Integrated Report 2022

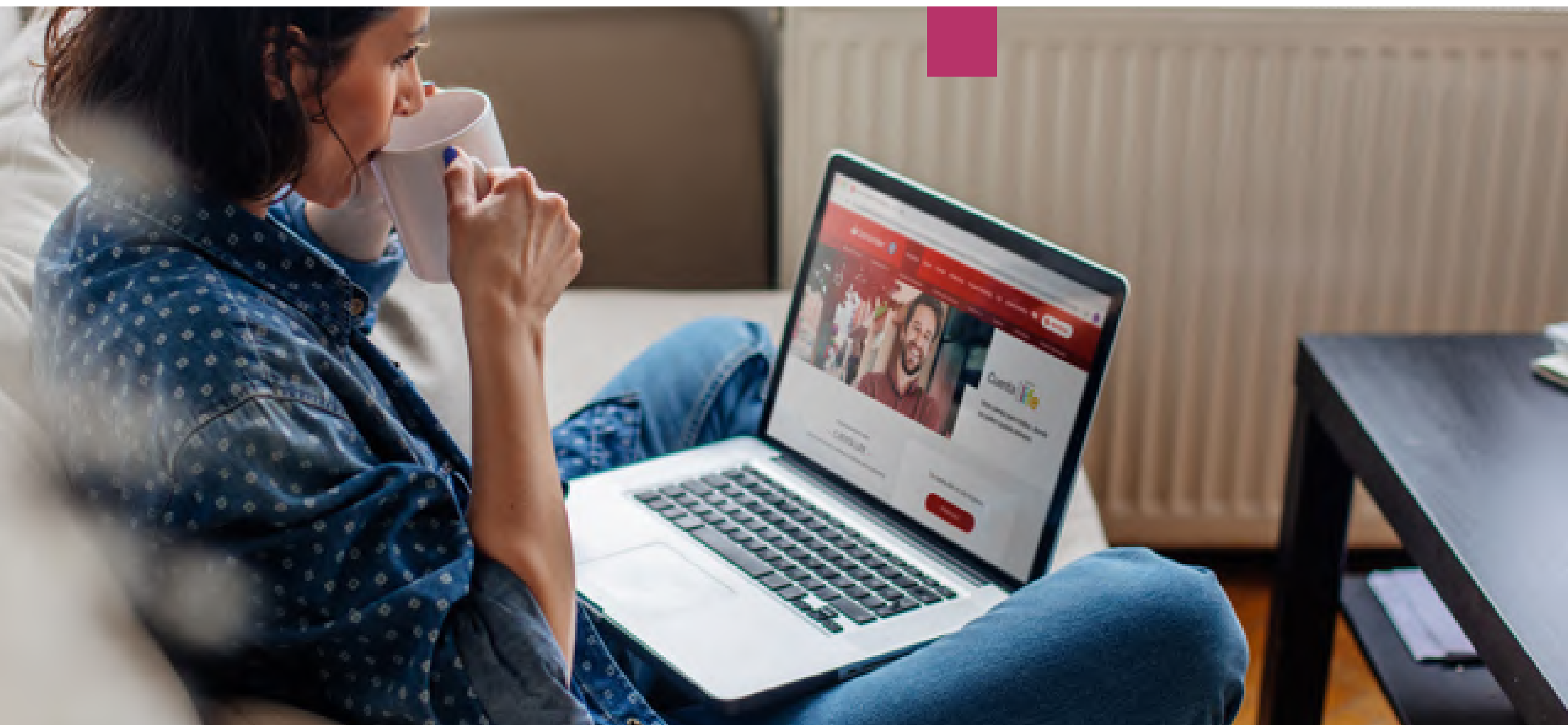
santander.cl

Santander

Table of contents

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

1
In depth



Letter from the President of the Board

(GRI 2-22)

Claudio Melandri Hinojosa

Dear shareholders,

On behalf of the Board of Directors of Banco Santander Chile, it is my great pleasure to present to you the Annual Report, Integrated Report, and Financial Statements for the year 2022. During this period, the management and teams of the Bank achieved historic results, driven mainly by the businesses of our clients and with an excellent and increasingly digital value proposition, which has resulted in the highest levels of customer satisfaction among our main competitors.

In 2022, Banco Santander celebrated forty years of operations in Chile, achieving a historic result of Ch$ 809 billion and a ROAE of 21.6%. These outstanding results were achieved in a year that was not exempt from complexities, as persistent levels of inflation prompted the Central Bank to raise interest rates significantly, levels that will accompany us for a good part of 2023.

In Chile, according to the latest estimates from our Research team, 2022 closed with a moderate GDP expansion of 2.4%, inflation of 12.8%, and a monetary policy rate of 11.25%. These structural conditions have been and will continue to be very decisive and will require the best of our teams to turn them into an opportunity, which we are confident they will achieve.

For 2023, we see a year that will evolve from less to more in terms of growth. The strong rise in interest rates by the Central Bank, together with the responsible fiscal policy pursued by the Government, should result in a soft-landing of our economy, allowing the main economic indicators to return to levels closer to their long-term equilibrium values by 2024.

Furthermore, on behalf of the Board of Santander, I want to reaffirm the confidence that as a Bank and as a Group we have in Chile and its institutions. Our decision to accompany the inhabitants of this great country on the path to progress has remained steadfast for forty years and beyond. Time has always confirmed the correctness of our decision. It should be noted that Santander Group began operating a bank in Chile in the midst of an economic crisis in the early 80s, when few had confidence in the country's future. Despite the ups and downs, over these four decades, we have seen that the country and its institutions have been able to channel their internal processes along a path that has allowed Chileans to lead one of the most successful development processes in the region. Today, we have full confidence that the outcome will be similar going forward.

Santander Chile not only has a genuine commitment to the progress of the country and its inhabitants but has also demonstrated on more than one occasion an extraordinary ability to overcome obstacles and emerge strengthened. This time will not be different, thanks to the solid strategy defined, the vocation to innovate and change paradigms in the industry, in search of providing the best products and services, all hand in hand with the best talent, highly committed and motivated people. We have a top-notch team, led by Román Blanco Reinosa, as Country Head and General Manager, since August 2022. With a remarkable career in different geographies and responsibilities of Grupo Santander, Román Blanco has more than enough experience, knowledge, and abilities to transform Santander Chile, as he has proposed, into the best bank in the country and the best in the Group for our clients.

Also, I would like to express our gratitude for the management carried out until July by our former General Manager, Miguel Mata, who continues to support the Group from new responsibilities. In the nearly thirty years that Miguel Mata held various positions at Santander, he always added value to our Bank, demonstrating a broad understanding of industry trends and with the aim of contributing to the progress of people and companies.

I close these words by thanking and congratulating, on behalf of the Board of Directors of Santander Chile, all the employees and the administration of Santander Chile for their great ability to create value and overcome the challenges posed by the complex situation that we have experienced in recent years. We have full confidence in each of the people who make up this company and the conviction that, moving forward, with the commitment and dedication that characterizes us, we will be able to make our bank the best in Chile and in the Santander Group.

Thank you very much.

Claudio Melandri Hinojosa
Chairman of the Board of Directors

Letter from the CEO

Román Blanco Reinosa

Dear shareholders,

On behalf of the extraordinary team that I have had the privilege to lead since August 2022, I am pleased to present to you the Annual Report, Integrated Report, and Financial Statements of Banco Santander Chile for the fiscal year 2022. This document describes the main achievements we reached as a leading bank in the system during the past year, as well as the strategic vision with which we will consolidate that leadership, earning the trust and loyalty of our clients and key stakeholders..

As you will see, the results of the past fiscal year that we detail below confirm that we have deployed a solid commercial strategy that has been able to capture the preferences of our clients with a quality offering leveraged on the best professional talent in the system, which integrates highly committed and motivated teams. In 2022, net income attributable to the owners of the Bank increased by 3.8%, reaching a historic record level of Ch$809 billion (equivalent to Ch$4.29 per share and US$2.01 per ADR), which meant reaching a ROAE of 21.6% for the year, a figure that is in line with what was announced by the management to our shareholders. These annual results were once again driven by a strong increase in the net contribution of our business segments with clients, whose net contribution grew by 19.7%, reaching $1,112,228 million in the period.

We achieved these positive results while improving our solvency. As is well known, the Chilean financial system is in the process of adopting the Basel III capital rules, a standard where our capital ratio reached 17.8%, well above the minimum required for a bank of our systemic importance. In the same way, our basic capital ratio stood at 11.1%, increasing 190 basis points compared to the end of 2021.

Before detailing the performance of our different business areas, I would like to highlight that we achieved all these results because the customer is at the center of our daily work. In 2022, we consolidated our leadership in delivering the best in-person and digital service experience, which helped us to consolidate the high levels of satisfaction measured by NPS that we have achieved in recent years compared to our main competitors. At the end of the year, our NPS was 57, with our website achieving 72%, our Contact Center reaching 68%, and Santander Life achieving 67%. All these data confirm that our customers increasingly value operating in a high quality digital environment, efficient, and secure, and that is precisely what we have been doing by defining ourselves as a digital bank with Work/Cafés.

In 2022, our Commercial Banking unit, which covers all our retail and SME customers, experienced a 6.2% growth in net contribution, with total revenues increasing by 10.1%. These expansions are significant in themselves, but what makes us most proud is that at the core of these figures is a robust acquisition of new checking account customers, who are the heart of the relationship between a bank and its customers. In 2022, retail checking account customers increased by 13.5%, while in the SME segment, the number of checking accounts grew by 29.4%.

In this clear expansion, Santander Life, a family of products and services that we launched six years ago and that is distinguished by being a powerful tool for financial inclusion and empowerment, continues to be the main contributor to the growth of new customers. The total number of Life accounts as of December 2022 increased by 22.0%, reaching a total of 1,097,966 customers.

Also, within what we have built with our Commercial Banking, I would like to highlight the transformation and modernization of our branches to the Work/Café format, a process that continued in 2022. During the past year, we opened eleven new Work/Cafés, adding up to 74 offices of this type in the country.

However, as you well know, this franchise born in Chile and that has expanded to all countries where the Group operates, continues to be a source of inspiration within our innovative vocation and the desire to be the best bank for our customers. That is why, at the end of 2022, we launched Work/Café Startup, a strategic innovation made in-house and aimed at offering a comprehensive solution to all the needs of entrepreneurs who are starting activities and presenting accelerated growth, or where technology is part of their value proposition that is scalable to a real problem. This model, launched in mid-November as the House of Startups, has captured very high interest among this group of entrepreneurs, who find in Santander Chile three vectors of support: banking, collaboration, and financial partnership.

In line with the above, and as a result of work that we started in September 2022, the 2023 agenda includes a new evolution within our Work/Café-based office model. As part of our renewed agenda of strategic projects, a group of around 50 professionals from the bank, designed and began executing an initiative that seeks to revolutionize the transactional experience of our clients, the Work/Café Expresso. It is a modality of attention with very high standards of comfort for our clients and collaborators, with cutting-edge technological resources deployed to facilitate the delivery of products and services through self-service and Santander Lockers and a smart design and layout where the safety of our clients will be fundamental.

Additionally, our Middle Market segment also experienced a significant increase in its Net Contribution in 2022, reaching 30.6%, alongside a 20.4% increase in total revenues. The good results obtained in this segment were due to various initiatives with our clients. On the one hand, we strengthened the Multilatinas program, taking advantage of the competitive advantage of having regional presence, to support and accelerate the landing of foreign companies interested in investing

Also, within what we have built with our Commercial Banking, I would like to highlight the transformation and modernization of our branches to the Work/Café format, a process that continued in 2022. During the past year, we opened eleven new Work/Cafés, adding up to 74 offices of this type in the country.

in Chile and accompany Chilean companies that seek to develop their business in the region. Also, we launched NEOBEI+, the new commercial management platform with a focus on clients. Together with this, and continuing a path undertaken in recent years, the Middle Market segment also aligned with climate change and advanced in the development of Sustainable Financing by enhancing the training mesh of commercial teams with a special module on this topic, presenting special products for their clients.

This was also supported by the resounding success that Getnet has had in the acquiring business for both the SME and Middle Market segments. The customer reception has been high with more than 157,641 points of sale installed for more than 134,897 clients, of which 91% are SMEs and with broad national coverage. For this unit, 2022 was a period of consolidation and strengthening of the product portfolio, as we added new digital solutions such as web checkout, payment link, and automatic payment with cards (PAT) for merchants who need to make recurring charges to their clients. Likewise, actions have been generated to enhance the activation and use of Getnet solutions through targeted campaigns for them. And we are working on new functionality developments to expand our range of services with our modern Smart POS.

In line with the contributions of these segments, I would like to highlight the substantial increase of 49.3% in the Net Contribution of our Corporate and Investment Banking unit (SCIB), driven by a 43.1% increase in total revenue. As you can see, despite the slowdown in the pace of economic growth throughout the year, the Bank continued to grow and support its clients in this segment, with an expansion of 32.4% in loans, which allowed us to continue leading among the largest companies in Chile in transactional banking, treasury, and investment banking businesses.

In each of our business lines, our role as a financial institution to support the transition of individuals and companies facing the challenge of climate change remained central. In 2022, in fact, we successfully structured several important credit operations for our clients and thus supported them in ensuring that their investment plans were in line with a carbon-neutral economy. Last year, we reached a figure of Ch$94,771 million in ESG-linked loans for companies, and we also participated through SCIB in the placement of CMPC green bonds for UF 7 million and Caja los Andes social bonds for UF 1.8 million, in addition to our participation in the placement of sustainable bonds issued by the Republic of Chile in international markets.

Likewise, in line with the importance of sustainable finance in our business model and its growing relevance, I would like to highlight the creation of the Sustainable Finance and Climate Change Office, a unit reporting directly to this General Management and responsible for promoting and driving the transformation to a carbon-neutral zero economy for the Bank and our clients.

Our strategic focus on responsible banking and sustainability is one that was widely recognized in 2022 by respected international agencies. Thus, for the third consecutive year, we were included in the select group of companies that make up the Dow Jones Sustainability Index (DJSI) of Emerging Markets (in addition to the DJSI indices of Chile and Mila), being the only Chilean bank to integrate this demanding index. This achievement is enhanced because we achieved it after registering in the 96th percentile of banks with the best performance, with clear improvements in areas such as Sustainable Finance, Labor Practices, Occupational Health and Safety, Cybersecurity, and Privacy Protection. In addition to integrating this renowned index, other distinguished agencies awarded us with excellence ratings in ESG matters throughout last year. Thus, we received a score of 15 or low risk from the sustainability rating agency Sustainalytics and a rating of A from the ESG rating agency MSCI, both being the best scores among banks in Chile.

Regarding Corporate Governance, which is one of the ESG pillars, in 2022, we were highlighted for the fourth year as one of the three companies with the best governance standards by the more than 460 market agents consulted by the study "La Voz del Mercado," elaborated by EY, the Santiago Stock Exchange, and the Institute of Directors of Chile.

As you can see, we have achieved many successes, and looking ahead, the team I have the honor to lead will continue to strive for even better results. In these months, I have been able to see first-hand that what mobilizes our employees is to genuinely contribute to the progress of the people and companies in the country. As a hallmark going forward, we will make this aspiration a reality under the banner of Chile First, which is nothing but the purpose of making Santander Chile the best bank in the country for our clients, employees, and communities. If we are innovative and humble, if our teams focus on achieving goals, taking advantage of the enormous advantages of being an international group that has built solid technological foundations, I have no doubt that we will be able to achieve results aligned with sustainability.

With the participation of all the people who bring the Bank to life, Chile First will be expressed successively in a series of strategic projects that, with our customers at the center, will make Santander Chile a bank that continues to change paradigms and push the boundaries of the financial industry. To achieve this, we now have a Strategic Project Transformation and Monitoring Office, a unit that reports directly to me, and, like the Sustainable Finance Office, participates in our Management Committee. Under the supervision of this office, and with the contribution of each of the Bank's Executive Vice Presidencies, various working teams have been progressing in the design and implementation of several strategic projects named after Chilean volcanoes. These initiatives add to a broad base of BAU and BAU+ initiatives for the year, which in themselves represent a significant competitive advantage for Santander Chile.

Each and every one of these projects is a confirmation of the confidence we have in the country and its people. For more than four decades, we have accompanied Chileans on their path to progress, a journey in which the pursuit of agreements aimed at improving people's living conditions has prevailed. We humbly hope to continue contributing to that path of progress, consolidating the country as one that has achieved the greatest reductions in its poverty and indigence rates, as well as a sustained increase in life expectations.

