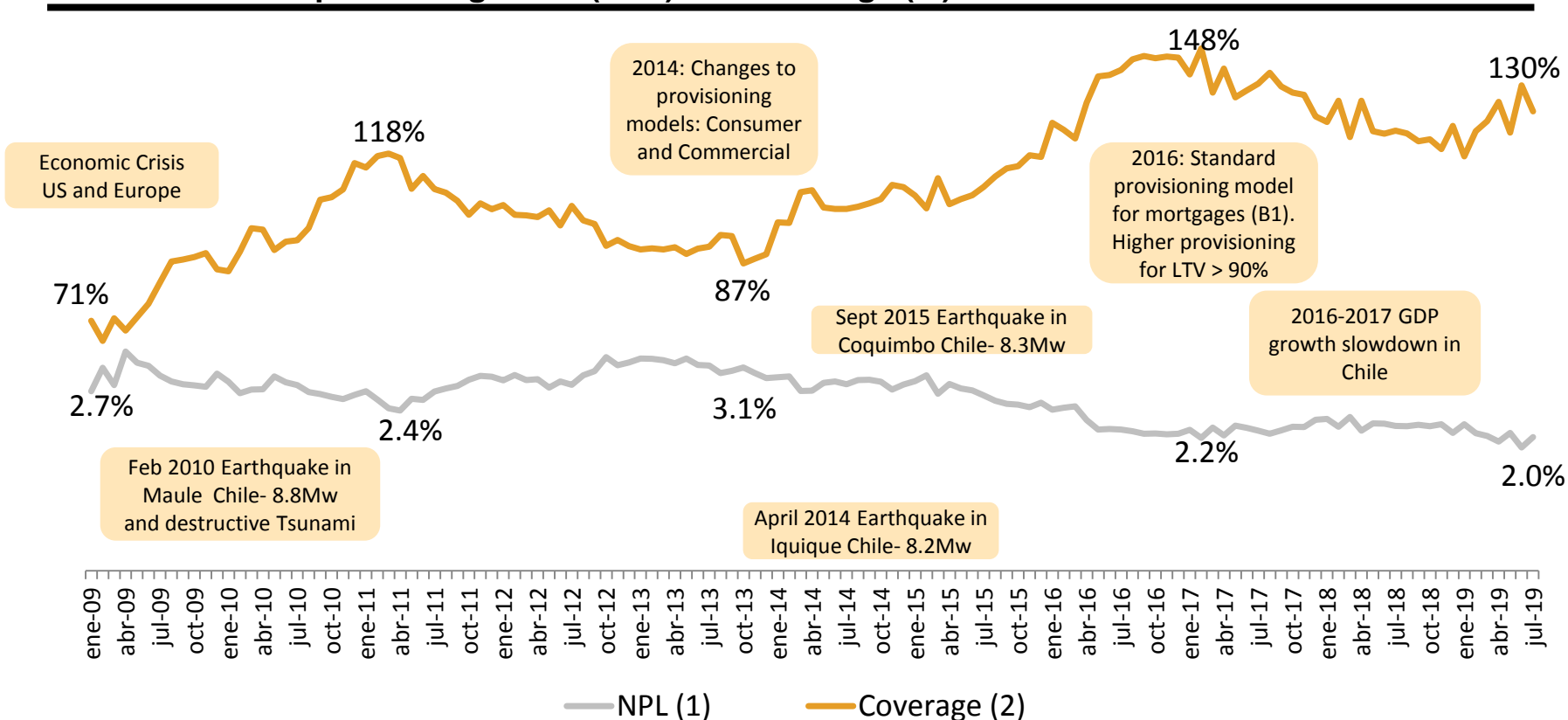
Ch\$ bn	6M19	YoY	QoQ
Individuals ¹	17,587	10.1%	2.5%
Consumer	4,989	7.5%	1.4%
Mortgages	10,658	11.9%	3.1%
SMEs	3,918	3.2%	2.2%
Retail	21,505	8.8%	2.5%
Middle Market	7,876	6.6%	(0.1%)
Corporate (SCIB)	1,563	(19.8%)	(1.7%)
Total²	31,095	6.4%	1.6%

2019: Loan growth forecast 8-10% driven by retail loans

Stable asset quality throughout the years

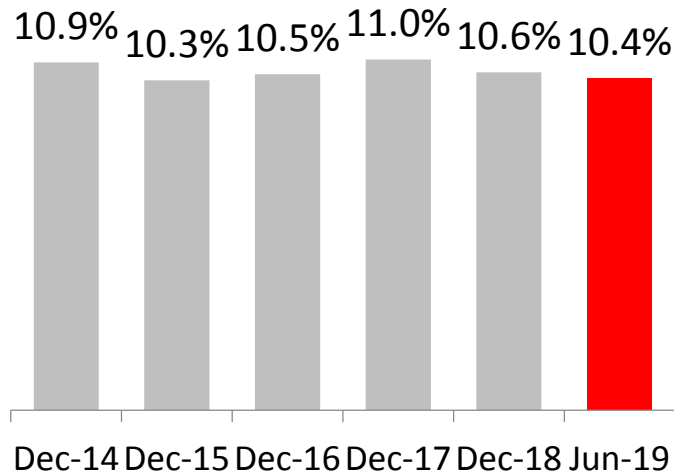
Through the years, the regulator has been updating their standardized provisioning models, becoming more conservative. Since 2014, the Bank has changed its strategy to move towards less risky clients, focusing on NIM net of risk. Today, NPLs are at their lowest.

Total loans: Non-performing loans (NPL) and coverage (%)