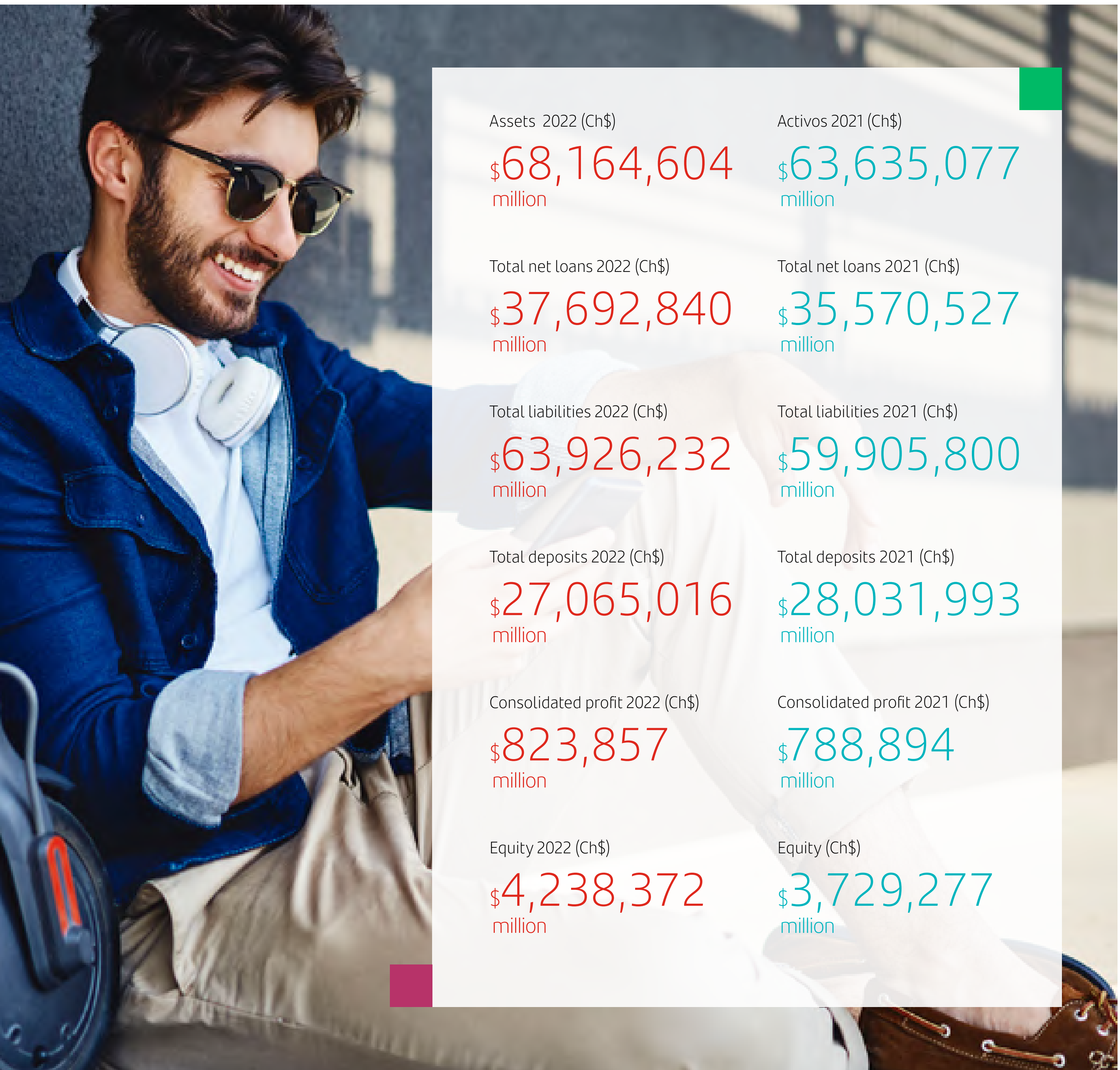
If the country is capable of continuing to advance on the path of dialogue, seeking to build the necessary changes with broad majorities, if those in charge of managing fiscal accounts maintain the path of responsibility for which the country is recognized, if we all take care of the long-term macroeconomic balances and make a significant contribution to the pursuit of the common good, we have no doubt that we will achieve a better country for all.

The Santander Group has given clear and concrete signals of this confidence in Chile and its future. Thus, in mid-2022, we announced the construction of our new corporate headquarters, the site of which is already under construction at the corner of Presidente Riesco and Américo Vespucio Norte Avenues. This building, conceived as an Urban Campus, aspires to set milestones in multiple dimensions, especially in terms of environmental sustainability, energy efficiency, urban contribution, and work quality for our teams. With 12 floors above ground and 5 underground, our new corporate tower should be operational by 2026, with an investment of around US$350 million.

I want to close this message by thanking the trust placed in our team, as well as the opportunity given to me to lead this extraordinary organization. Santander Chile has been, is, and -that is my mission- will be a reference bank in the financial system and with a clear leadership vocation. We are in a transformational moment in Chile, and Santander is crucial to the success of the country: we want to help create the best Chile of the future. I am convinced that the people who make up our teams have the necessary talents to make our bank the best in Chile and the best in the Santander Group. We will work tirelessly to make that dream a reality.

Román Blanco Reinosa
CEO and Country Head

Key figures



Assets 2022 (Ch$)
$68,164,604 million

Activos 2021 (Ch$)
$63,635,077 million

Total net loans 2022 (Ch$)
$37,692,840 million

Total net loans 2021 (Ch$)
$35,570,527 million

Total liabilities 2022 (Ch$)
$63,926,232 million

Total liabilities 2021 (Ch$)
$59,905,800 million

Total deposits 2022 (Ch$)
$27,065,016 million

Total deposits 2021 (Ch$)
$28,031,993 million

Consolidated profit 2022 (Ch$)
$823,857 million

Consolidated profit 2021 (Ch$)
$788,894 million

Equity 2022 (Ch$)
$4,238,372 million

Equity (Ch$)
$3,729,277 million

Shareholders

5.9%
Loan growth

21.6%
ROAE

1.2%
ROAA

MM US$
7,462
Market capitalisation

5.5%
Last dividend yield

Customers

3,910,094
Total number of customers

+18%
2,580,051
Number of Current Accounts

+21.9%
1,097,966
Number of Life Customers

57
NPS

+2.7%
855,156
Number of loyal customers

-1.8%
1,981,540
Number of digital customers

Collaborators

9,389
Total number of collaborators

56%
Women

31.5%
Women in executive positions

70.9%
Unionisation

17%
Critical suppliers analysed in ESG

Suppliers

3,304
Suppliers

3,148
Local suppliers

94.51%
Bills paid within <30 days

17%
Critical suppliers analysed in ESG

Society

$ 4,275,170,772
Social investment

2,404,119
Empowered people financially since 2019

394,356
People benefiting from social investment programmes since 2019

Environment

11%
less paper consumption

82.6%
of recycled waste

642.7
MWh less energy consumption

28%
electricity from renewable energies

101,874
m3 less in water consumption

16.2%
emission reduction

Sustainable financing

Ch$
155,238,984
million in green financing

Ch$
16,783,274
million in social financing

Ch$
94,771,093
million in ESG linked loans

Note: The sustainable financing categories come from Santander Group's Sustainable Finance Classification System (SFCS).

History
of Santander Chile

(CMF 2.2)

1978

Santander was founded in Chile by Banco Santander España, a subsidiary focusing mainly on foreign trade operations.

1984

A network of 30 ATMs 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, becoming one of Chile's largest credit card issuers.

1996

Merger with Banco Osorno and La Unión, becoming the largest bank in the country with leadership in all business segments. The Bank begins trading shares on the New York Stock Exchange (NYSE).

2001

Universia is launched in Chile with the support of Santander Group and the country's leading universities.

2002

Merger with Banco Santiago, solidifying its position as the country's largest bank, with 347 branches nationwide.

2007

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

The Latampass programme, now in its 26th year, is strengthened.

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 its shares in the United States on the New York Stock Exchange (NYSE).

2017

The digital banking revolution begins in Chile. 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.

2019

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

-

Adherence to principles of Responsible Banking Klare is born, the first 100% digital insurance broker in Chile.

2020

Santander Chile enters the DJSI Emerging Markets Index, in addition to integrating the Chile and MILA indices.

-

Ranked first within the financial industry regarding 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 mortgages, among others, were added.

-

Year marked by the Covid-19 pandemic, focusing on customer support through multiple strategies and protecting collaborators through protocols.

-

First, Santander Chile Digital Talk with investors.

2021

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

-

ESG Talk for investors.

-

The 10 principles of Responsible Banking are defined.

-

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

2022

Design and planning of Santander Campus, the new corporate building.

-

Further development and progress in the incorporation of Getnet in Chile.

-

Opening of the new Work/Café Startups model.

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

Overview of 2022

(CMF 2.2)

Milestones

January Top Employer 2022 certification for the fourth consecutive year	Santander Chile was recognised with the Top Employer certification, which highlights the excellence of the Bank's working conditions and its contribution to the personal and professional development of its employees. This certification reflects Santander's hard and consistent work to adapt to the changes generated by the pandemic, providing the best tools and conditions for its team.
February Santander Chile participates in the successful placement of sustainable bonds by the Republic of Chile	Santander Chile participated as a book-runner (designated lead arranger) in the placement of bonds by the Republic of Chile for a total of US$4,000 million, which were divided into 5, 12 and 30-year bonds. This time, these bonds are categorised as social bonds under Chile's sustainable bond framework.
March Getnet reaches 97% of the country's communes one year after its launching	The Getnet payment platform already has over 60,000 merchants in 97% of the country's communes. Almost 56,000 of them are small and medium-sized companies, entrepreneurs and businesses. Furthermore, Getnet has delivered a value offer adjusted to the volume of transactions of larger companies such as supermarkets or service companies, reaching more than 4,000. Between January and March 2022, more than 15 million monthly transactions were processed.
April Santander is the first bank to sign an agreement to improve circular economy practices in Chile.	The bank adhered to the Clean Production Agreement; Transition to a Circular Economy. This was signed between Acción Empresas, the Agency of Sustainability and Climate Change, the Ministry of Environment, the Ministry of Health and CORFO. The agreement seeks to implement concrete actions to protect the environment by increasing the degree of circularity in different instances. The Bank is in a diagnostic process, which will allow defining the specific actions to be implemented to achieve the objectives within 24 months and thus obtain the "Clean Production - Transition to Circular Economy" label.
May Iansa signs ESG syndicated loan related to environmental issues with Santander Chile	Empresas Iansa signed an ESG syndicated loan for US$ 53 million that will be used to restructure the group's financial liabilities. The interest rate of the financing is linked to compliance with three environmental indicators. First, to reduce CO_2 emissions by 19%. Second, to increase the use of irrigation technology in the hectares of beet planted, allowing substantial water savings. Finally, to increase waste revalorisation to 86% by 2025 at its nine plants in Chile and Peru.

June

Santander Life consolidates its position with more than one million customers

The bank's Life family of products, which have a progressive bankable offering, surpassed one million customers, proving that it is easy to obtain and available to all.

Among the features that have positioned the Life current account as a unique product of its kind are: being a simple product, 100% digital opening, no minimum income requirements, no credit or balance limits, allowing unlimited transfers and consultations at ATMs at no cost, allowing transfers to third parties at no cost, making international purchases, contracting streaming services, among others.

More information regarding Life products can be found in chapter 6.5 of this report.

July

Construction of a new corporate building in Chile is announced

Banco Santander will build a new corporate building in the Las Condes commune in Santiago. The building aims to set milestones for environmental sustainability, energy efficiency, urban contribution and quality of work for its teams.

With an investment of US$ 350 million, it will have 12 floors and 5 underground levels. It was designed by Handel Architects LLP and considers an environmentally friendly construction scheme. Likewise, its design and execution consider the most demanding standards regarding the environment, integration with the community, labour welfare and communications.

August

Aceros AZA and Banco Santander Chile sign ESG Financing

-

New CEO and country head takes over at Banco Santander

Banco Santander and Aceros AZA, the leading manufacturer of green steel from scrap recycling in Chile, sign a $16 billion ESG structured financing so that the loan's interest rate is linked to the fulfilment of three indicators with targets for 2025. First, a commitment to reduce its CO2 emissions by 40% per tonne of crude steel produced. Second, to increase the scrap purchased from primary recyclers or retailers to 20%. And third, to improve the efficiency of materials, increasing the recovery of waste to 100% so that it can be recovered under a circular economy model.

-

Román Blanco, an executive with 18 years of experience in Grupo Santander, took over as the new chief executive officer and country head of Banco Santander Chile.

His career in the Group began in 2004 when he joined Banco Santander as vice chairman in Sao Paulo, Brazil. In 2007 he was appointed president and CEO of Santander Colombia and in 2012 he assumed the same responsibilities in Puerto Rico, to later lead as CEO of Santander Bank, NA and Santander Holdings in Boston, United States.

September

Santander Chile and Top Employers Institute organised a seminar to address challenges in the workplace

In 2022, Santander Chile's first solar plants started operating. In 2021, construction began on six plants that will inject around 3,600 MWh per year into the national grid, equivalent to the consumption of 72 of the Bank's offices.

The breakthrough has been achieved thanks to an agreement with Gasco Luz, Four Trees Capital, and Levering Energy Solutions SpA, through 10-year lease contracts for these plants, which will involve an annual payment of around US$ 360,000 by Banco Santander.

1. The concept design was carried out by a prestigious international architecture and interior design firm based in New York, leaders in large-scale passive architecture.

October

Santander Chile and Top Employers Institute organised a seminar to address challenges in the workplace

Santander Chile and Top Employers Institute met in the framework of the seminar "Attracting talent in a world of entrepreneurs, under the culture of reinvention". The activity was hosted by both organisations, where they brought together guests involved in the talent and human resources world. The seminar reviewed the results of a research conducted by Santander and the public research company Cadem entitled "Young people and work", where the manager of Cadem's Strategy and Opinion Studies gave an in-depth account and explained the findings of the survey.

November

Santander launches Work/Café StartUp to support and invest in start-up companies

Santander Chile opened the first branch of Work/Café StartUp. Its purpose is to provide a new value offer that contemplates support for emerging companies, based on three structuring verticals: banking, collaboration and financial partnership, with the possibility for Santander to invest financially in these types of companies. This initiative is aimed at entities with accelerated growth, technology as part of their model or value proposition, and a scalable solution to a real problem.

December

Santander trained over nine thousand people on diversity, ESG and cybersecurity issues.

-

Santander remains the only Chilean bank on the DJSI

The Santander Academy has provided more than 90,000 hours of training to support and develop employees' skills in areas of interest, such as diversity, ESG and gender. The Academy incorporates knowledge for the Bank's strategy, spreads and enhances knowledge of regulatory standards and levels and narrows gaps within the organisation.

-

For the third consecutive year, Santander Chile is part of the Dow Jones Sustainability Index (DJSI) for Emerging Markets, which evaluates the sustainable performance of companies in the economic, environmental and social dimensions. Santander scored 78 out of 100 points.

Awards

Financial

Banco Santander Chile was chosen by Global Finance magazine, based in New York, as **The Best Bank for Treasury and Cash Management** in Chile. The selection used a multi-layered evaluation process, which included participation from banks, suppliers, input from industry analysts, corporate executives, technology experts and independent research.

For the first time, Santander PrivateBanking is among the **top three private banks in the world** for clients up to $250 million, according to the Euromoney Private Banking and Wealth Management Survey 2022.

The global survey provides a qualitative review of the best global private banking services, by market and segment, through a survey of private bankers and asset managers worldwide.

Santander Asset Management was awarded at the 2022 Salmon Awards with **5 SAM funds.** Three linked to vehicles investing in long and short term debt, one in the area of balanced funds and one in domestic equities.

Furthermore, it received 4 first places in the Accionario Asia Emergente, Accionario Desarrollado, Accionario Emergente y Balanceado Agresivo categories.

The British magazine Euromoney published the results of its "Awards for Excellence 2022", where Santander Chile was recognised for the tenth time as **the country's Best Bank.**

The specialist magazine Global Finance reported its annual awards for the best banks specialising in small and medium-sized enterprises for 2023. On this occasion, **Santander Chile was recognised at the local level** for this segment.

In the second edition of the DEC Chile Award, which recognises best practices in customer experience, Santander won first place in the categories of **Best Design and Implementation of the Customer Journey and Best Customer Experience Strategy** with the Life Current Account.

Santander Chile received **the Bank of the Year award for the local industry from Latin Finance,** a New York and Miami-based financial magazine specialising in financial information on markets in Latin America and the Caribbean.

Governance

Banco Santander was awarded for the fourth year with the 'La Voz del Mercado' award given by EY, the Santiago Stock Exchange and the Chilean Institute of Directors to the companies with **the best corporate governance in the country.**

Environmental

For the third consecutive year, Santander Chile has been included in the Dow Jones Sustainability Index (DJSI) for Emerging Markets and remains **the only bank in Chile** to be part of this index. Santander continues in the DJSI MILA Pacific, which it has been part of since 2017, and in the same indicator for Chile since 2016.

Workplace

Santander Chile obtained the Top Employer certification for the fourth consecutive year, recognising the excellence of the working conditions offered to employees and their contribution to their personal and professional development.

This programme certifies organisations based primarily on their participation and the HR Best Practices Survey results. It analyses six HR domains divided into 20 themes, including people strategy, work environment, talent acquisition, learning, well-being and diversity and inclusion.

Mutual de Seguridad highlighted **the Bank's care and management of its clients and work teams** during the COVID-19 pandemic.

Innovation and Digitalisation

Santander Chile won first place in the CR Ranking of Creativity and Innovation conducted by Brinca Global and the Universidad del Desarrollo, making it **the country's leading company in innovation.** The creative and dynamic culture that the Bank has created among its employees was highlighted.

All Santander 2022 awards can be found here.

2
The Best Bank for Everyone

Santander: Leading financial group

(CMF 2.1)

Santander Chile is part of the Santander Group, one of the world's leading financial institutions. The group offers consumer finance services on three continents and has around 160 million total customers, 3.9 million shareholders, and more than 200,000 employees.

Grupo Santander's original headquarters are in the city of Santander, where it was founded. The head office is located in Boadilla del Monte, Madrid, Spain.