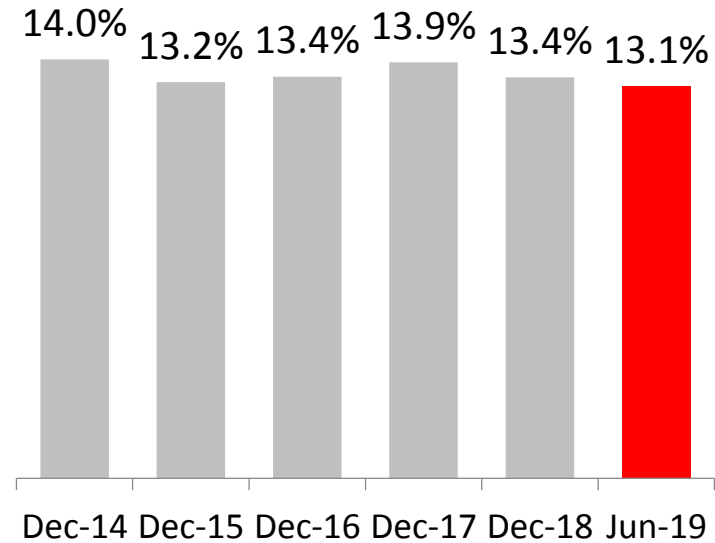


Sustainable capital ratios

Core capital



BIS Ratio



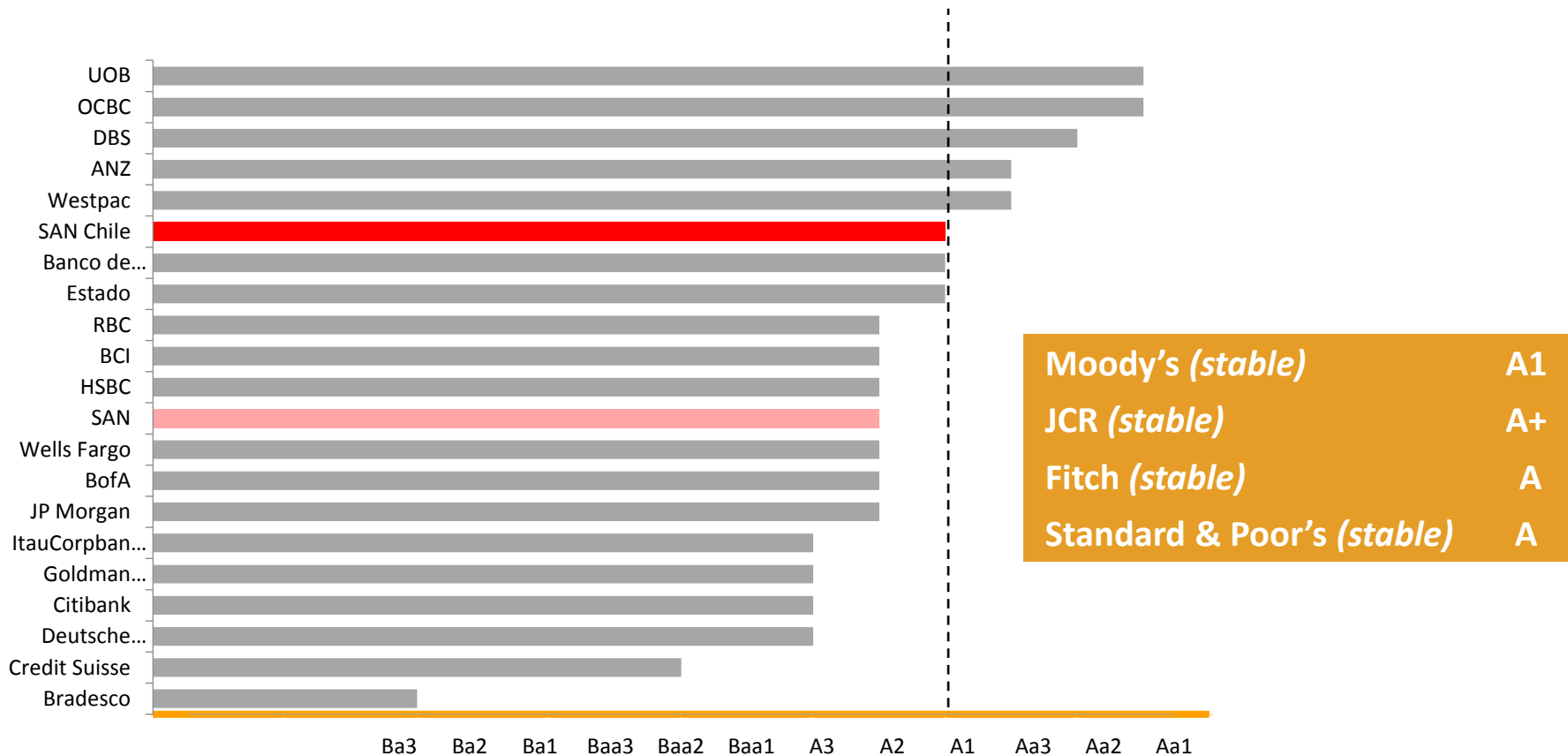
We target a core capital ratio of 10.5% at the end of each year.

In Chile, we are currently under Basel I. In 2019, the New Banking Law was passed, which will transition banks into Basel III. The details of the implementation are still being discussed, but we expect that the transition will have a positive impact on our capital ratios.

A leading bank

Among banks with best international rating

Risk rating, Moody's scale



AGENDA

CHILE: A STABLE AND DIVERSIFIED COUNTRY

SOUND FINANCIAL SYSTEM WITH GROWTH POTENTIAL

SANTANDER CHILE: A LEADING BANK

ADVANCES ON OUR STRATEGIC OBJECTIVES

Strategic priorities



Our purpose

Help people and businesses to prosper



Our way of doing things

Simple,
Personal,
Fair



Our vision

Be the best Bank acting responsibly and gaining the loyalty of our clients, shareholders, people and communities



Clients



Employees



Shareholders



Community

Declaration

We want to be the best bank for our customers, leading in digital excellence and experience, gaining their loyalty

We want to be the best large company to work in Chile, attracting and developing talent, always committed to our SPF culture

We want to be the most profitable and sustainable bank, with solid capital levels, attractive dividends and strong risk management