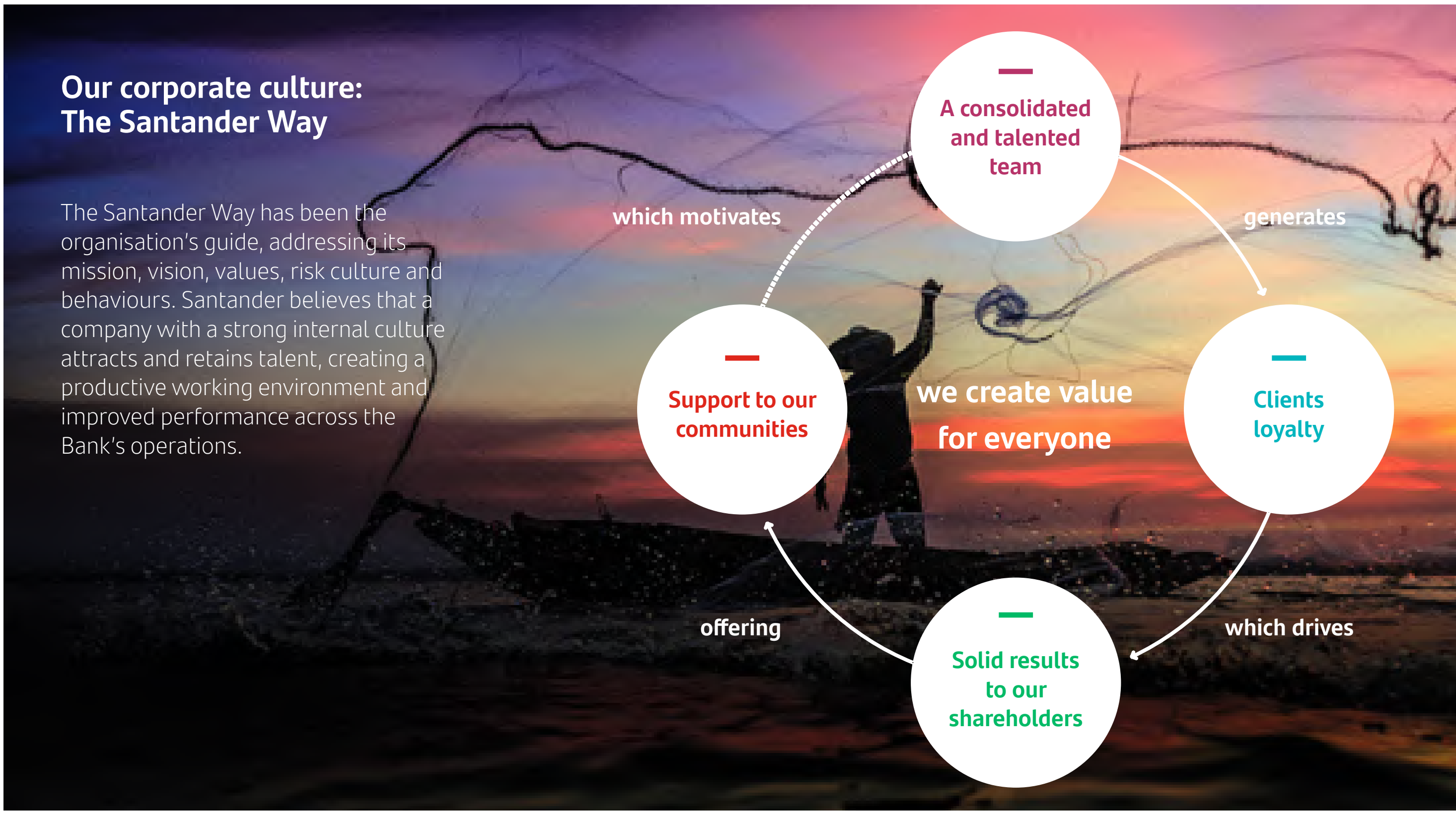
Find out more about Santander Group

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

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

Our corporate culture: The Santander Way

The Santander Way has been the organisation's guide, addressing its mission, vision, values, risk culture and behaviours. Santander believes that a company with a strong internal culture attracts and retains talent, creating a productive working environment and improved performance across the Bank's operations.



A talented and committed team

206,462
employees

#1
Bank in the BloombergGender Equality Index 2023

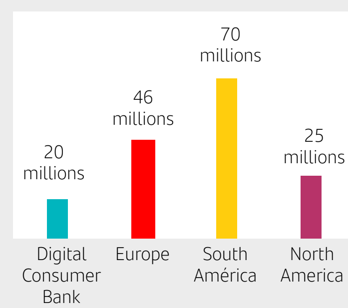
54%
of women

Top 25
company to work for in the world

Customer trust

160 millions
of clients around the world

+7 M vs 2021



Being simple, personal and fair, Santander Group works to offer the best customer experience.

Santander is Top 3 in client satisfaction in 8 countries

Solid results for shareholders

13.4%
RoTE
+141 pb

€53.9 cents
Earnings per share
+23% vs 2021

€4.37*
TNAV + cash dividend per share
+6% vs 2021

* Includes cash dividends per share paid in May and November 2022

Support to communities

Financial inclusion

11.8 millions
Financially empowered people since 2019

€950 millions
Credit to micro-entrepreneurs

Bank of the Year in Financial Inclusion

Community investment

€163 millions invested

€100 millions
Through Santander Universities to support education, employment and entrepreneurship

€63 millions
In social investment through NGOs and humanitarian organizations

Mission:
To contribute to the progress of people and companies

Vision:
To be the best open platform for financial services, acting responsibly and earning the trust of our employees, customers, shareholders and society.

A strong, inclusive, committed culture is the foundation for building a responsible Bank.

Values:
Everything we do must be simple, personal and fair.

Simple: Santander seeks to offer efficient and easy-to-understand products responsive to customers' needs. This is why it designs systems and processes that are simple to operate, which facilitates a clear and agile response from its employees.

Personal: The priority is to have different customer service channels which offer each customer a tailor-made service and response according to their needs. It also refers to the commitment to each bank collaborator's personal development through fulfilling their professional goals.

Fair: Most importantly, Santander is transparent in its relations with stakeholders and complies with community improvement.

Corporate Culture
The Santander Way is Santander's corporate culture. It establishes how things are done, and guides people to continue progressing as a team.

In 2022, the Group launched the new corporate behaviors (under the acronym in English T.E.A.M.S.). Eachletter represents a behavior: 'Think customer', 'Embrace change', 'Act now', 'Move together' and 'Speak up'

Our way to do things is
The Sanatnder Way...

Living our values
Simple | Personal | Fair

In our day to day corporate behaviour:

Think customer — T
Embrace change — E
Act now — A
Move together — M
Speak up — S

Over a solid risk management culture

risk pro

Business areas

Local businesses combined with global businesses and platforms with common solutions with the aim of increasing connectivity within the Group to be even more competitive and continue to grow.

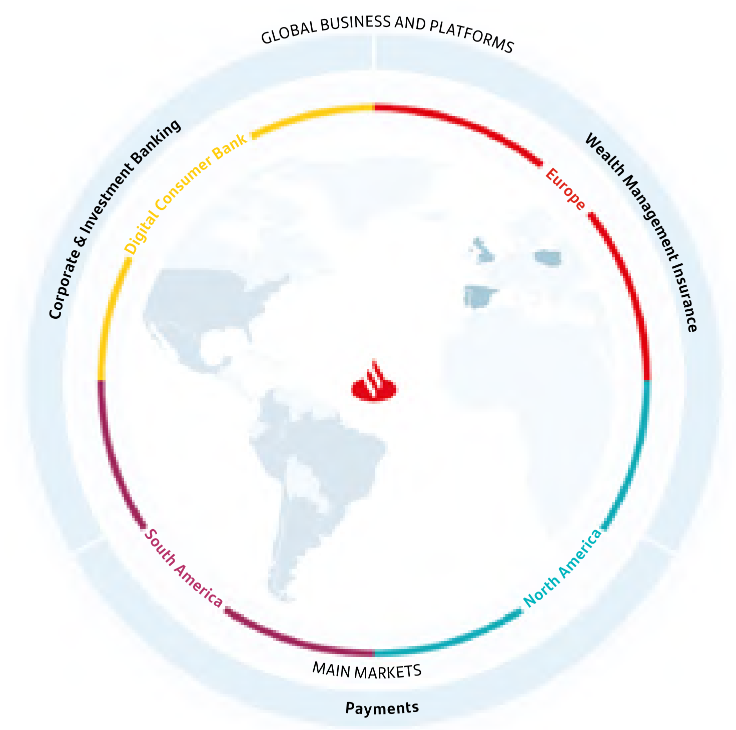
Markets

Europe:
- Spain
- United Kingdom
- Portugal
- Poland

North America:
- Estados Unidos
- México

South America:
- Brazil
- Chile
- Argentina
- Uruguay
- Peru
- Colombia

Digital Consumer Bank
- Santander Consumer Finance (Financing/Car business)
- Openbank



Global businesses and platforms

- **Corporate & Investment Banking:** Santander supports companies and institutions with tailored services and value-added products taking into account their level of complexity and sophistication

- **Wealth Management & Insurance:** It integrates the private banking, asset management and insurance businesses to offer Santander customers the investment and coverage solutions that best suit their real needs.

- **Payments:** Simple and accessible digital payment solutions.
  - PagoNxt
  - Cards & Digital Solutions

Main figures of the Group

€1,735 millions
Total Assets

€1,036 millions
Credits

€1,146 millions
Deposits and investment funds

€28.3 millions
Net margin

€9.6 millions
Attributed profit

€47.1 millions
Market capitalization

9,019
Branches

206,462
Employees

160 millions
Clients

3,915,388
Shareholders

11,8 millions
Financially empowered people since 2019

The business

(CMF 6.1.i, 6.1.ii, 6.1.iii, 6.1.iv, 6.2.i, 6.2.ii, 6.2.iii, 6.2.iv, 6.2.v, 6.2.vi, 6.2.vii) (GRI 2-6)

Santander seeks to be the best open platform for financial services to contribute to the progress of companies and individuals through a broad range of products with a high level of service for our customers.

It focuses its business on a wide range of commercial and retail banking services for its customers in Chile. These include credit lines, current account plans, loans in Chilean pesos and foreign currencies, mortgage loans, and financing. In recent years, mortgage loans for sustainable housing and financing for renewable energy projects have also been included. Additionally, it offers financial services such as financial advisory services, mutual fund management, securities brokerage and insurance, and leasing

Santander currently does not have suppliers that individually represent 10% of purchases, nor with clients that individually represent more than 10% of the segment's income.

Sale channels

- Face-to-face channel: branches
- Telephone channel: call center
- Digital channel: web and app

Main competitors

The banking industry defined as the banks regulated by the CMF. The main competing banks are the six largest (Banco Estado, Banco de Chile, BCI, Itaú CorpBanca and Scotiabank).

Main trademarks and patents

Its main brand is Santander and it does not have relevant patents to report.

Licences, franchises, royalties or concessions

- Banco Santander Chile authorized by Exempt Resolution No. 118 of the former SBIF today CMF
- Santander Corredores de Bolsa Ltda. registered in the CMF Registry under No. 173
- Santander Corredora de Seguros Ltda. registered in the CMF Registry under No. 6580
- Klare Corredora de Seguros S.A. registered in the CMF Registry under No. 8713
- Santander S.A. Securitization Company authorized by Exempt Resolution No. 172 of the CMF
- Santander GETNET Chile S.A. Payment Card Operator. authorized by Exempt Resolution No. 704 of the CMF
- Santander Consumer Finance Ltda. registered in the CMF Registry under No. 1142

Regulatory framework

The regulatory framework under which Banco Santander Chile is structured includes the General Banking Law and the rules of the Financial Market Commission, the Securities Market Law 18,045 and the Corporations Law 18,046. Furthermore, it is regulated by three entities: the Financial Market Commission, the Financial Analysis Unit and the Internal Revenue Service.

The changes in the regulatory frameworks during 2022 that impact or could impact Banco Santander's activity are as follows:

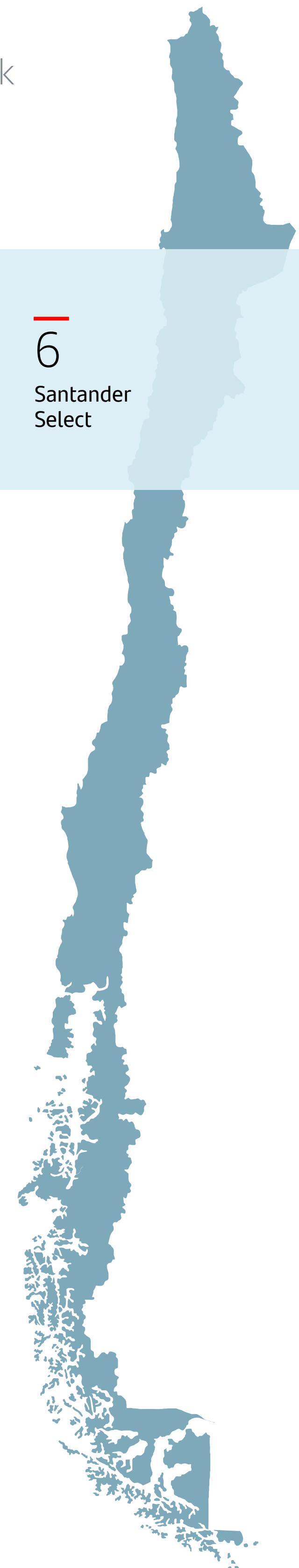
Regulation	Description
Financial Innovation Law "Fintech"	New financial services are created: crowdfunding platforms, alternative transaction systems, intermediation of financial instruments, order routing, credit advice, investment advice, and custody of financial instruments. Furthermore, the basis for creating an "Open Finance" system is presented, which will allow for greater transparency in the use of customer financial information and improve customer offers.
General Standard No 469 FMC	Regulates the individual and collective contracting of insurance associated with mortgage loans under article 40 of the Insurance Law DFL No 251, the minimum conditions that must be included in the bidding conditions for such insurance and the information that must be provided to bidders, insured debtors and the FMC.
General Standard No 484 FMC	It regulates and establishes the requirements banks must meet to charge customers fees in a money-lending operation.
Law 21,453	Incorporates an article 85 bis to the Tax Code that obliges banks to report annually to the Internal Revenue Service the balances of products or instruments of fundraising, investment or custody services, whose sum of credits or balances register a daily, weekly or monthly movement equal to or greater than UF 1,500.
Law 21,514	It amends the Guarantee Fund for Small and Medium-sized Entrepreneurs (FOGAPE). For banks, this law extends access to credit in the financial system to micro-entrepreneurs, with a guarantee from FOGAPE, and also creates the new FOGAPE Chile Apoya, which allows access to new loans with the guarantee and under the conditions of this Fund.

Regulation	Description
Law 21,389	It establishes the National Alimony Debtors Register in order to improve the system for the payment of alimony. It imposes on all financial service providers the duty to consult this Register for all money credit operations of UF 50 or more, in which case they must retain up to 50% of the credit (or a lower amount if it is sufficient to cover the debt) if the applicant is in this Register.
Law 21,484	"Parental Responsibility and Actual Alimony Debt Payment" provides that the debt payment may be made with the maintenance provider's funds in their bank accounts or other financial or investment instruments. The obligation of the Bank will be to secure and hold the funds.
Exempt Reso-lution No 534 SERNAC	It regulates good practices in the advertising field for the due protection of consumers' rights and guarantees in native advertising and influencers' activities.
Compendium of Financial Regulations of the Central Bank of Chile	New Chapter III.E.1 of the BCCh's Compendium of Financial Regulations, which digitalises and makes the opening of term savings accounts more flexible, eliminates the limit on money transfers and improves communication channels with customers.
Circular No 2317 FMC	It establishes the obligation for the Bank to have an internal policy on the security and management of information on debtors (PISMID), which complies with international principles and best practices on the processing of personal data, which refer to purpose, quality, security, access and limits, and the guidelines established in RAN 20-10.
Circular No 2316 FMC	It amends Chapters 18-5 and 20-6 of the Updated Compilation of Rules for Banks, eliminating the requirement for an enforceable title to report debtor information.

Presence in Chile

(CMF 6.4.i)

Santander Chile is present across the country through its extensive network of branches and physical spaces of different types.



In 2022, 43 traditional and 8 select branches were closed, while 11 Work/Café branches were opened.

199 Traditional branches

7 Middle Market service centres

6 Santander Select

74 Work/Café

286 Total

Branch presence by region

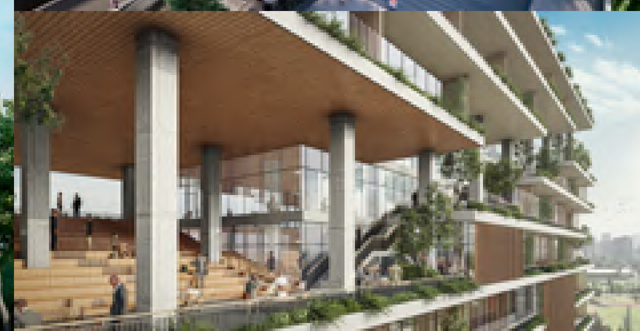
Region Arica y Parinacota	3
Region Tarapacá	4
Region Antofagasta	12
Region Atacama	3
Region Coquimbo	8
Region Valparaíso	34
Region Metropolitana de Santiago	143
Region O'Higgins	9
Region Maule	14
Region Ñuble	4
Region Bío Bío	18
Region La Araucanía	11
Region Los Ríos	6
Region Los Lagos	12
Region Aysén	2
Region Magallanes	3
Total	**286**

Santander has 119 owned properties and 245 leased properties.