We want to be recognized as a responsible bank that contributes to the community



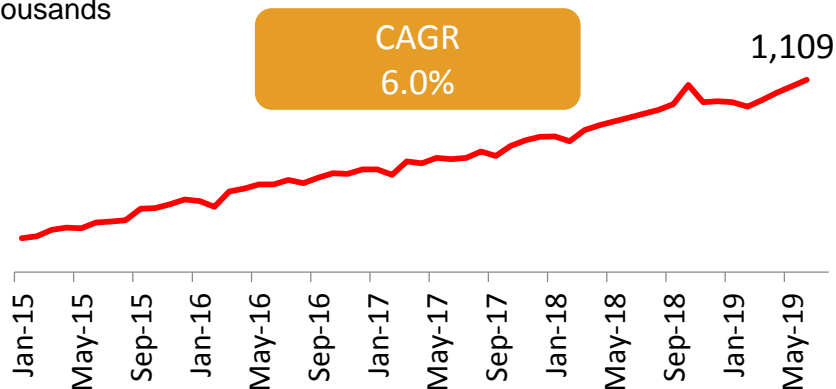
Excellence
in execution

We want everything we do to have a seal of excellence in execution

Increasing our digital clients

Total Digital Clients

thousands



+1.1 million
Digital clients

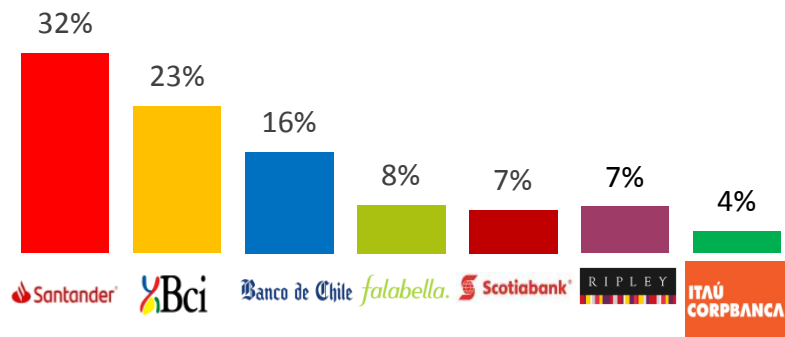


6.3%
Annual growth
2017-2018
of digital clients



1/3
Of the amount of
consumer loans are
sold through the App

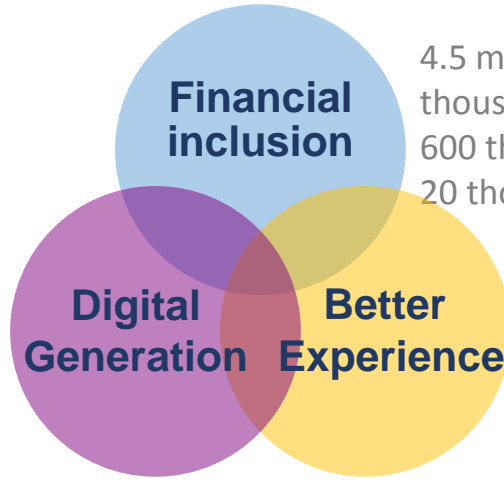
Market share of internet clients¹



Penetrating the unbanked market with digital/ transactional products



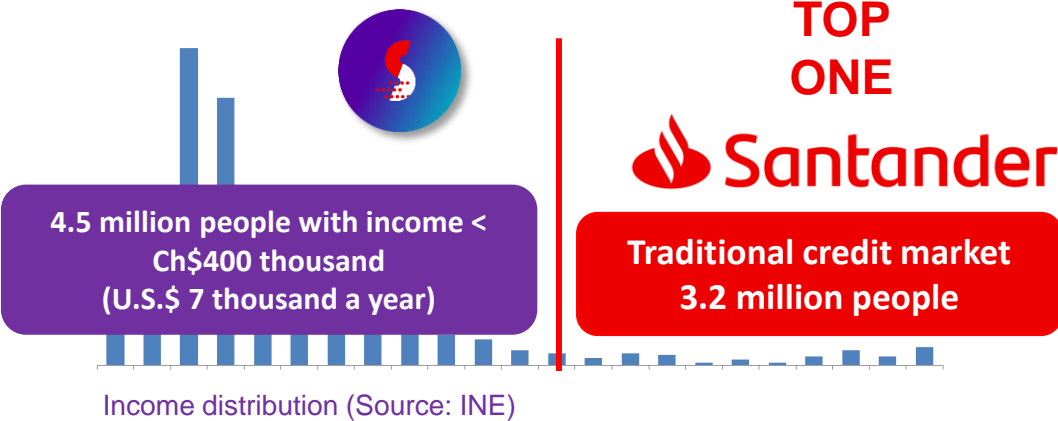
Clients this initiative seeks to target:



4.5 million people with income < Ch\$400 thousand (U.S.\$ 7 thousand a year)
 600 thousand immigrants
 20 thousand a month >18 Years **MY FIRST BANK**

1.2 million Young generation
 1.5 million who use Rideshare

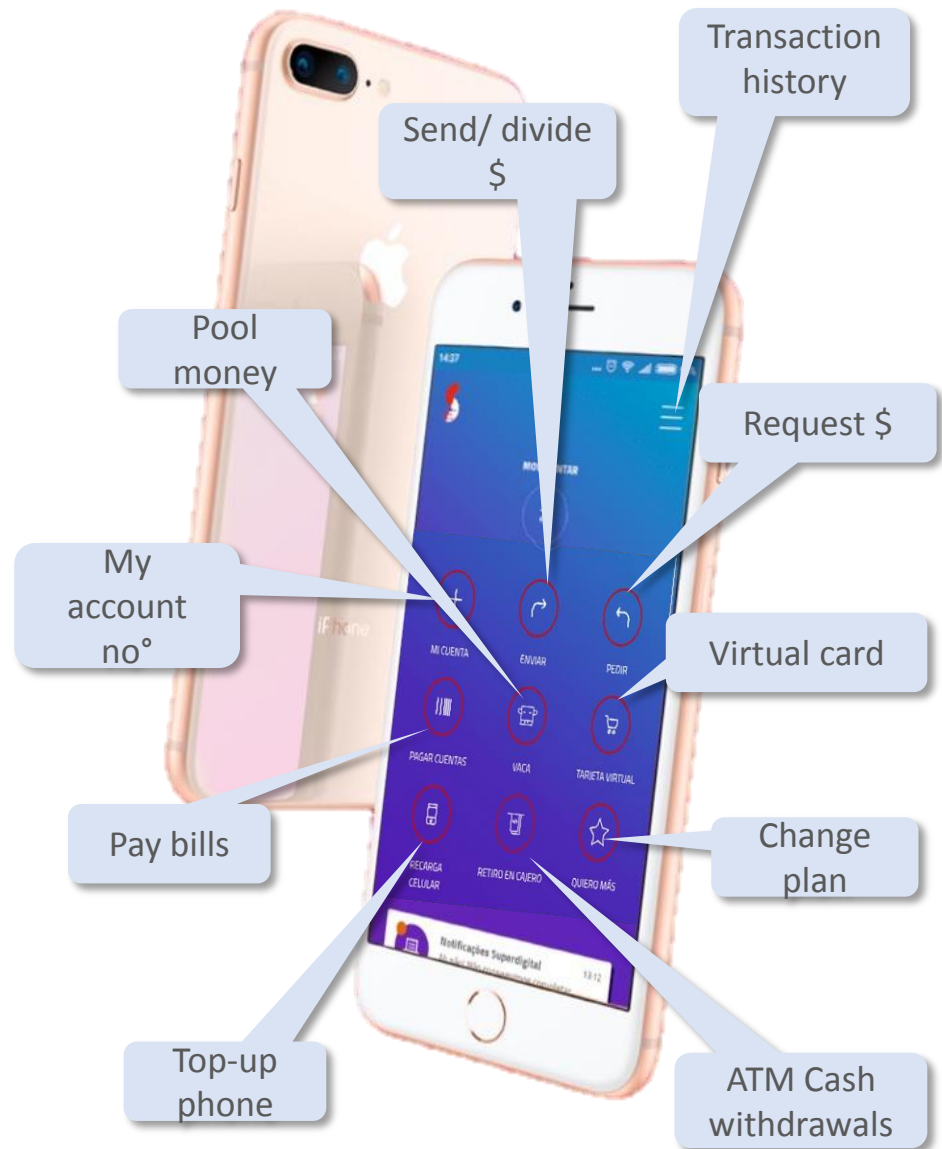
7 million who use simple debit card or have no bank account



Our position and market share¹

Debit card	# operations	#2 25%	\$ operations	#1 26%
	# accounts	#1 21%	\$ accounts	#2 21%

- A Fintech by Santander
- Our first 100% digital platform for Santander Chile
- First country in Latin America to implement one of Grupo Santander's speedboats
- Purchasing and payment platform based on new prepaid card regulations
- Social Banking- Ecosystem for individuals to make payments to contacts via chats
- Financial inclusion without credit with UX Fintech



Advances on our strategic objectives

life

Santander Life: reactivating growth among mid-income earners with a product mix that rewards positive credit behavior



NEW
2019

Santander
Cuenta | life

Santander
life

NEW
2019

Santander
life
LATAM
PASS

- › Digital onboarding
- › Meritolife: Positive credit behavior accumulates merits and enables access to better interest rates and other benefits
- › Cuenta Life: Pre-paid debit card with no minimum salary requirement
- › Life Latam Pass: Accumulate Merits and Airmiles
- › Savings merits: Programmed saving that accumulates merits

35-70 Months

5% REFUND

CHANGE PAYMENT CALENDAR

12 MONTHLY PAYMENTS AT ZERO INTEREST

40% DISCOUNT ON RATE

CHANGE OF DUE DATE

meritolife

Level 5
★★★★★

35.000
Merits

Level 5

Home Meritalls BAO Merits Contact

Advances on our strategic objectives



Re-activating growth among mid-income earners with a product mix that rewards positive credit behavior