Properties by type

Properties	Owned	Leased	Total
Head offices	4	5	9
Branches	79	207	286
Other	36	33	69
Total	**119**	**245**	**364**

Note: The category other includes car parks, mini-branches and other properties or subsidiaries.



Construction of the Santander Campus

Campus Santander is Santander Chile's new corporate building, designed and built to involve the whole community under a sustainable approach.

In June 2022, Banco Santander announced the construction of a new corporate building: Campus Santander. This new headquarters aspires to set milestones in terms of environmental sustainability, incorporating the highest principles of sustainable construction, energy efficiency and care for the environment.

Campus Santander required an investment of close to US$350 million and has been designed with first-class facilities, 100% renewable energy and a solar chimney system and natural lighting that saves 44% of energy in daily activities, as well as more than 12,000 m2 of green areas, also intended to be a comfortable, welcoming and pleasant space for those who will spend their working day there.

Santander will leave its historic building at Bandera 140, in the heart of Santiago, to move to its new headquarters at 375 Américo Vespucio Norte in the Las Condes district. The building is expected to start operating in 2026.

12,000
M² garden with native and adaptive species

100%
renewable energy

Resource optimisation system that will save 5 million litres of water per year.

83 tonnes
Internal recycling processes that aim to reduce 83 tonnes of waste per month.

Business Divisions

Retail Banking

70%
of loans

57.2%
of the Bank's total contribution

6.2%
growth in contribution

66.4%
of the Bank's revenue

10.1%
revenue growth

Middle Market

22.8%
of loans

30.7%
of the Bank's total contribution

30.6%
growth in contribution

21.4%
of the Bank's revenue

20.4%
revenue growth

CIB

7.7%
of loans

23.7%
of the Bank's total contribution

49.3%
growth in contribution

15.3%
of the Bank's revenue

43.1%
revenue growth

Retail Banking Division

Division's purpose

This division advises customers on the most appropriate product and services, such as consumer loans, current and demand account plans, credit and debit cards, and other products. Furthermore, it offers specialised loans for leasing, factoring, investment and foreign trade, working capital, and state-guaranteed loans.

Retail Banking Customers

Retail Banking's customers are individuals and SMEs with annual sales of less than Ch$ 3,000 million, for which it has a differentiated value offer.

Retail Banking Businesses

Personal Banking

It caters to medium, high-income, and mass-affluent clients.

SMEs Banking

It focuses on delivering financial services on a plan basis to accompany small and medium-sized businesses in their growth. These include financing, credit, insurance, and investments.

Santander Consumer

It focuses on offering financial solutions with greater flexibility for vehicle purchases.

Select Private Banking

Aimed at high-net-worth clients[2] through personalised attention, which includes a wealth manager and the support of specialised advisors.

2. Those with liquid investments over Ch$50 million or a positive balance between debt and equity, minus mortgage, over Ch$100 million. They have a wider and more flexible product offer than that available in branches.

Milestones 2022

- **Dollar Ecosystem:**
Santander created an easily accessible foreign currency account for those who already have a current account with the Bank. With this product, customers can invest in international markets, buy and sell foreign currency online, receive and make international transfers, among many other benefits. Additionally, dollar-denominated Mutual Funds were launched , enabling Santander to regain its position as No 1 in the industry's market share.
- **New products:**
Launch the 100% digital Teens account for teenagers, the Life savings account, and 30-year UF fixed-rate mortgages.
- **Payment ecosystem:**
Banco Santander customers with ECO cards can use the Santander App to purchase at online and in-person shops with their mobile phone or computer by scanning the QR code generated by the shop's payment gateway. The new functionality can be used in more than 400,000 shops. This system offers an expedited and protected shopping experience in the same way as other Santander products.
- **Sustainability:**
Three new ESG mutual funds were launched, the first green insurance focusing on sustainable mobility and the possibility of contributing to the environment with LATAM miles.

2022 in figures: Retail Banking

(SASB FN-CB-000.A, FN-CB-000.B, FN-CF-000.A, FN-CF-000.B, FN-MF-000.A, FN-MF-000.B, FN-MF-270b.3)

Key indicators Retail Banking

Categories	2021	2022
Year-on-year growth of current account customers	520,715	624,361
Monthly mortgage payments	16,086	34,631
Refinancing solutions in two months	661,636	713,505
Customers with credit and debit cards as of December	154,767	211,373
Single virtual card customers as of December	92,895	52,384
Car insurance sold as of December	3,201	7,100
SME insurance sold as of December	N/A	197,105

At Banco Santander Chile, the evaluation of credit applications is carried out automatically, thus avoiding any arbitrary discrimination. In the process, the client must present a creditable income to protect their borrowing capacity and comply with general requirements on the public website. Furthermore, predictive models whose construction and criteria are statistically validated and, therefore, empirically justified are used for funding decisions.

Retail Banking Activity

Categories	Número	Valor (MM$)
Personal current accounts	2,371,952	4,301,440
Small business current accounts	263,146	2,554,644
Personal savings accounts	398,893	170,879
Small business savings accounts	23,994	13,053
Personal loans	298,484	2,717,934
Small business loans	61,237	2,065,443

Consumer Finance Indicators

Categories	2021	2022
Number of customers with active credit card accounts	815,123	860,147
Number of customers with an active debit card account	1,526,656	1,817,869
Number of credit card accounts	1,029,778	1,050,673
Number of debit card accounts	1,758,675	2,107,254

Mortgage Financing

Categories	Número	Valor (MM$)
Open mortgages by residential category (stock)	360,464	15,423,377
Open mortgages by commercial category (stock)	131,807	2,981,134
Mortgages purchased by residential category (2022 sale)	14,180	1,284,693
Mortgages acquired by commercial category (2022 sale)	2,964	212,619

3. Funds launched: Agresivo Dólar, Deuda Latam ESG Dólar and FM Santander Estructurado Ahorro + Dólar.

Note 1: The commercial category is the general-purpose category. / Note 2: Stock refers to accumulated mortgages, while sale refers to mortgages transacted in 2022.

The success of Getnet

During 2022 Santander Chile continued to expand Getnet, its payment platform that was launched in 2021 and is aimed at merchants, entrepreneurs and professionals, providing them with a comprehensive solution to collection and payment mechanisms, with a focus on the development of companies of different sizes and thus improve the customer experience.

Getnet offers a complete solution for face-to-face or digital acquisition, which processes the main brands of cards -credit, debit and prepaid- existing in the market issued by any local or international issuer. Thanks to this, the result is progress in the usability of cards even in areas where this coverage was not available before, contributing to different communities and reducing cash transactions. The platform has qualities that differentiate it. For example, customers can receive money from sales up to five times a day, including holidays. The device detects the type of card (credit or debit) automatically, reducing times and offering a more agile experience, in addition to having contactless technology such as chip and magnetic stripe reading. Lastly, it is easy to install and connects to the 3G mobile network, making it work in a fixed or portable way. Along with the above, Santander offers benefits associated with its usability, such as, for example, SME customers can pay their Getnet payments in Santander accounts, obtaining a 50% discount on the monthly rate of the “Business Plan” and, new customers can opt for the “Commercial Plan” with discounts of 50% off the monthly rate. Additionally, you can contract the “Protected Billing” insurance aimed at businesses that cannot operate due to material damage on the premises, natural disasters or other reasons covered by the policy.

During 2022, customer reception has been high, with more than 157,000 points of sale installed (+131% YoY) for more than 135,000 customers, of which 91% are SMEs. Additionally, the sale of mPOS began, more compact devices that can be marketed through Prospera, with more than 1,400 mPos sold. Also, in mid-2022, Getnet launched ecommerce, attracting some 8,500 businesses.

Main indicators Getnet 2022

134,897
Clients

91%
Clients SMEs

157,641
Points of sale installed

Ch$ 580 mil millones
Monthly sales through Getnet

Ch$ 27,060 millones
Commissions generated in 2022 (+280.1%)

Middle Market

Division's purpose

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

This division's value offer is delivered through digital and face-to-face channels and can be classified into three types:

1. Traditional products: Transactional services, treasury, leasing, confirming, and factoring;
2. Financial advice: ESG, investments, and collaboration revenue;
3. Added value: ATMs, insurance, acquisitions.

Middle Market Clients

Middle Market offers products and services to **medium and large companies** with annual sales of over Ch$ 3,000 million.

Middle Market Business

Empresas

Companies with annual sales from Ch$3,100 to 15,000 million.

Large Companies

Companies with annual sales greater than Ch$15,000 million.

Real estate

Companies that carry out projects for third parties and construction companies, with annual sales of more than Ch$800 million.

Institutions

Organizations such as municipalities, regional governments, government agencies and universities.

Milestones 2022

- **Client Experience:** The Multilatina programme has been strengthened, taking advantage of the competitive advantage of having a regional presence to support and accelerate the landing of foreign companies interested in investing in Chile and accompanying Chilean companies seeking to develop their business in the region. This proximity and focus on customer experience has improved customer satisfaction and is reflected in the division's NPS increase (seven points in 2022). The most valued attributes highlighted are quality of service, image and product quality..
- **Product offers:** The procurement business has also been boosted through Getnet. Middle Market's customers are offered solutions that strengthen the relationship and closeness, fulfilling the bank's advisory role, which is key to the continuity and viability of the business in the long term.
- **Launch of NEOBEI+:** The new customer-focused commercial management platform was developed and implemented.
- **Sustainable Finance[5]:** The training curriculum for the commercial teams was enhanced with a special module that is part of the Middle Market certification. This is in line with the advisory role the bank seeks for its customers.
- **Executive training:** Together with MideUC, the first version of the Middle Market Certification for commercial teams was carried out. It consists of 14 modules to empower commercial teams with knowledge of all the products and services that make up our value offer.

Middle Market key indicators

Categories	2022
Digital clients	20,486
NPS	+ 7pp
Number of Investment Clients (Time Deposits + Mutual Funds)	24,850

Middle Market Getnet

The year 2022 was a period of consolidation and strengthening of the Getnet product portfolio, adding new digital solutions such as web checkout (payment gateway), payment link and automatic card payment (PAT) for businesses that need to make recurring payments to their customers. Similarly, actions have been generated to promote the activation and use of Getnet solutions through campaigns aimed at them.

Middle Market Getnet Indicators

Categories	2021	2022
Delivered devices	2,539	4,007
Benefited customers	827	792
Transactions made with Getnet	5	20
Total retail sales (MCh$)	205,120	764,637

4. Net Promoter Score: indicator for measuring customer satisfaction, based on the likelihood of recommendation.
5. Sustainable financing is further explored in the chapter on Environmental Management.

Santander Corporate and Investment Banking (SCIB) Division

Division's purpose

SCIB aims to deliver tailor-made services and high-value-added wholesale products designed for large, complex, or sophisticated corporate and institutional clients. These needs may be for financing, investment or risk hedging. This is why the division handles global business processes and treasury operations for its customers.

The five strategic pillars of SCIB

1 To optimise efficiency in the use of capital and the credit portfolio

2 To optimise transactional business

3 To be a comprehensive financial advisory division focusing on long-term relationships and delivering added value in doing business

4 To aim to be among the top three in all service rankings

5 To be leaders in infrastructure and energy in M&A and Project Finance

SCIB Customers

The division focuses on companies with sales above MCh$10,000, whether foreign or Chilean multinationals. This is why it is present in 22 countries, with 496 customers. 57 of these customers are of Chilean origin, while 439 are multinationals.

For more details, visit https://www.santandercib.com/solutions

SCIB Business

This division has four specialised units:

Corporate Finance

The Corporate Finance team provides global advice and execution in Mergers & Acquisitions (M&A) and Equity Capital Markets (ECM).

Global Transaction Banking

This team provides tailor-made banking solutions for some of the world's largest and most demanding clients. All our products are designed for your business.

The products offered by this area are:

- Cash Management
- Export Finance
- Supply Chain Finance
- Trade & Working Capital Solutions

Global Debt Financing

Global Debt Financing combines knowledge, experience and a deep understanding of the financial markets to provide its clients with tailored access to all sources of solutions to help them achieve their capital structure and financing objectives.

The products offered by this area are:

- Debt Capital Markets
- Syndicated Loans
- Structured Finance
- Leverage Finance
- Global Debt Advisory

Global Markets

The Global Markets team provides risk management solutions, investment products and execution services to various clients, including corporates, financial institutions, financial sponsors and individuals.

The products offered by this area are:

- FX
- Credit
- Rates
- Macro & Strategy Research
- Cash Equity
- Equity Derivatives & ETD
- Securities Financing

Milestones 2022

- **Santander Chile's first ECA with South Korea:** A US$ 100 million financing was closed for SQM for its lithium exports to South Korea over the next 2 years, with 100% coverage by the ECA (Export Credit Agency)[6] Korean EximBank (AA rating).
- **Grupo Saesa financing:** Santander led the US$1,200 million financing for the purchase of Enel Transmisión's assets. Santander acted as the underwriter for 50% of the financing, structurer, agent bank for local accounts and guarantees, pre-hedge provider for the local segment and administrator bank for the takeover bid.
- **Sustainable financing:** SCIB advised Aguas Andinas on a private bond under the ESG framework in the Asian market and placed green and social bonds to CMPC, Caja Los Andes and the Republic of Chile[7].
- Santander Chile won **the five-year tender for all the ATMs of Copec,** the country's main fuel distributor, which belongs to the Angelini group. This corresponds to more than 500 ATMs throughout Chile, positioning Santander as one of the main players in the local ATM market.
- In the debt **capital markets,** the year 2022 witnessed the recovery of the local market, where we saw placements of US$ 2,600 million (136% above 2021). Santander was one of the market leaders participating in 8 local bond placements with a 23.2% market share in volume. The international market, on the other hand, showed few transactions. Noteworthy was Santander's participation in the issuance of bonds by the Republic in Chile for a total of US$ 5,000 million.

Property investments and loans by sector
(SASB FN-IB-000.B)

Sector	Property investments and loans (Ch$ million)
Bank and non-bank financing	971,762
Mining and metallurgy	805,710
Public services	1,014,763
Pulp and paper	521,791
Retail	265,310
Building	202,560
Structured finance	131,928
Telecommunications	211,470
Oil and natural gas	140,098
Beverages and tobacco	48,112
Transport	86,258
Food	41,579
Automotive	37,891
Other	441,655

6. Export Credit Agencies are governmental institutions or private companies acting on behalf of governments, which have the purpose of supporting the export activity of companies in the country in which they operate. In this line, they provide import financing that covers the risks of the operation, which allows them to provide importers with much more attractive financial conditions.
7. More details on sustainable financing can be found in the chapter Environmental Management.

Wealth Management & Insurance

Division's purpose

In October 2021, the Wealth Management unit was created to unify the investment offer to customers. This allows for greater consistency across all segments and improved communication about products, benefits, and risks.

The aim is to generate a more specialised strategy for the investments of each customer segment. As a result, unique digital development and communication plans and specialised consultancy, products and service models are established. This allows for a clearer positioning of the Bank in the local investment market.

In September 2022, the Insurance unit was incorporated into the division and renamed Wealth Management & Insurance, replicating the Bank's global strategy.

Wealth Management & Insurance Customers

Its customers are those who wish to make investments in the bank. To this end, a homogeneous and consistent model of products is generated with different advice and contracting according to the client's needs.

Main WM&I indicators

Category of managed funds	Equity (Ch$ million)
Shareholders	393,960
Balanced	923,940
Long-term debt	1,311,093
Medium-term Debt	1,008,397
Structured	224,799
Money Market	4,736,907
Total	**8,599,096**

Note: Details are for mutual funds only.

Milestones 2022

- In September 2022, the Insurance Unit was incorporated into the division.
- **Structured Mutual Fund:** A total of seven were launched during the year, each to deliver a non-guaranteed return on all quotas remaining until the end of the investment period.
- **ESG range:** Expansion of the ESG product offer with the launch of Fondo Mutuo Santander Acciones Chilenas ESG in July and the Santander Deuda Latam ESG Dólar and Santander Deuda Chile ESG Mutual Funds in November.
- **New Smart Investments advisory solution:** a new service model launched for discretionary portfolio management, which designs a portfolio according to the client's needs, considering their investor profile, the economic context and global market trends.
- **Online financial education talks:** Talks were broadcast on the Bank's YouTube and Facebook platforms to customers.
- **Extension of the scope of Private Banking:** The starting point for this extension was the incorporation of 2,500 new relationships that can enjoy the benefits of being part of the Private Banking model. Similarly, a specific group of clients from different regions of the country was approached to offer them an investment advisory service according to their needs, which they did not receive before.
- **International collaboration:** Santander Private Banking Chile's clients were invited to broaden their investment horizons in Miami and Uruguay. They can also invest in real estate in the United States, Spain, Portugal, Brazil and Mexico through the exclusive international real estate brokerage service Santander Private Real Estate Advisory (SPREA).
- **Customer events resumed:** customer engagement was resumed following the cessation of pandemic restrictions.
- **Investments in OB:** As of November 2022, companies can invest in Term Deposits (DAP) on the Office Banking (OB) platform in pesos and dollars, fixed-term and renewable. Besides, they can obtain multiple simulations, i.e., when simulating the investment, the platform offers alternatives to make the best decision.
- **Mutual Funds in US Dollar:** In February 2022, the range of US Dollar Mutual Funds for every investor profile was completed with the inclusion of the Santander Agresivo Dólar Mutual Fund.

Wealth Management & Insurance Businesses

Santander Asset Management

Santander Group's fund manager with over 25 years of experience, 9,300 million euros of assets under management and a team of more than 60 professionals with an average of more than 10 years of experience in the financial sector.