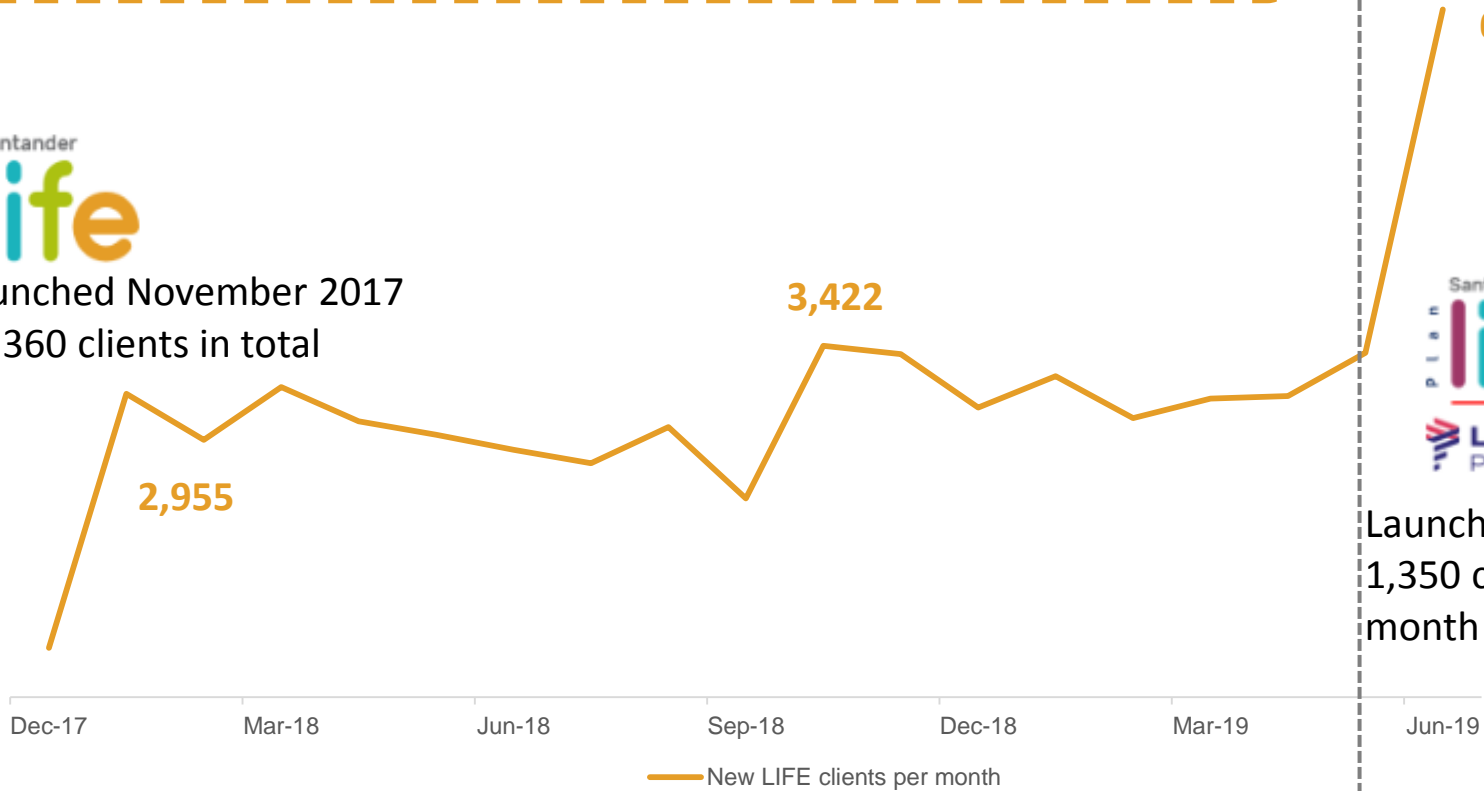


As of June 2019

Life has been steadily growing over time. **Total Life Clients: 54,785**
Monthly average of 3,000.



Launched November 2017
51,360 clients in total



Launched June 2019
2,077 clients in 1 month

6,698



Launched June 2019
1,350 clients in 1 month

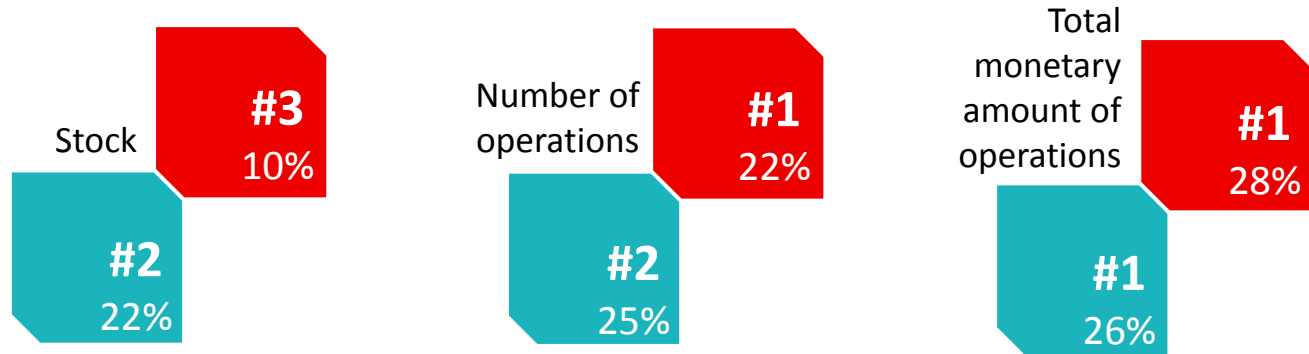
Acquiring



Entering the acquiring business

Position and market share¹

■ Credit card
■ Debit card

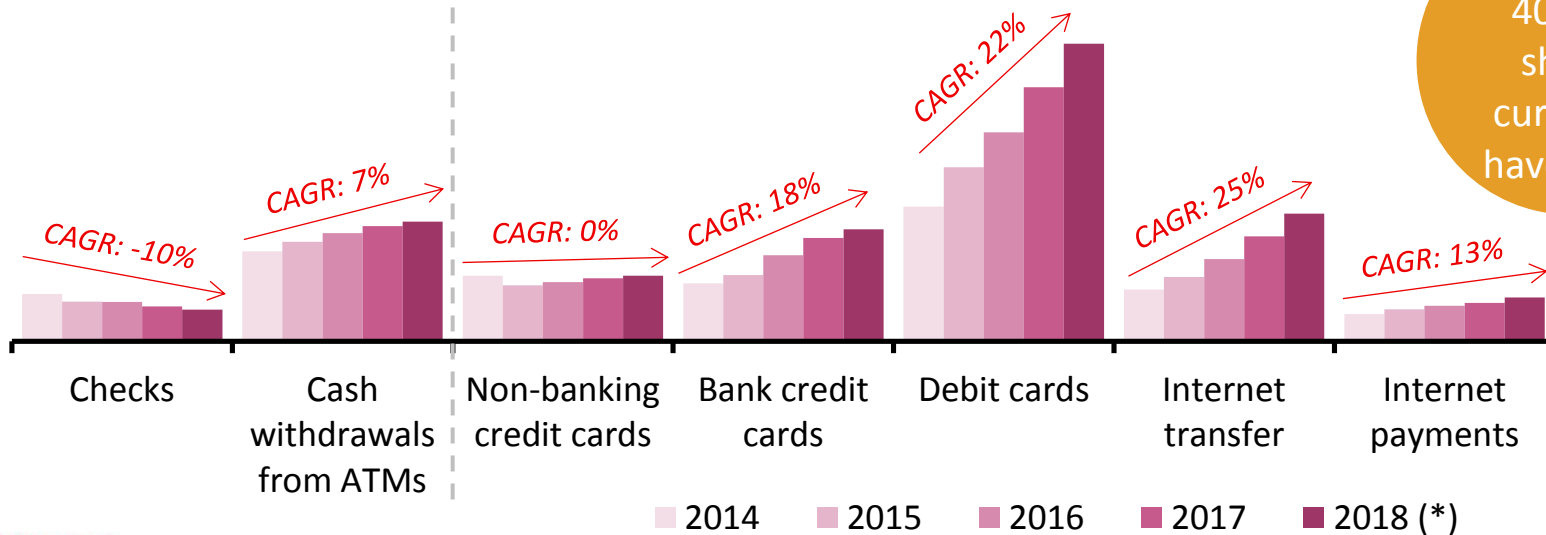


Payment methods through the years²

Millions of operations

Non-digital transactions

Digital transactions



Only 30-40% of shops currently have POS³

Increasing our digital clients

Front office



+27%

MAU¹ APP

YoY '17-'18



+75%

Digital
Consumer
Operations

QoQ '17-'18



+21%

Life
consumer credit

Dec'18-Mar'19



85%

Of our
Current Account
holders are digital

2018

Back office



-56%

In Response Time
for requests

YoY '17-'18



-67%

In average time
for card activation

YoY '17-'18



-90%

In obsolescence

YoY '15-'19



-91%

In daily incidents

YoY '14-'Feb19

Cybersecurity a top priority

We have been working on various initiatives to make the Bank more secure:



Renewal ATM systems

All ATMs now have the latest operative system



All cards now have chips

Elimination of all cards that use magnetic bands which are easier to clone

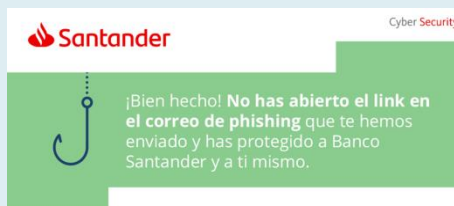


Cyber education

As of April 2019, all new clients must watch a series of tutorials that advice on how to avoid cyber frauds



Internally, the Bank also constantly sends its employees tips, warnings, and tests



New apps and their functionalities



The Bank app sends clients notifications for every movement in the account

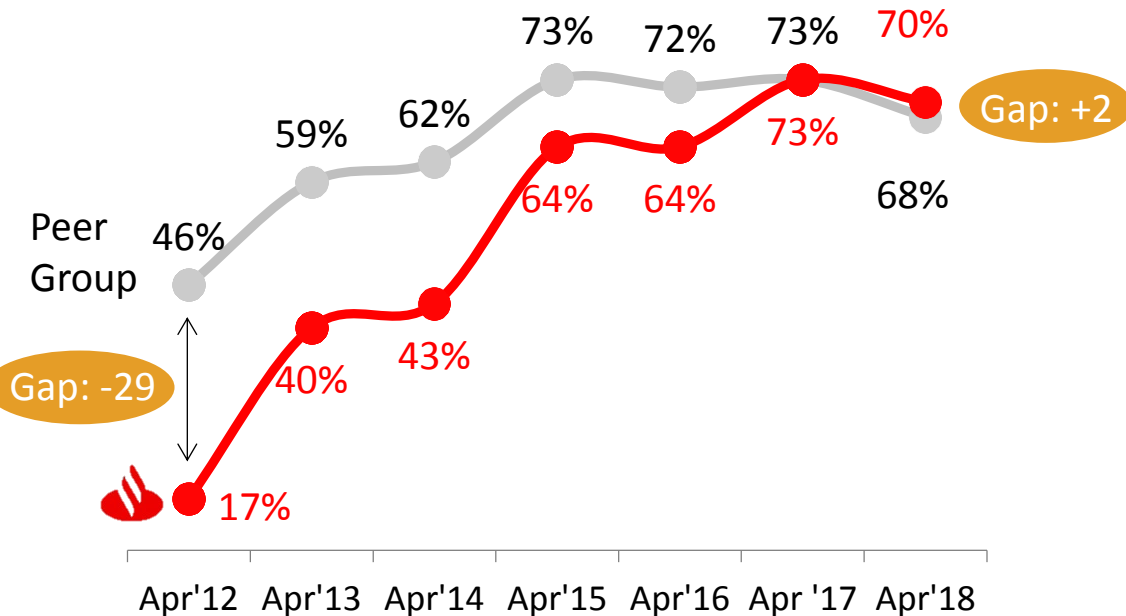


App that uses NFC technology on the Android smartphone to enable clients to pay only using their phone. Safer as it uses tokenization and has an added barrier (phone must be unlocked).



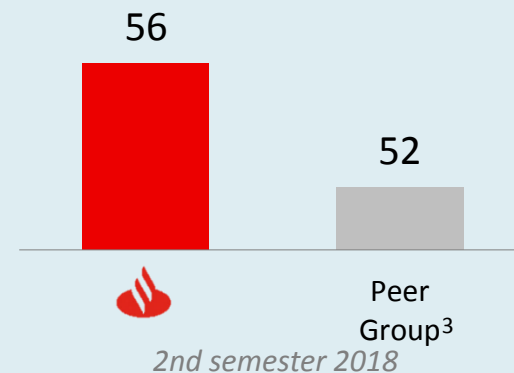
Clients: Experience and loyalty

Evolution of client satisfaction (% Satisfaction)¹



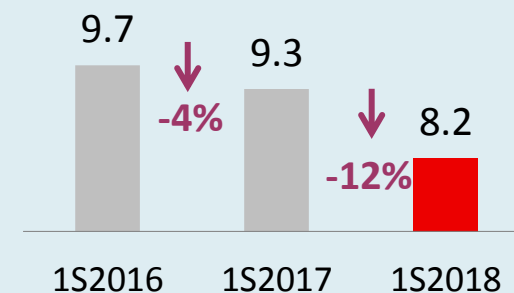
Moving into a higher-income segment also meant higher competition, and client satisfaction was a factor that was lagging. We decided to make this a key factor in our transformation and today is an important KPI for the Bank. Today we have client satisfaction above our peer group, increasing client loyalty and reducing the number of complaints.

Global client satisfaction individuals²



Financial SERNAC Ranking

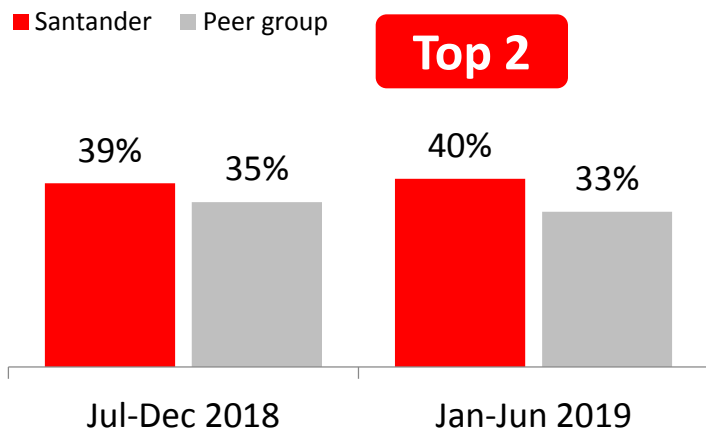
#of complaints for every 10,000 debtors



Clients: Experience and loyalty

As of June 2019

Net Promoter Score



Where we have seen tangible improvements in client satisfaction:



+4 pp

Executives: *Easily contacted* was the main aspect improved.