Investors' service

It handles all clients with investments in the bank and creates a value offer from mutual funds, investment funds, Luxembourg funds and portfolio management, time deposits, equities, ETFs, AFBs, structured products, and derivatives.

Crucial material issue

Customer experience

(GRI 3-3)

Description

For any company that delivers products and services, delivering the best solutions to its customers is the backbone of its business. Banco Santander works to deliver solutions that facilitate and favour the realisation of each of its customers' projects, creating a reliable and loyal relationship. .

Impacts

In times of great challenges, Santander has been committed to being an institution that its customers can trust, offering them innovative products and services with fair treatment and with employees who understand the Bank's commitment to sustainability, the development of people and care for the environment.

Regulatory framework

- Sustainability Policy
- Human Rights Policy
- Corporate Culture Policy

Regulatory framework

- Sustainability Policy
- Human Rights Policy
- Corporate Culture Policy

Regulatory framework

- Sustainability Policy
- Human Rights Policy
- Corporate Culture Policy

Strategic Pillars

In 2022, the customer strategy pillars were addressed with collaborative teams, focused on strategy and advice for each segment and service model. Four strategic pillars are thus established:

Personal Digital Model

Working together with model, segment, channel, product and operations areas to minimise impacts on customer perception and encourage the use of defined channels.

2022 Progress

In 2022, adherence to Santander Pass was encouraged, QR code payment functionality was developed, and a new private site design was launched for individual customers. It also highlights the migration of customers to a digital customer service system without a fixed executive.

Personal Face-to-Face Model

Approach through models, segments, digital transformation, branch network, operations and contact centre to improve the reachability and resolution of executives to reduce waiting and service times in the branch.

2022 Progress

During 2022, tools were disseminated for referring customers to Servipag, digital or self-service channels and workshops were held in branches on 'Serving with the heart', based on Santander SER's customer service culture: Greet, Understand and Solve (Saludar, Entender, Resolver).

Digital Companies Model

To ensure a smooth digital customer journey and seamless customer service, Santander is working with the segment, model and digital banking teams to improve the usability and post-sale of digital channels for the business segment.

2022 Progress

In 2022, the delivery of digital customer requirements resolution through structured responses, the development of NPS and contextual messaging in the companies' APP, expert review and usability testing were developed. Finally, a friends and family event was held with customers of the new Office Banking website.

Company Products

The Factoring, International Business, One FX and Getnet teams work together to manage the after-sales of the company's products and improve their traceability, online resolution, digitisation and follow-up.

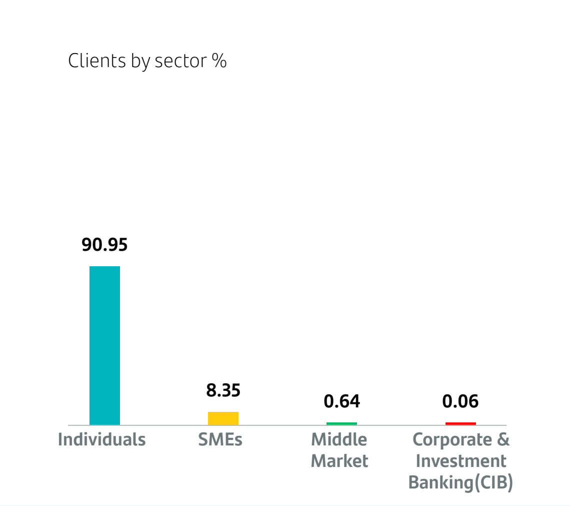
2022 Progress

During 2022, Santander anticipated the maturity of operational lines of international business, conducted a test with customers on the digital activation of Getnet POS and a pilot with customers of the new One Trade FX and One Trade Payments platform.

Clients Focus

Santander's challenge is to deliver confidence to its 3.9 million customers and respond quickly to their needs.

Number of clients	2020	2021	2022
Total clients	**3,607,609**	**4,116,301**	**3,910,094**
Individuals	3,373,778	3,810,837	3,556,413
SMEs	207,001	278,800	326,386
Middle Market	24,325	24,251	24,850
Corporate & Investment Banking (CIB)	2,505	2,413	2,445
Digital clients	1,546,524	2,016,947	1,981,540
Life Clients	484,992	900,065	1,097,966
Superdigital Clients	129,991	284,758	397,582
Loyal clients	764.407	832.405	855.156



Featured Projects

Eco Cards

At the forefront of cybersecurity issues, Santander entered the credit and debit card market this year with a new payment system: cards with a dynamic security code (CVV) that must be consulted in the APP or Home Banking, making it much safer when making purchases via digital platforms. This upgrade of cards was an important step in managing customers, who appreciated having more secure alternatives and also valued the fact that the cards are more environmentally friendly. Proof of this acceptance is that the first purchase using these cards results in a Net Promoter Store of more than 60%.

Password Change Management

A major change that all Santander customers have experienced over the last few months is the change of their digital password from a 4-digit password to a 10-digit alphanumeric password. This increase led to exponential growth in security and meant a gradual customer adaptation. Therefore, the change was made gradually and with a support and education programme. As a result, the change was delivered to more than 1.5 million customers with an NPS of 40%.

Digitisation and client migration

Santander is committed to innovating the client service model, with the main protagonist being its digital platforms and the secondary participation of its branch network and Contact Centre.

The migration of customers to digital customer care was scheduled to achieve this change, starting with those who already presented digital behaviour. These groups were supported by more than 28 initiatives which focused on encouragement, guidance and ongoing education, helping them organically and amicably establish digital habits.

Customer Satisfaction

During 2022 Santander remained the most recommended bank among the six competitors with the largest market share.

The Bank has set targets for NPS and certain key levers and satisfaction levels concerning the Bank's attributes. All employees carry out these goals through various internal governance methods, such as the bank's Balance Score Card, a strategic management methodology aligning to the overall strategy with operational elements, the employee performance evaluation and OKRs (objectives and key results) in the developing cells.

The satisfaction with the competition is monitored through a customer satisfaction benchmark, where around 45,000 Banco Santander customers and 1,200 customers are surveyed for each competitor. This study is audited by the Spanish company Stiga, which reviews Santander's benchmark studies in all the countries where it is present.

Customer satisfaction	2020	2021	2022
Banco Santander NPS	44%	55%	57%
Position in NPS ranking versus competitors	1°	1º	1º
Satisfied customers with our SPF attributes.	-	64%	65%
Mobile banking NPS ranking vs competitors	-	2º	4°

Note: The measurement is annual.

Tasa de reclamos	2020	2021	2022
Reclamos reguladores (CMF + Sernac)	3.28	2.52	2.7

Note: Claims per 10,000 active clients.

Santander Chile offers different platforms where customers can express their requirements and complaints. These include physical branches, contact centres and digital channels (website, mobile website and APP).

Each complaint received is registered in the after-sales system, automatically recording the number of complaints and the date they were resolved. Customers have access to track their requirements through digital channels. Once each case has been resolved, a messenger and/or email is sent confirming its resolution. Furthermore, each customer

Regarding the number of complaints, there was a 0.7% increase in mass complaints compared to the previous year.

In 2022, a change in the Customer Service platform was implemented. A new integrated customer service module, called MIDAS, adds variables such as omni-channelling (the same experience through the different customer service channels: face-to-face, telephone and digital channels) and the integration of information regarding the customer's requirements.

Work/Café Startup

In 2022, Work/Café's main objective was to recover the relationship built with people before the pandemic. To this end, different campaigns were conducted to relaunch the brand and open new branches, increase the number of members, improve the Work/Café website, create engaging content for users and celebrate the coffee day with a historic sale of 2,700 coffees.

Furthermore, the bank delivered new benefits and spaces for entrepreneurs, both physical and digital, by inaugurating the first Work/Café Startup, a place designed for them.

Indicators	2021	2022
Number of beneficiaries	145,000	206,843
Number of Work/Café	63	74
Entrepreneurs in the Work/Café Marketplace	5,500	6,940
Number of strategic partners	9	8
Number of users in the Employability tool	4,000	5,000
Number of attendees at Work/Café talks		+100,000
Average monthly website visits		+154,000
Monthly average of visits to physical branches		+45,000

Note: The Work/Café Startup is located at Avenida Apoquindo 2930, 1st floor.

In October, Work/Café celebrated its sixth anniversary. In November, it inaugurated the Work/Café Startup, a space created to support the development and growth of startups in Chile and Latin America.

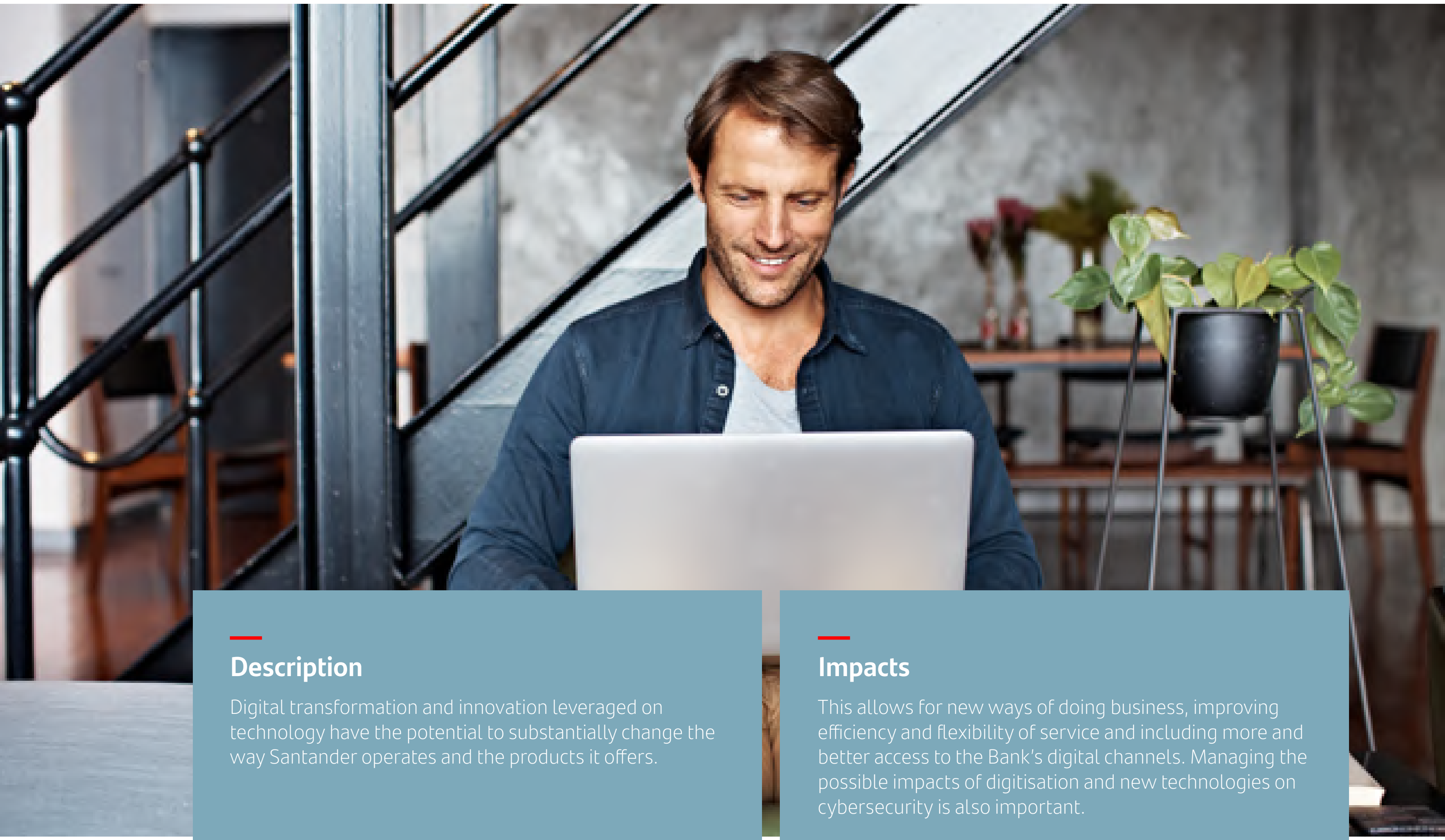
Santander wants to be the Bank that develops and boosts the Startup ecosystem with a comprehensive proposal based on three pillars:

1. **Bancarization,** serving them as clients and providing them with tailor-made solutions with a specialised team that listens to them and serves them, from a current account, a payroll plan and payments to financing.
2. **Collaboration,** making Banco Santander's capabilities available to them on a local and global scale, to test their solutions, help them perfect them and support them in their consolidation.
3. **Investment,** providing an additional enabler with Santander's participation in those solutions that have the greatest potential.

Crucial material issue

Digital Transformation and Innovation

(GRI 3-3)



Description

Digital transformation and innovation leveraged on technology have the potential to substantially change the way Santander operates and the products it offers.

Impacts

This allows for new ways of doing business, improving efficiency and flexibility of service and including more and better access to the Bank's digital channels. Managing the possible impacts of digitisation and new technologies on cybersecurity is also important.

Regulatory framework

Technology and innovation strategy with six strategic focuses:

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

Goals and commitments

- Tripling the number of applications in Container as a Services mode by 2023

Progress and actions

- Users using Santander's Data Marketplace increased from 5% in 2019 to 100% in 2022.

Technology Strategy and Operational Innovation

The technology and operations functions are fundamental to enabling the Bank's business strategy and operational efficiencies. In this regard, Santander considers that, through its constant evolution and the adoption of the most modern trends, resources and tools available, it will be able to meet the multiple requirements of its customers and employees in a better way.

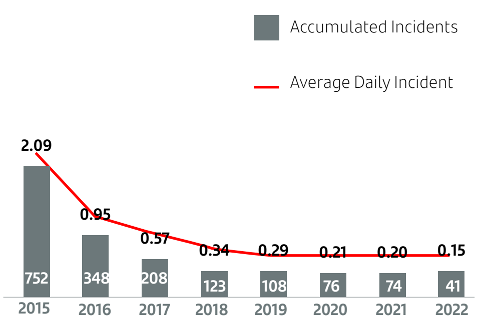
Santander seeks to deliver value through faster, more flexible, scalable, secure and innovative financial solutions and services, always aiming to maximise the experience and use of digital channels, true to its mission of helping people and businesses to thrive.

Along these lines, the following guidelines for technology and operations management have been defined:

1 *Improving the quality and continuity of our services with a digital focus*

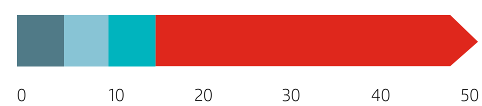
Banco Santander aspires to increase the quality of service perceived by its customers, through greater stability, resilience and operational continuity of customer service channels, with a greater and better capacity to monitor services. There is also a standard, recurrent incident anticipation and management model, a focused, visible team and high-level accountability.

Evolution of claims



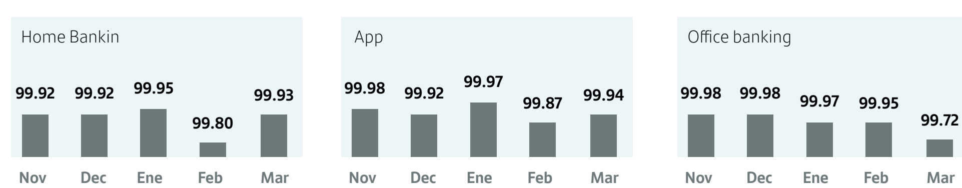
Obsolescence

%

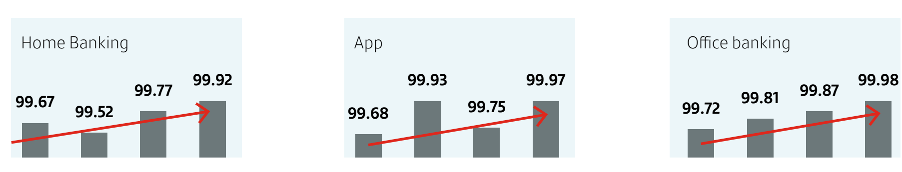


	Applications	ATM´s	Database	End users	High Ends	Hypervisors	Network	Servers	Storage	WAS	WEB
Dec 21	4.60	0.00	9.29	0.34	0.00	1.72	10.21	2.77	9.09	12.34	6.81
Dec 22	4.75	0.00	9.96	0.33	0.00	9.81	7.84	2.88	9.09	7.76	6.97

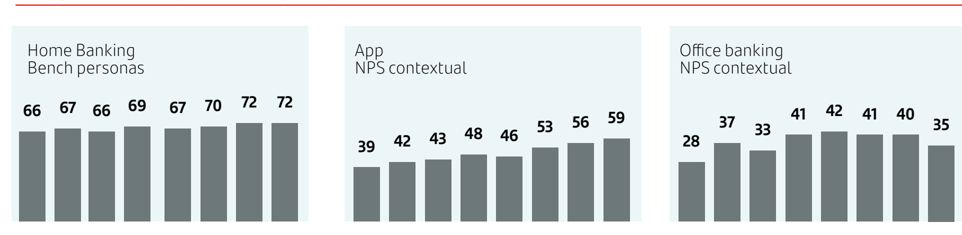
Channel availability



Annual evolution of channel availability

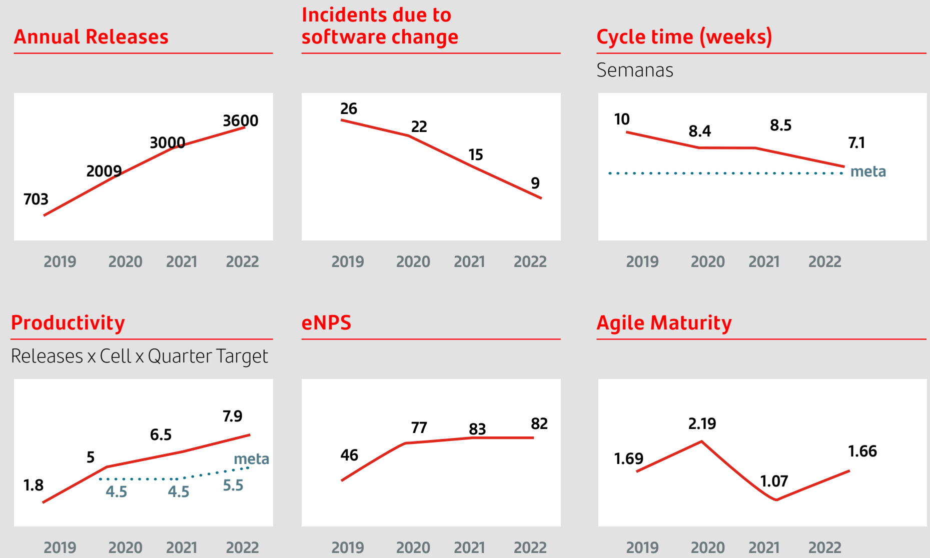


NPS per channel / Real-time perception



2 *Accelerating and efficiently managing technology developments and delivering solutions to the market*

Santander continues to increase the maturity of its technology development model based on Agile methodology. This means working on the evolution of products and services jointly and collaboratively between the bank's different functional and business partners, which enables the bank to adapt quickly and with the least waste to changes in the market and the environment, increasing the quality of deliveries. The use of task-specific management tools ensures this.