+2 pp

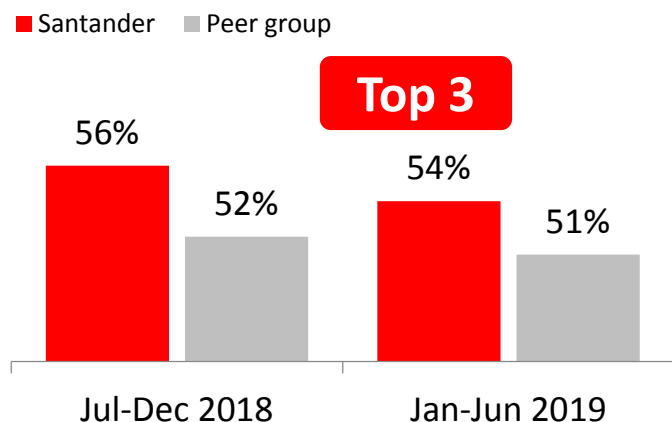
Teamwork: Clients have perceived our teams to be better integrated.



+3 pp

The bank understands my history as a client

Net Global Satisfaction



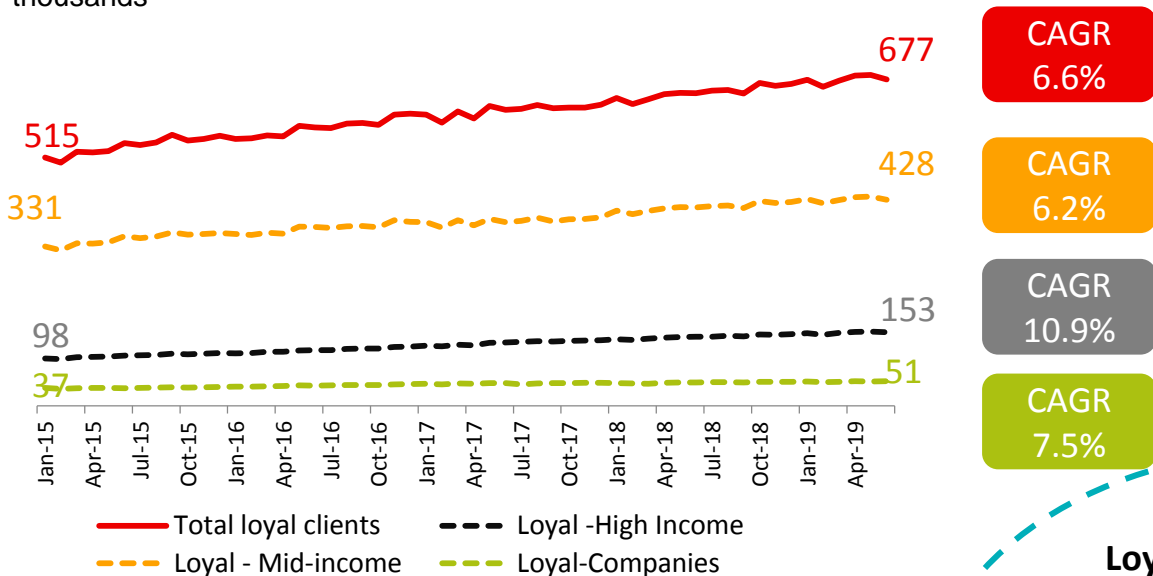
Our clients with a Life Credit Card have a **NPS of 67** and **Net Satisfaction of 90**



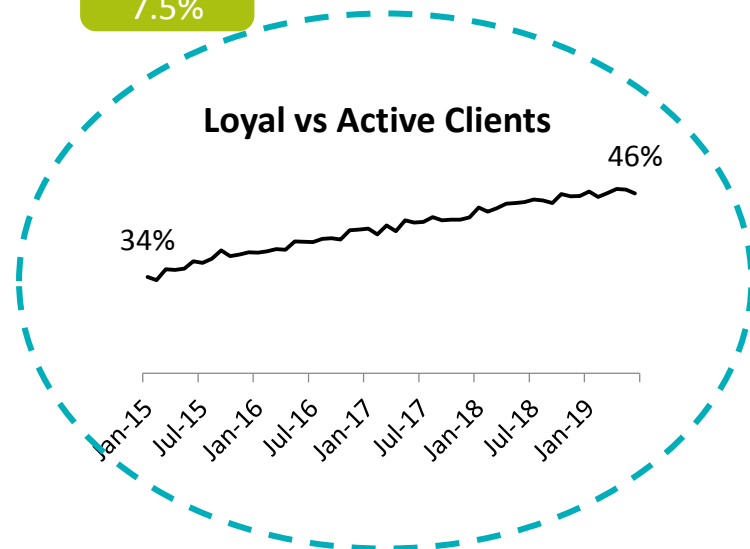
Steady growth of loyal clients

Total Loyal Clients¹

thousands



Increasingly our active clients are becoming loyal, using us for more of their banking needs.

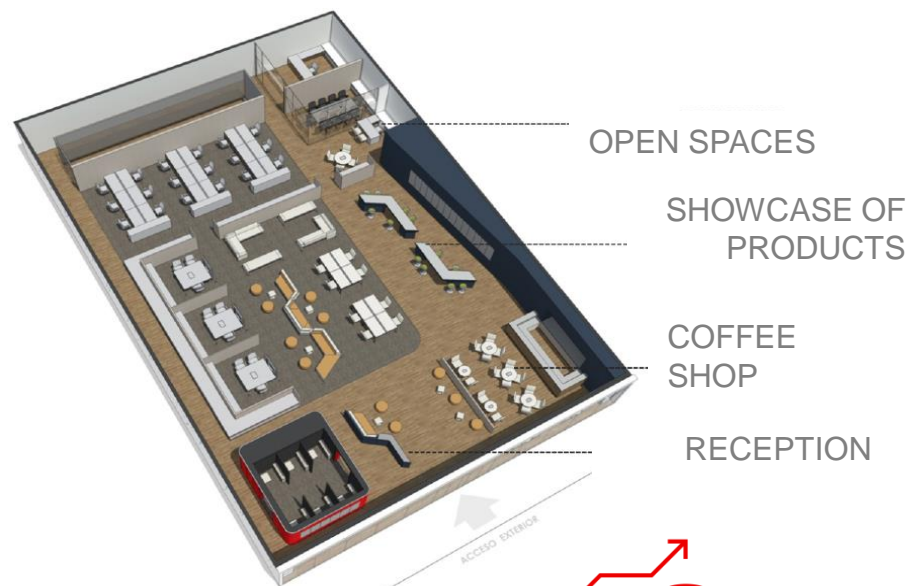
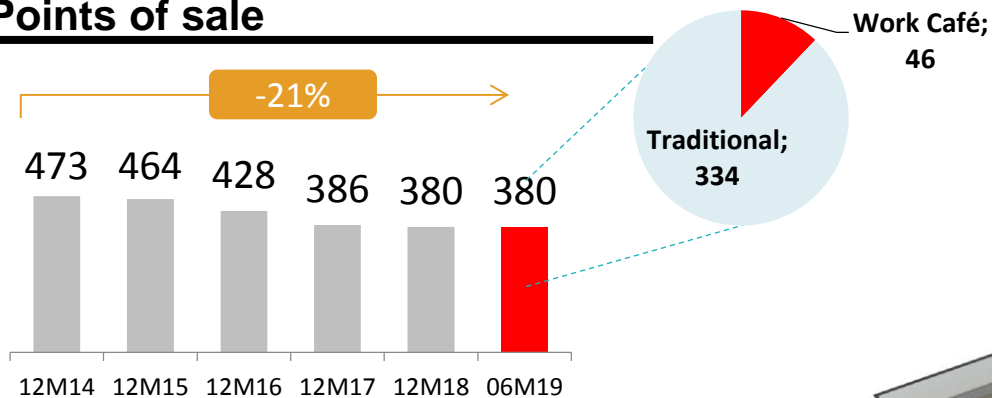