At the end of 2022, 59 applications were running on Cloud Azure, 7% of the Bank's total applications, and we expect to double this number by 2023.

3 *Architecture evolution by incorporating elements that will further enhance digital transformation in the coming years.*

During 2022, the architecture area was strengthened. In addition, a joint effort was made to exploit the Santander Group's corporate capabilities, its competitiveness in the most developed markets, and the digital transformation of Banco Santander in Chile.

Along these lines, there were advances in the Full Cloud as a service model, lift and shift migrations, data centre integration and a strong transformation of applications.

Consistent with the Edelweiss corporate plan and its Move the Core component, Banco Santander began transferring core banking to the cloud through the operation of medium platforms. This is through the Gravity project, which will provide efficiencies, flexibility, integration capabilities and significant processing cost savings. This project is expected to be operational during the last quarter of 2023.

Finally, on the Serverless axis, implementing a plan to bring Applications to OpenShift Containers has started. Ten applications have been redeployed in Container as a Services mode, with a plan to triple this number by 2023.

As of December 2022, 88% of the bank's infrastructure has been migrated and operates on OHE Private Cloud.

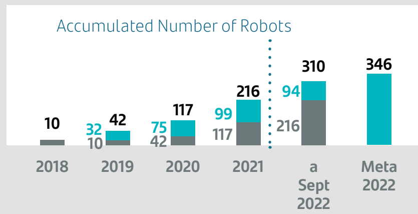
Through seizure actions, a reduction of 248 servers has been achieved, representing 4% of our entire server platform, with consequent savings in processing costs.

4

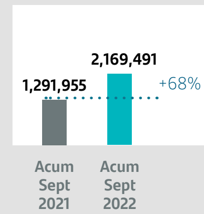
Advancing operational excellence and process management that positively impacts customer experience and internal efficiency.

We seek to maximise customer self-servicing in digital channels, generate product acquisition and provide after-sales services for face-to-face sales channels without using back offices. The key to achieving operational excellence lies in continuously re-engineering flows with a front-to-back view, incorporating automation via bots and simplifying products via elimination, migration or seamless processes.

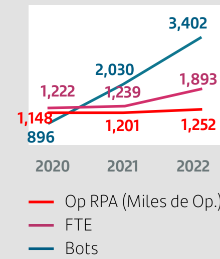
Robot metrics



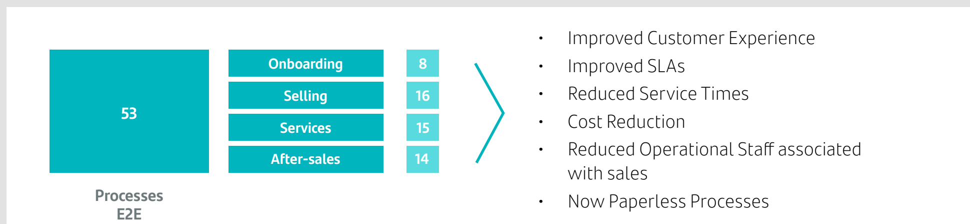
Evolution of tasks done by bots



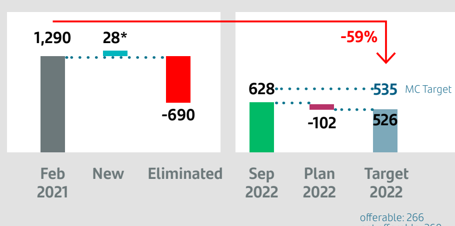
FTES replacement achieved



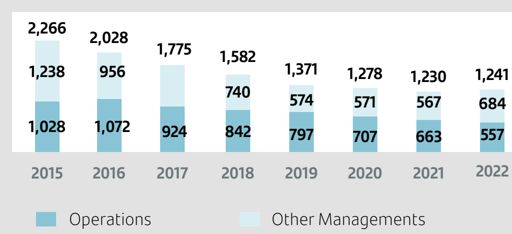
Proyectos/Cantidad de procesos end to end



Decrease in the number of products

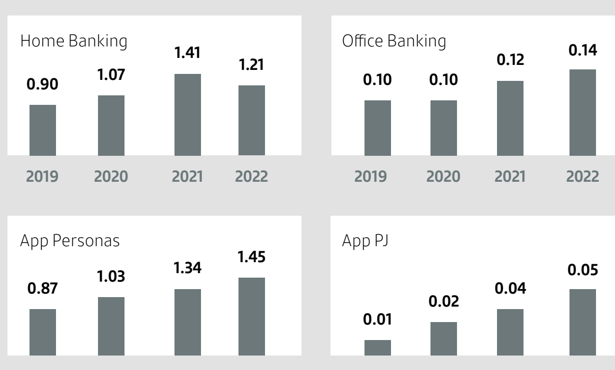


Evolution of the number of people in operations

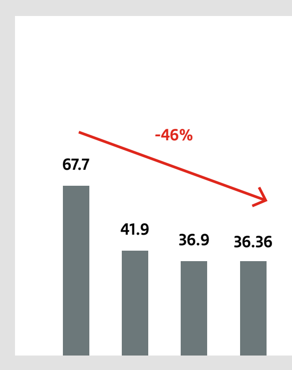


* Nuevos productos en el catálogo de productos técnicos, difiere de la vista de productos comerciales

Digital sales and digital customer growth

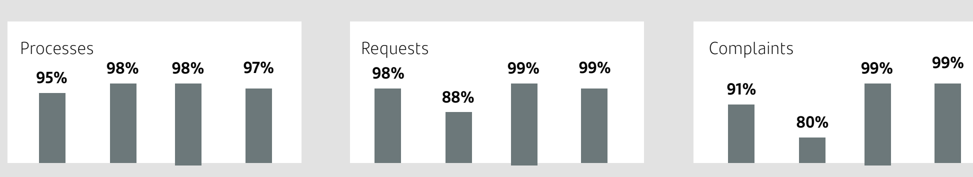


Downward trend in physical transactions



SLAS compliance

Service indicators



5 *Managing data in a way that delivers value to business processes and customers*

In 2022, the data management strategy was consolidated by constructing a single data ecosystem for the bank and subsidiaries. Thanks to state-of-the-art technology, the 360° view of the customer gives the flexibility to meet high data quality standards. These requirements include regulatory, risk, financial and management control standards and business use cases, such as implementing a new CRM (Customer Relationship Management) for corporate banking.

Along with the above, we continue implementing advanced analytics models in the retail banking segment, such as contextual and personalised marketing and the 'Santi' chatbot.

Category	2019	2020	2021	2022
Regulatory Information Quality	88%	89%	90%	93%
Data Quality KPIs	85%	88%	91%	95%
Data Frozen	95%	60%	35%	8.30%
% of Users working in the Data Marketplace	5%	30%	65%	100%
Elimination of Data Silos	0%	0%	15%	90%
Chatbot Containment Rate and Cognitive IVR	0%	0%	0%	70%

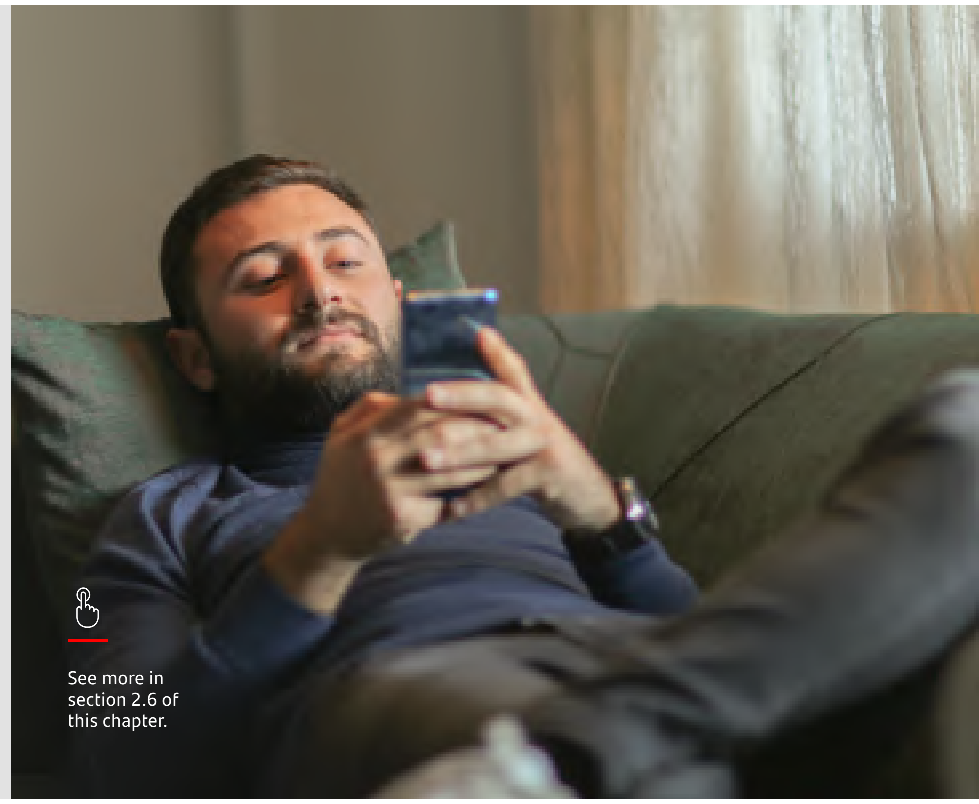
Santander Chile has gone from 5% of users working in the Data Marketplace to 100% by 2022.

70% of customer enquiries to 'Santi' are resolved by the chatbot and not referred to contact center executives.

6 *Further enhancing cyber security*

Banco Santander is facing an exponential increase in the use of technology in common, everyday processes and other more complex ones in a hyper-connected world that is increasingly open to an infinite number of players.

As a result, strategies to prevent and respond to potential cyber-attacks, ransomware, insiders and electronic fraud continue to be developed. Furthermore, the internal culture of cybersecurity has been enhanced, modern tools and agents have been incorporated into the bank's infrastructure, and processes have been implemented to provide greater security for customers, their information and financial assets.



See more in section 2.6 of this chapter.

Innovation Management

(CMF 3.1.v)

For Santander, innovation is a fundamental part of the agenda, which is why the Bank encourages the creation of new and better solutions that enable people and companies to prosper. Specialised processes have been designed to accelerate project decision-making to assess, prioritise and allocate resources for experimentation and design in a short timeframe.

Daily fostering a more innovative culture is essential. We do this by channelling creative power to develop concrete ideas into processes, products, services and new business models. Banco Santander has a great capacity for technological development. When applied to well-identified problems, it can generate innovations that enable it to create radical changes in the industry.

As a result of this work and effort, in the ninth version of the C3 Creativity and Innovation Ranking, prepared by the consultancy firm Brinca Global, Banco Santander achieved the highest score (18 units above the benchmark average and 13 points above the average for its industry), placing it number one among the country's most innovative companies.

Santander has three priority approaches to open innovation

Collaboration with business partners

Ongoing collaboration enables the Bank to access partners' capabilities and generate new high-impact business models.

Collaboration with Startups

Coordinates work with Fintech and Startups to expand the value of financial products and generate access to new technologies.

Project incubation and acceleration

partnerships with universities and startups to capture value from the innovation ecosystem with new technologies, inventions and human capital.

Cost reduction and revenue generation

- Collaboration with business partners: It allows for income generation. It also reduces costs by generating efficiencies by leveraging partners' expertise in their fields of work.
- Collaboration with Startups: Innovation leading to increased revenues (volume, uptake, cross-selling, upselling, recoveries, etc.) and/or efficiencies (reduction of costs, implementation times or other).
- Project incubation and acceleration: Positioning in the innovation ecosystem.

Impacts

- Collaboration with business partners: Access to know-how, human capital, already developed production chains and key technologies.
- Collaboration with Startups: Accelerating innovation in implementing new technologies, digitisation, and agile/efficient testing improves our customer experience, value proposition and time-to-market.
- Project incubation and acceleration: Relationship with university communities where innovation, research and patenting of products/ solutions that positively impact society are generated.

The main developments in innovation during 2022 were:

QR payment

Banco Santander customers with ECO cards can use the Santander App to purchase at online and in-person shops with their smartphones or computers by scanning the QR code generated by the shop's payment gateway. The new functionality can be used in more than 400,000 shops. This system offers an expedited and protected shopping experience in the same way as other Santander products.

Digital dollar current account

Santander created an easily accessible foreign currency account for those who already have a current account with the Bank. With this product, customers can invest in international markets, buy and sell foreign currency online, and receive and make international transfers, among many other benefits.

Work/Café Startup

Santander launched Work/Café Startup to support the development and expansion of these startups. The value offer includes support in bancarization, collaborative work with the Bank's teams and their evaluation as allies or suppliers, and the possibility of Santander investing financially in them.

Getnet Solutions

Getnet implemented the ability to receive payments on its users' website or app, allowing same-day delivery of sales proceeds. In addition, the mPOS Getnet was launched, which allows a mobile phone or tablet to be used as a point of sale.

IInitiatives and programmes to promote innovation and entrepreneurship

Additionally, Santander supports an entrepreneurship and innovation ecosystem to incubate and accelerate projects coming from the university world[8].

Innovation initiatives with a cultural character
Santander also has associated initiatives to promote innovation:

- **Innovation Week:** The fourth version of this event was held for five days, with international speakers on topics such as means of payment, artificial intelligence, open banking, Fintech Law, and behavioural economics, among others. This space aims to bring these contents closer to the Bank's employees so that they can apply them in their daily work. In 2022, around 25 exhibitors and more than 3,000 employees attended.
- **Innovation Ambassadors:** A call for innovation ambassadors was launched, who will start training in innovation fundamentals, methodologies and tools during 2023. Our goal is to provide people from across the organisation with these skills, to promote innovation in their work teams and boost the bank's innovation community.

Work Ideas

Work Ideas is Santander's employee innovation community, designed to serve employees as a platform to devise and develop solutions to problems they detect concerning users.

It has a platform that allows its members to keep up to date with the latest innovation news, learn about the national innovation ecosystem focused on Fintech, participate in challenges to solve problems and, through the WorkRoom, access clear tools and processes to develop their initiatives together with the Innovation Management Office team.

During 2022, Work Ideas included a platform to track and manage the Innovation portfolio. It also has specialised communication channels where information, calls for proposals and methodological tools, among others, are shared with the community.

In 2022, the process of the third **Mass Innovation Contest** to create solutions to serve underbanked segments was completed and is now moving to the MVP stage for implementation.

Furthermore, the **fourth Innovation Challenge** was held, where solutions were sought for the first time to solve internal problems related to making work more agile. Collaborators were asked to identify their difficulties and look for innovative solutions.

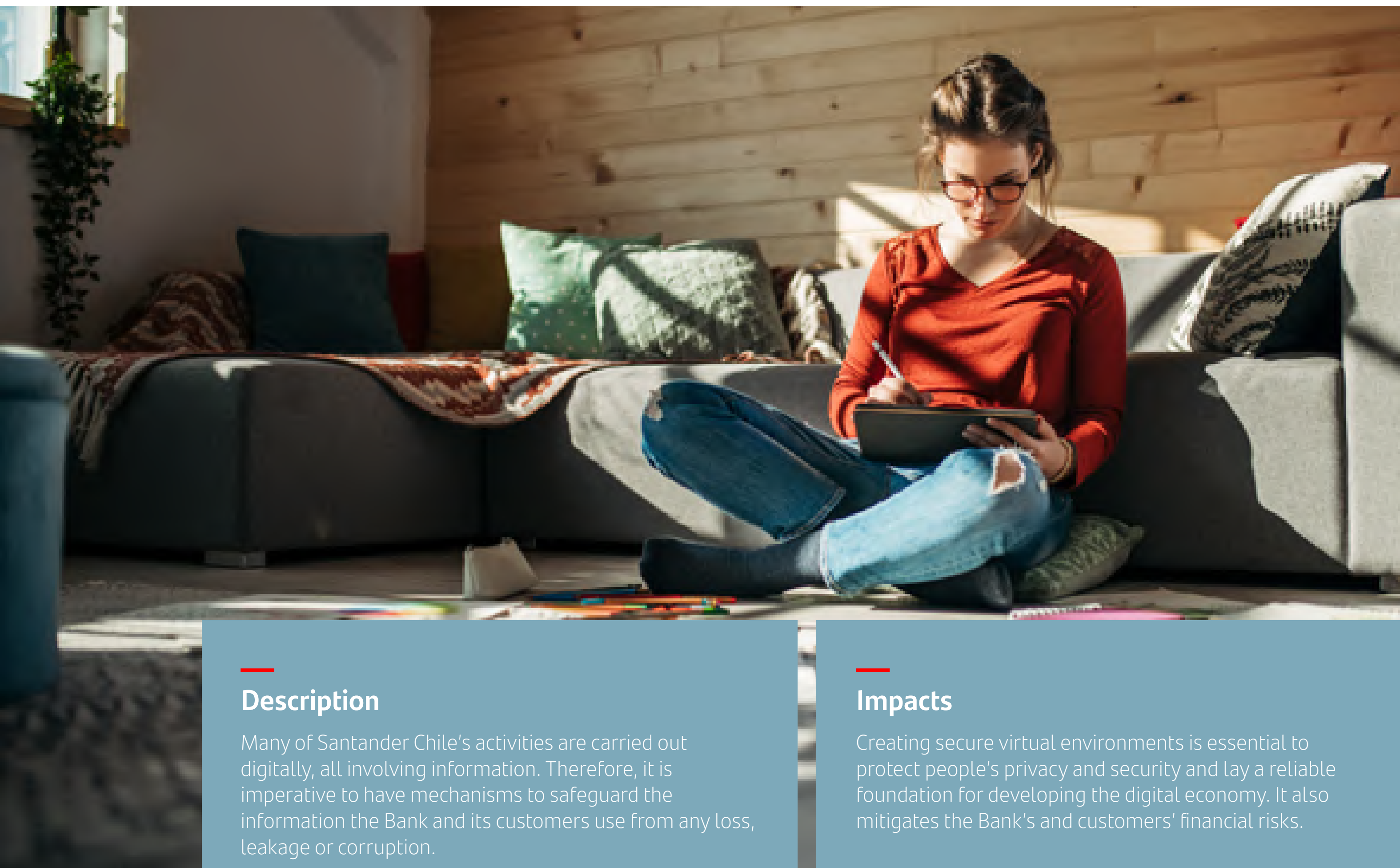
Approximately 110 ideas were received from 2,500 employees in the Innovation Challenge 2022, where workers sought innovative solutions to their daily problems

8. More details on these initiatives and their main indicators are given in section 6.6.2 below.

Crucial material issue

Cybersecurity and Data Protection

(GRI 3-3)



Description

Many of Santander Chile's activities are carried out digitally, all involving information. Therefore, it is imperative to have mechanisms to safeguard the information the Bank and its customers use from any loss, leakage or corruption.

Impacts

Creating secure virtual environments is essential to protect people's privacy and security and lay a reliable foundation for developing the digital economy. It also mitigates the Bank's and customers' financial risks.

Regulatory framework

- Personal data protection policy
- Cybersecurity and IT rules of conduct to protect Santander
- Cybersecurity Requirements for Business Areas
- Cybersecurity Requirements for Technical Users

Metas y compromisos

- To score 800 points on BitSight's cybersecurity standard

Avances y acciones

- **Cyber Heroes:** cybersecurity diffusion for the bank's customers. It was conducted through an interactive website that tests customers' cybersecurity knowledge

Governance and Cyber Security Strategy

(SASB FN-CF-230a.3)

Cybersecurity governance

Protecting customer data and preventing risks associated with cybersecurity is one of Banco Santander's focuses in the context of exponential growth in the use of technology.

Cybersecurity risks are regularly managed at the highest level of the organisation, with the participation of the Chairman of the Board 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.

In addition, the Safe User Experience area trains and disseminates information to users regarding safe practices. This area is part of the Chief Information Security Officer (CISO) team.

Cybersecurity strategy

The Bank continued strengthening its cybersecurity framework, including the detection, protection and response pillars, by incorporating state-of-the-art tools in line with international best practices in the area. This framework addresses the classification of data according to their level of security and the cybersecurity requirements needed to protect them.

The cyber-security model addresses 22 controls specifically associated with management. Among the initiatives developed during 2022 are the extension of Data Loss Prevention (DLP) controls, additional controls on high-privilege users and mobile devices, a new set of controls in the cloud, the approval of third-party services, the reinforcement of security in workstations and servers, and the automation of recertification processes in critical applications.

The strategy also provides guidelines for data processing, storage, and transmission. Moreover, a maturity model addresses 19 data management and protection controls. Initiatives have been undertaken to implement AIP (user data classification tool) and to deploy Data Loss Prevention in different areas of the operation, such as browsing, email, endpoints and printing.

Santander's strategy ensures that information is adequately protected against modification, loss, disclosure or unauthorised access.

Cybersecurity contingency plans	Testing per year	Coverage	External audit	2022
Incident Response Plan	5	Santander and subsidiaries	NO	93%
Technology Contingency Plan (PCT)	2	Santander and subsidiaries	Yes	95%
Cybersecurity Contingency Plan	3	Santander	Yes	8.3%

Note: The plans are not certified and the external audit was carried out by the consulting firm Price Waterhouse Coopers (PWC).

Santander's cybersecurity measures

Santander is also reviewed for cybersecurity by several external companies and firms:

BITSIGHT
The Standard in SECURITY RATINGS

BitSight is a company that measures the cybersecurity of businesses, government agencies, and educational institutions. 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 Summary	2019	2020	2021	2022
Santander Chile	790	810	800	810
Target	710	800	800	800

SecurityScorecard

SecurityScorecard is a global cyber security ratings company that provides ongoing information for self-monitoring, vendor management, board reporting and cyber security underwriting assessments. To date, with an indicator of 98 points out of a maximum of 100, Banco Santander Chile is in the highest possible category (A).

riskrecon
mastercard

RiskRecon was founded in 2015 to measure the quality of organisations' cybersecurity programmes by analysing all available information on their online presence. To date, with an indicator of 9.8 points out of a maximum of 10, Banco Santander Chile is in the highest possible category (A), positioning us in the 95th percentile of the industry worldwide.

Cybersecurity Training

Various contingency plans and cybersecurity training mechanisms have been implemented to address potential risks and threats.

In 2022, 13,446 employees were trained. The average number of training hours was 2.3 hours per employee.

Employees trained in cybersecurity	2021	2022
Board of Directors	13	16
Executives	135	130
Collaborators	10,820	9,800
Contractors	3,328	3,500

Training mechanisms

Ethical phishing and information releases
Phishing simulation sessions in which collaborators must be able to detect fraudulent emails. Periodic communications on cybersecurity are also made.

Cybersecurity talks
Work/Café talks and streaming video sessions through which cybersecurity training is shared with the general public.

Cyber Heroes
A cybersecurity outreach campaign for customers that consists of infographics and multimedia activities to disseminate good practices regarding passwords, phishing, and online shopping, among others.

Protection of Personal Data

(GRI 418-1, SASB FN-CF-220a.1, FN-CF-220a.2, FN-CB-230a.1, FN-CB-230a.2, FN-CF-230a.1, FN-CF-230a.2, FN-MF-270a.3)

Santander's contracts with its customers contain specific clauses regarding using personal data obtained during the contractual relationship. The Bank's website also has a publicly accessible sub-site, Portal Use Security Policy, where it is possible to review how customer data is handled and what permissions are granted to the bank to handle this data. It also details the Bank's confidentiality clause under Law No 19,628 on the Protection of Personal Data.

Data Protection Officer (DPO) and a Chief Data Protection Officer (CDO) were appointed and are operational in the organisation. Detailed surveys have been carried out in the different units to know the type of personal data used, its origin, maintenance and treatment in general. Metrics have been implemented, monitoring of complaints or specific queries on the subject, specific training is being worked on for employees and clauses have been included and reviewed in detail in contracts and requirements for service providers.

Fraud and violations of customer privacy

Parameter	2021	2022
Number of data breaches	1	0
Number of leaks of personally identifiable data (PII)	1	0
Percentage of IIP leaks	**100%**	**N/A**
Number of account holders affected	51,307	63,243
Fraud losses related to card absences	4,198	14,154
Fraud losses related to card presence and other types of fraud	11,362	8,174
Total fraud losses (Ch$ million)	**15,560**	**22,328**

Note 1: Santander does not use customer account data for secondary purposes.
Note 2: There were no monetary losses from legal proceedings related to communications to customers or remuneration of loan originators.

In 2022 there were no complaints or fines associated with customer privacy.

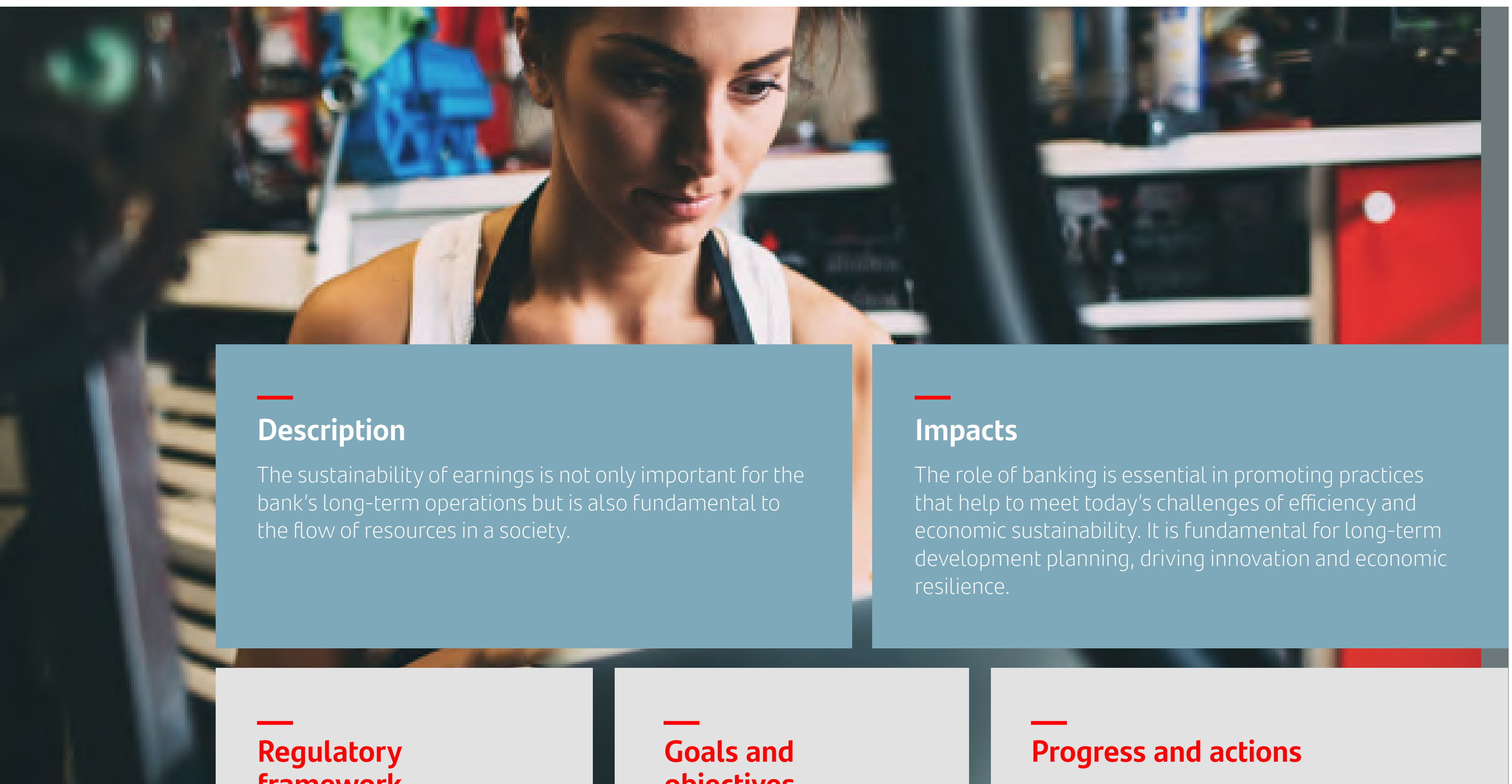
Fraud Management

In compliance with the requirements of the current regulatory framework - such as Law 21,234 on Fraud - Santander Chile manages cases through 24/7 customer service channels. This allows clients who are victims of fraud to notify the Bank promptly. The client is given a registration number regarding the reported case. The institution makes a regulatory payment of up to 35 UF within a maximum of five working days. Once this has been done, a seven working day investigation is carried out, and once completed, a response is provided to the client.

Main material issue

Sustainability of Results

(GRI 3-3)



Description

The sustainability of earnings is not only important for the bank's long-term operations but is also fundamental to the flow of resources in a society.

Impacts

The role of banking is essential in promoting practices that help to meet today's challenges of efficiency and economic sustainability. It is fundamental for long-term development planning, driving innovation and economic resilience.

Regulatory framework

- Fiscal strategy

Goals and objectives

- To maintain a sound financial position

Progress and actions

- Santander Chile's economic indicators are above the country's standards again, demonstrating excellent economic efficiency

Economic Results

Profit attributable to equity holders of the Bank at the end of 2022 amounted to MCh$808,65, an increase of 3.8% over the previous year.

ROAE decreased by 9 percentage points from 22.5% in 2021 to 21.6% in 2022, while ROAA decreased by 1 percentage point from 1.3% to 1.2%. This decrease is primarily due to a higher increase in equity and a higher increase in total assets.

In 2021, the financial system started to transition to Basel III, a process that has progressed since 2022 and will be completed by December 2025. The minimum regulatory capital requirement is 8.5% of risk-weighted assets, which include credit, market and operational risk.

This minimum grows in line with the bank's size, complexity and solvency and with the CMF's assessment of each bank's capital management. Under the new rules, Banco Santander Chile's core capital ratio (calculated as equity attributable to equity holders of the Bank over risk-weighted assets) ended December 2022 at 11.1%, higher than at the end of December 2021 (9.2%).

The Basel ratio stood at 17.8% at the end of December 2022, higher than the 15.2% recorded at the end of 2021. These levels remain historically high compared to capital levels over the last 10 years. The Bank's solvency indicators are above the current requirements in Chile and reflect a strategy of efficient use of capital, allocating the latter to operations with high profitability concerning their consumption.

Main financial figures (Ch$ million)

Financial indicators	2021	2022	Change 22/21 (%)
Credits and receivables from clients	35,570,099	37,659,885	5.9%
Loans	36,528,868	38,696,410	5.9%
Equity	3,729,277	4,238,372	13.7%
Total financial margin	1,797,981	1,598,346	-11.1%
Operational income	2,267,693	2,245,340	-1.0%
Net operating income	1,367,993	1,284,014	-6.1%
Net operating income	985,042	913,287	-7.3%
Net income	778,933	808,651	3.8%
Earnings per share	4.13	4.29	3.8%
Earnings per ADR	1.93	2.01	3.8%
ROAE	22.5%	21.6%	-0.9%
ROAA	1.3%	1.2%	-0.1%
Efficiency	39.7%	42.8%	3.1%

Basel Ratio	2019	2020	2021	2022
Basel Ratio (%)	12.9	13.4	15.7	17.8

Generated and distributed economic value

(GRI 201-1)

The bank generates economic value (income) distributed to its various stakeholders. In the case of collaborators, it corresponds to their salaries and benefits; in the case of suppliers, it is the payment for their services and other administrative expenses; payments to the State correspond to taxes and contributions to the CMF; while for shareholders, it is the payment of dividends; and for the community, it is the investment in development programmes.

The economic value generated in 2022 was CH$ 4.256.617 million, 81% more tan in 2021. This value is distributed among the main stakeholders as follows:

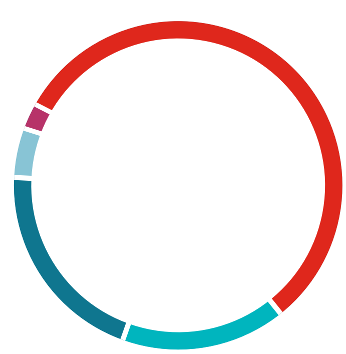
Economic value generated and distributed (Ch$ million)

Economic value	2021	2022
Generated economic value	**2,349,277**	**4,256,617**
Distributed economic value	**1,870,851**	**3,897,738**
Payment to collaborators	397,492	414,645
Payment to suppliers and other administrative expenses	949,524	2,908,651
Taxation of booked profits	196,148	89,430
Contribution to the CMF (ex-SBIF)	13,739	15,245
Dividends	310,468	464,978
Investment in community programmes	3,480	4,789
Retained economic value	**478,426**	**358,879**

1. Considera intereses y reajustes pagados, gastos de administración, depreciación amortizaciones y otros.

Economic value generated and distributed

%



Fiscal Strategy

(GRI 207-1, 207-2, 207-4)

Banco Santander Chile's actions in tax matters align with the Group's corporate guidelines, which require it to adopt all good practices to prevent and reduce tax and reputational risks.

The principles of the tax strategy, in addition to strict compliance with current regulations, enable the creation and contribution of value in 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.