1. Loyal high income and middle income customers with 4 products plus a minimum profitability level and a minimum usage indicator, as differentiated by segment. SME + Middle-market cross-selling differentiated by client size using a point system that depends on number of products, usage of products and income net of risk

Advances on our strategic objectives



Points of sale



95%

Client satisfaction



15% vs 17%

Direct costs/ income
(vs traditional branch)

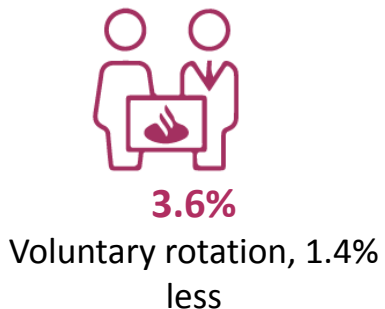
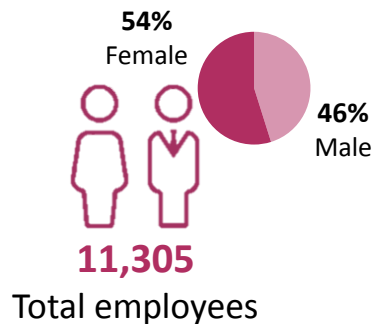


+13%

Increase in income vs
traditional branch



Strong commitment to our employees



Awards 2018

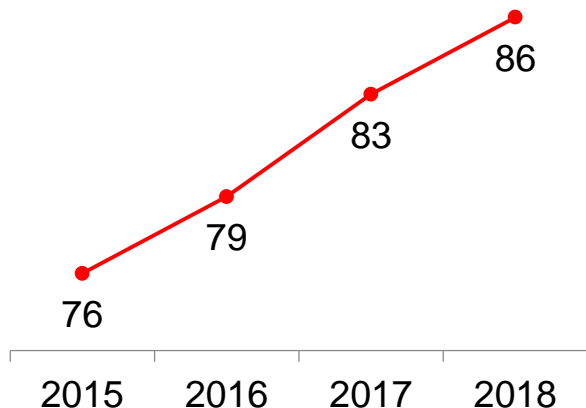


Top 5
In general list

Top 1
Among companies with more than 5,000 employees

GPtW result

Average area and corporate result



Awarded for commitment to the financial future of employees



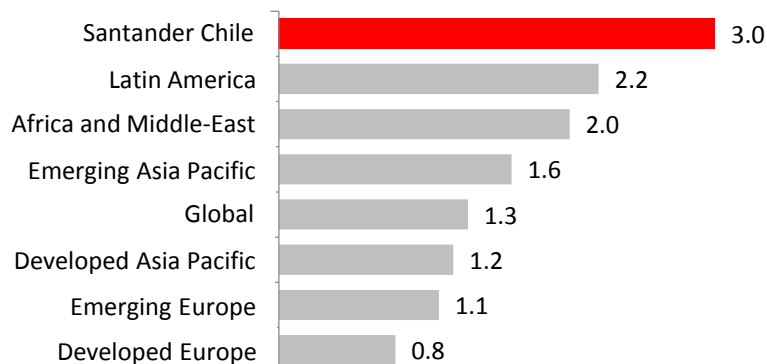
For a culture that creates a relationship of trust and collaboration with employees



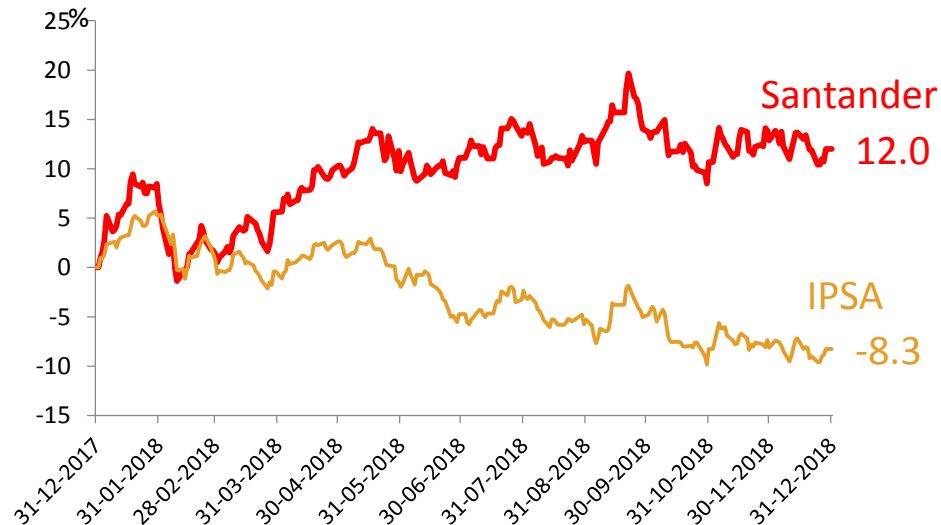
Good share performance in 2018

Price/ Book value

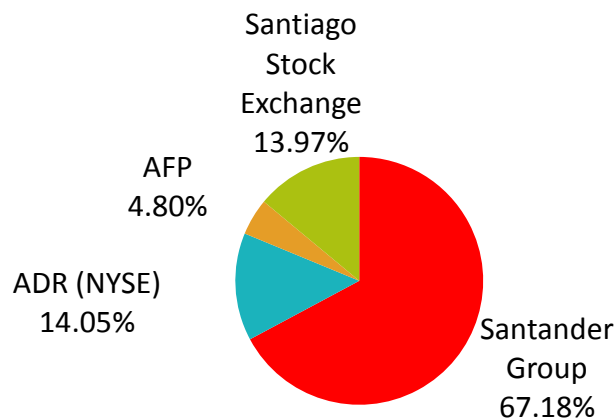
As of December 31, 2018



Evolution of total return 2018

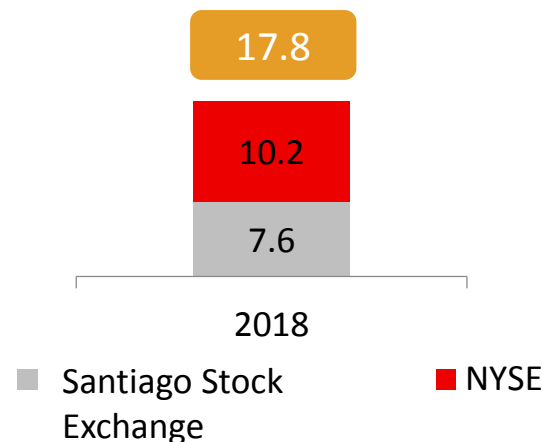


Shareholder composition



Average daily volume

US\$ million

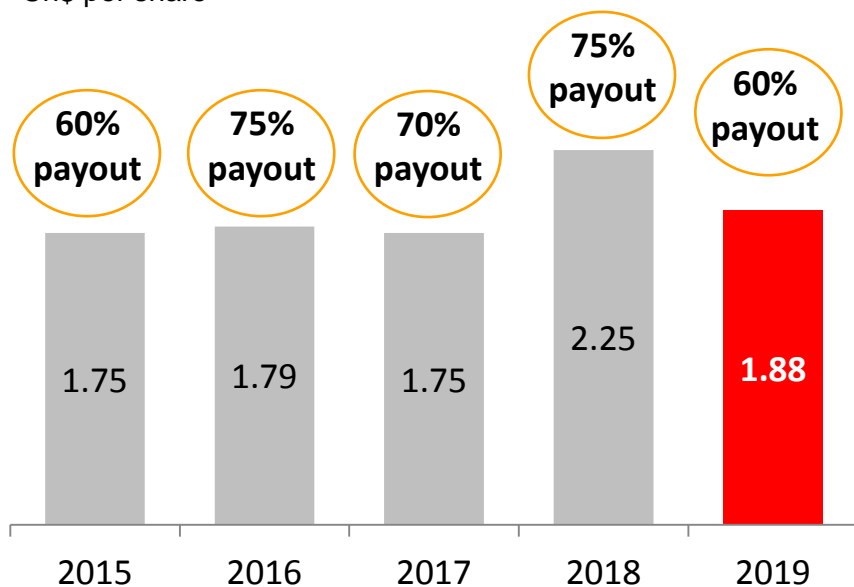




And an attractive return for investors

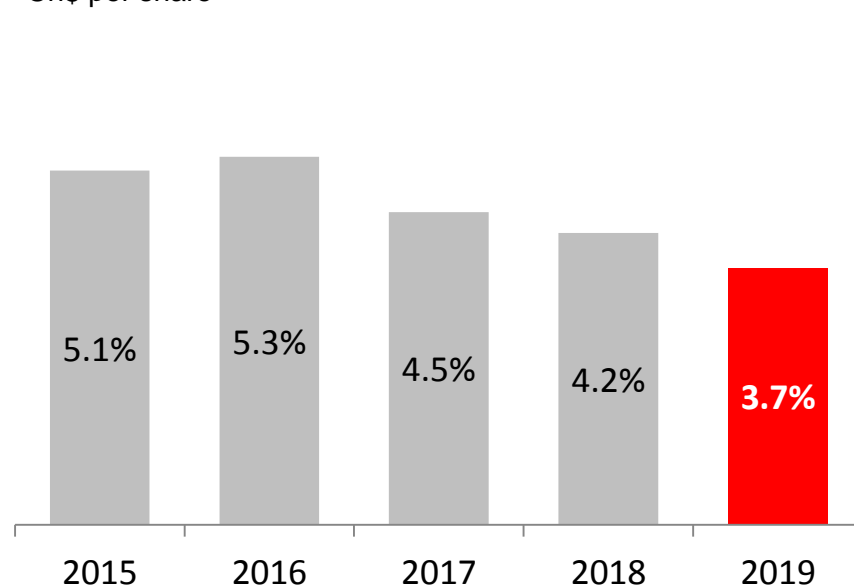
Payout and dividend per share

Ch\$ per share



Dividend yield

Ch\$ per share





A responsible bank

Education

- Program to Support Higher Educations (PAES)
- Universia
- Belen Educa
- Sanodelucas.cl
- Compromiso País

#CompromisoPaís



**sano
de
lucas
.cl**

Social Inclusion

- Learning center “Un Techo para Aprender/Santander” (A roof to learn/Santander)
- Campaigns “Ciudad sin Límites” (City without limits)

TECHO
UN TECHO PARA CHILE

Entrepreneurship

- Ideas X
- Santander X
- BRAIN Chile
- Work Café Radio
- Work Café Talks

BRAINCHILE
BUSINESS • RESEARCH • ACCELERATION • INNOVATION

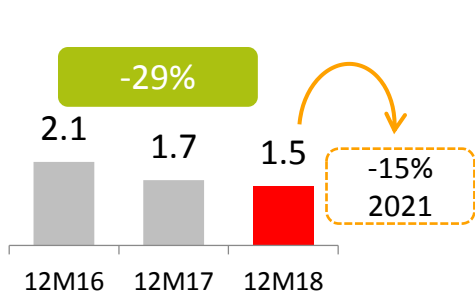
Conversaciones
Work / Café



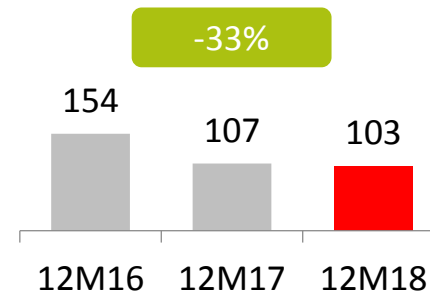
Reducing our impact on the environment



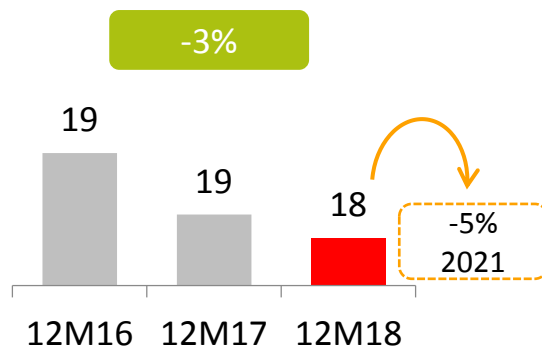
Consumption of paper (in thousands of tons)



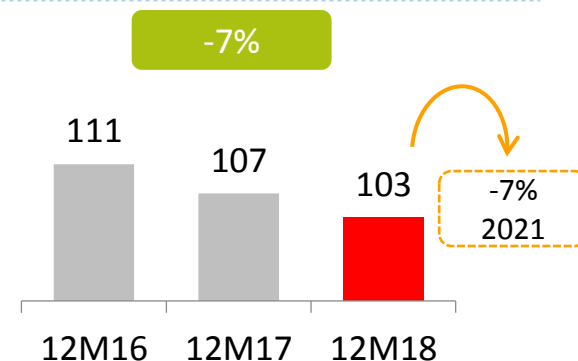
Consumption of water (in thousands of m3)



Carbon footprint (thousands of tCO2eq)



Consumption of electricity (in GJ)

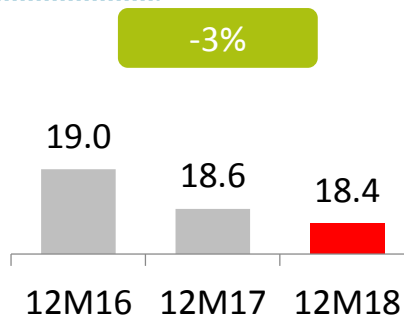


Changing the environmental culture

In July we had the first round of waste collection at the Bank, collecting a total of 33 kg of plastic and electronic waste.



E-Waste (in thousands of tons)



Our commitment from now – 2021:
To encourage a culture of less waste and more recycling within the organization

Awards



BEST BANK IN CHILE 2019

LATINFINANCE

BEST BANK IN CHILE 2018



BEST BANK IN CHILE 2018



Excellence in execution

We want everything we do to have a seal of excellence in execution

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