Locally, 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 has the following principles:

1. To collaborate with the Internal Revenue Service and provide the information required for compliance with obligations.
2. To ensure transparency by avoiding the use of structures of an opaque nature.
3. To respect transfer pricing rules and provide customers with tax information on the products and services contracted as far in advance as possible.

Governance and operation of the tax strategy

The Board of Directors of Banco Santander Chile defined a catalogue of Special Tax Risk transactions, which must be submitted to the Bank's tax advisor for a report. The internal advisor reports to the Audit and Management Control Division, which refers the transactions to a Corporate Tax Advisor of Banco Santander SA. If a particular tax risk is detected, the transaction is submitted to the Bank's Board of Directors for approval through the Audit Committee.

Main fiscal figures

Tax indicators ($)	2021	2022
Net	2,282,295	2,245,339
Income before taxes	985,041	913,289
Currency correction of capital	310,406	630,903
Other permanent differences	51,839	48,836
Adjusted profit before tax	726,474	331,222
Tax rate	27%	27%
Taxes payable	196,148	89,430
Effective tax rate	20.08%	9.79%

Note: Data for 2021 were corrected for changes in the Public Bank Financial Statements compendium.

Financial Report (Ch$ million)

Categories		2022
Revenue from sales to third parties	Net income	602,367
	Net readjustments	995,979
	Net commissions	407,269
Income from inter-group transactions with other tax jurisdictions		22,341
Profit or loss before tax		913,289
Tangible assets other than cash and cash equivalents		189,287
Corporate income tax paid		33,021

Note 1: The difference between the accumulated corporate income tax on profits and the calculated taxes is mainly due to Opening equity's tax currency adjustment expense.
Note 2: The incorporated companies are: Santander Corredora de Seguros Limitada, Santander Corredores de Bolsa Limitada, Santander Asesorías Financieras Limitada, Santander SA Sociedad, Klare Corredora de Seguros SA, Santander Consumer, Finance Limitada, Sociedad operadora de Tarjetas de Pago Santander Getnet Chile SA, Santander Gestión de Recaudación y Cobranza Limitada, Bansa Santander SA and Multiplica SpA.

3
Strategic Approach

Santander Chile's strategy

Santander Chile has carried out a process of updating its corporate strategy, which will come into effect in 2023.

The purpose of the bank is to help people and businesses thrive. Santander's mission is to be the best financial services company in Chile and in the Group for our customers, collaborators, communities, and shareholders.

We achieve this through our SPF style: Simple, Personal, and Fair, and our TEAMS behaviors: Think customer, Embrace change, Act now, Move together, Speak up.

Santander has important ambitions:

- **Customers:** passionate about the customer, their progress, and their experience.
- **Collaborators:** a committed and high-performance team.
- **Communities:** a social and sustainable finance reference.
- **Shareholders:** attractive and predictable returns.
- To be the leading bank in profitability, efficiency, and recurrence in Chile.

"We are in a transformative moment in Chile, and Santander is crucial for the country's success: we want to help the better Chile of the future".

Román Blanco, CEO

Chile first

The concept of "Chile First: together, with you" was integrated into the strategy; an action plan that will be the roadmap to build a fantastic country and a better Santander Bank.

How will Chilefirst be implemented?

Each letter represents a central concept guiding the Bank's work towards a better future.

C /	**Clients, Collaborators and Community**	We want to continue to be the best bank for our clients and the best place to work in Chile. Santander fosters a passion for the customer, their progress, and their experience, a committed and high-performing team among its collaborators, a reference in social and sustainable finance for the community, and an attractive and predictable return for its shareholders.
H /	**Humility**	To be humble means to be willing to help and be ready to improve our delivery permanently. All the projects and plans we develop have to pass through this filter.
I /	**Innovation**	To continue excelling in this area by enhancing our digital channels.
L /	**Landmarks (Achievement)**	We like to set landmarks and goals and achieve them.
E /	**Engaged teams**	We have to work together as a team.
F /	**Focus**	The needs are many, but it is necessary to start with a few and get them right. As long as we focus on what is important, we can move forward on solid foundations.
I /	**International**	This is the unique competitive advantage of Santander's global group, which we must continue to strengthen. Our clients' travel companion has to be Santander.
R /	**Results**	We must set objectives, challenges, and goals and achieve them. The results will be a consequence of the good work we do.
S /	**Sustainability**	We will continue to work towards our sustainability goals, leading this cultural transformation of banking.
T /	**Technology**	Although this is the last letter, we cannot do anything without it. Therefore, we have to master it and do it better than ever.

This is "Chile First": together with you, a transformative project of great magnitude to co-build the Bank and the Chile of the future.

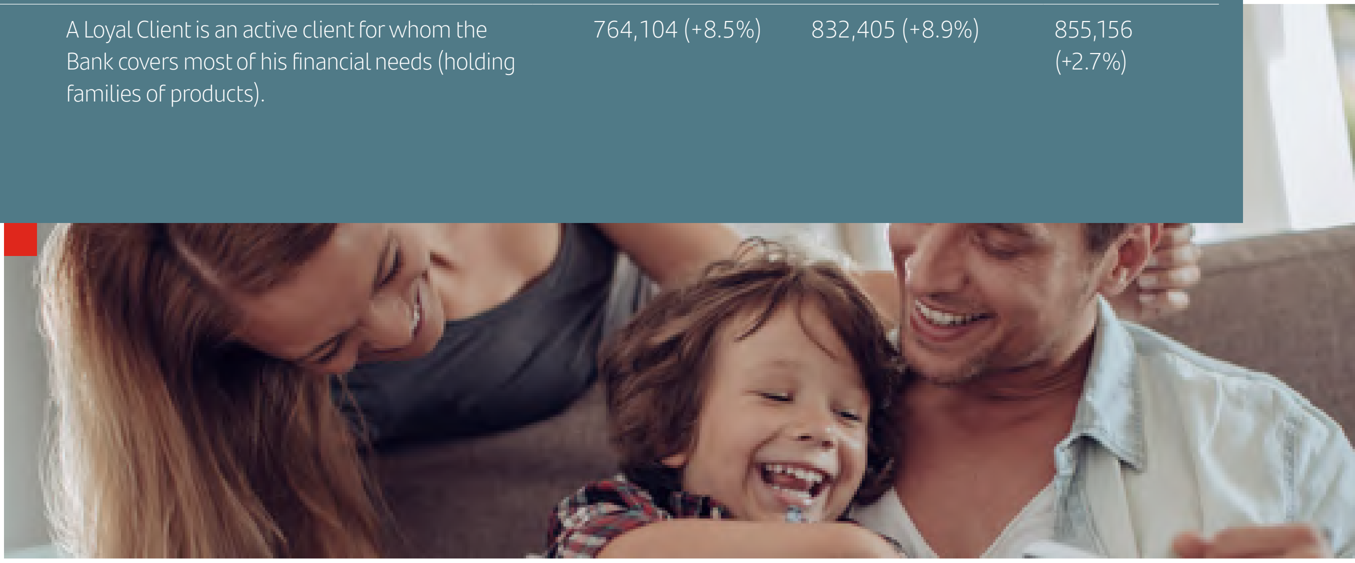
Furthermore, Santander closed its previous strategy, which integrated business and sustainability aspects through concrete goals. To this end, it defined four specific pillars to improve the clients' experience, provide security for shareholders, contribute to the community, and develop a healthy working environment among employees.

Strategic pillars

The four pillars have targets, indicators, and concrete actions around the Bank's priority groups, which are presented to the board quarterly to monitor progress and identify new challenges to be included.

Clients	Weight 32%	We want to deliver an excellent client experience that provides innovative, sustainable and purposeful financial solutions.	Focuses: Expertise / Consultancy / Digital / Scale

Key metrics	Description	2020	2021	2022
Recommendation index (NPS)	This index measures clients' responses to the question: "On a scale of 1 to 10, would you recommend this bank?" From this, the percentage of clients giving a score of 9 or 10 minus the percentage of clients giving a score between 1 and 6 is calculated.	51% Top 1 (Gap of 3 with the second place)	60% Top 1 (Gap of 7 with the second place)	57% Top 2 (Gap of 1 with the first place)
Digital clients	A digital client is defined as a client who has accessed the website or app in the last 30 days.	1,546,524 (+24%)	2,016,947 (+30%)	1,981,540 (-1.8%)
Digital sales growth	It considers various digital transactions such as consumption, current accounts, investments, insurance, payments, and factoring, among others.	29% growth in digital transactions on the Internet (web and mobile)	13% growth in digital transactions on the Internet (web and mobile).	2% growth in digital transactions on the Internet (web and mobile).
League tables	CIB's performance ranking within the Peer Group.	-	No 2 in M&A No 1 in Project Finance No 3 in DCM	No 2 in M&A No 5 in Project Finance No 3 in DCM
Loyal Clients	A Loyal Client is an active client for whom the Bank covers most of his financial needs (holding families of products).	764,104 (+8.5%)	832,405 (+8.9%)	855,156 (+2.7%)



Human Resources	Weight 22%	We are committed to improving our business environment through Simple, Personal and Fair. That is why we strive to be the best place to work.	Focus: Empathetic, committed and flexible culture / Leadership at the service of culture / Cultivating a vocation for learning

Key metrics	Description	2020	2021	2022
Commitment index	This index measures employees' commitment to the Bank through a survey conducted by the Human Resources Department.	87% in 2019. During 2020, due to the pandemic, the survey was not conducted.	94%	NPS of 82. Now it is measured through a new survey during the year to have more timely information.
Leadership Index	An indicator that includes all success indicators of the line manager and is based on how the team perceives their manager.	87% in 2019. During 2020, due to the pandemic, the survey was not conducted.	89%	8.9/10. Now it is measured through a new survey during the year to have more timely information.
Diversity	Keeps track of the number of women in leadership positions in the Bank and people with disabilities.	21.5% of women in senior management positions. 1.2% of people with disabilities	28% of women in senior management positions. 1.32% with disabilities	31% of women in management positions. 1.27% with disabilities
Cell productivity	It measures the evolution of cell productivity and/or improvements in adherence to Agile methodology.	2,009 launches under Agile methodology (+180%)	3,133 launches under Agile methodology (+56%)	3,828 launches under Agile methodology (+22%)

Shareholders	Weight 26%	We aim to excel through optimal management of all risks and to be the most profitable and sustainable Bank.	Focus: Profitability and sustainability / Risks and capital

Key metrics	Description	2020	2021	2022
ROE	Compared to our peer group, we always seek to be among the country's most profitable and sustainable banks.	14.5% (Top 1)	22.7% (Top 1)	21.75% (Top 1)
Costs growth	We always strive to be a leader in low cost growth, maintaining a gap between our peers and us.	-	-	-5.42%
Solvency	It measures the financial health of the Bank. We aim to end the year with a core capital of over 10%.	10.7%	9.2%	11.1%
Cybersecurity	It is measured through three indicators: **(1) Holistic:** Reflects the degree of compliance with cybersecurity policies. **(2) Independent Benchmark:** Includes Bitsight Index, which aims to increase security measures with observable and measurable data, and Security Score. **3) Ethical Phishing:** Used to train and educate about cyber-attacks and cyber-security, with techniques such as sending suspicious emails and inviting them to click.	-	(1) Nuevo (2) IB = 800 SC= Nuevo (3) 0.28%	(1) 3.18 (2) IB = 810 SC = 36/37 domains in A (3) 0.73%

Community	Weight 20%	We care about substantially improving our community's well-being through socially sustainable development and environmental care.	Focus: Environment / Social / Corporate Governance

Key metrics	Description	2020	2021	2022
Corporate Sustainability Index	We measure our sustainability through our participation in the Dow Jones Sustainability Index. This allows us to benchmark ourselves against our local and international peers on environmental, social and governance issues.	90th percentile, members of DJSI Chile, MILA, and Emerging Markets.	91st percentile, members of DJSI Chile, MILA, and Emerging Markets.	96th percentile, members of DJSI Chile, MILA and Emerging Markets
Bank footprint reduction	Electricity consumption in central and branch buildings.	24,307 MWh	23,536 MWh	22,341 MWh
ESG products	This indicator measures the number of closed ESG operations during 2022 for the SCIB segment. It also takes into account the number of new green products such as Mutual Funds, Insurance, and Consumer Credit.	NA	NA	SCIB: 17 Commercial segment: 8

Value Creation Model

PURPOSE
To help people and businesses to thrive

MISSION
To be the best Bank, acting responsibly and earning the loyalty of its customers, shareholders, people and communities

VALUES
Leadership / Excellence in management / Talent / Customer orientation / Ethics / Commitment to society

Inputs

FINANCIAL CAPITAL

Ch$ 38.696.410 million in loans

Ch$ 4.238.372 million equity

MANUFACTURED CAPITAL

286 branches

74 Work/Café

INTELLECTUAL CAPITAL

2,500 collaborators participated in the Innovation Challenge 2022

HUMAN CAPITAL

9,389 collaborators

5,240 women

3,148 contracting companies

NATURAL CAPITAL

101,874 m^3 water consumption

23,842.98 MWh energy consumption

433 tonnes of paper

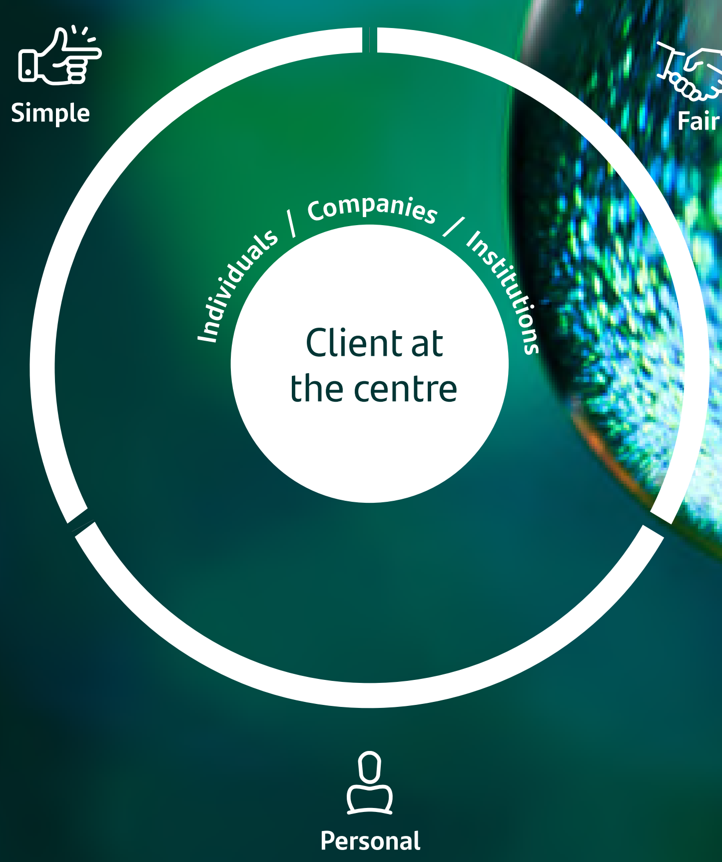
SOCIAL CAPITAL

Ch$ 4.275 million investment in social proyects

3,304 total suppliers

3,910,094 clients

1,981,540 digital clients



Outputs

FINANCIAL CAPITAL

21.6% ROAE

1.2% ROAA

INTELLECTUAL CAPITAL

Ch$ 94,771,093 million ESG Linked Loans

206,843 members of the Work/Café community

INTELLECTUAL CAPITAL

110 new ideas

HUMAN CAPITAL

10,411 trained collaborators

17.2% turnover

91% occupational satisfaction

NATURAL CAPITAL

82.6% of waste is recycled

7,513 tCO_2e GHG emissions

28% non-conventional renewable energy

0 single-use plastics in facilities

SOCIAL CAPITAL

7 volunteering initiatives

113,144 benefited from education and inclusión proyects social

57% NPS

Sustainability

[CMF 3.1.ii, GRI 2-23, 2-24]

Santander understands sustainability as the ability to adapt to new needs using creativity and innovation, creating value for stakeholders. Such an approach promotes social and economic progress and mitigates the environmental impact in the sectors while operating within a robust corporate governance framework.

To create value sustainably, Santander has established a GeneralSustainability Policy. This policy is intended to guide value creation and the social and environmental impacts of the Bank's economic activities. This document integrates ethical, social and environmental commitments that extend beyond the company's legal obligations. The policy is based on international best practices and Grupo Santander's guidelines. In addition, it refers to the Equator Principles, environmental commitments, responsible taxation and human rights.

Sustainability governance

Organisational chart for the functioning of the General Sustainability Policy

Elaboration of general sustainability policy	Responsible Banking Unit
Review of general sustainability policy	Responsible Banking, Sustainability and Culture Committee
Policyholder	Board of Directors of Banco Santander Chile
Interpretation and dissemination of general sustainability policy	Responsible Banking Unit

During 2022, a Sub-Committee on Climate and Sustainable Finance was formed to promote these issues across the organization, which reports periodically to the Responsible Banking, Sustainability, and Culture Committee.

To materialize the strategic focus on Sustainability, Santander has based its approach on two essential pillars: The Sustainable Development Goals (SDGs) of the United Nations' 2030 Agenda and the principles of Responsible Banking UNEP-FI.

Sustainable Development Goals

The SDGs seek to end poverty and hunger, protect the planet from climate change, and foster strong institutions that ensure peace and development that delivers prosperity for people.

Santander Chile analysed its contribution to the 17 United Nations SDGs and prioritised 13 of them, where it has specific actions and goals that contribute to their achievement.

Santander's contribution to the SDGs can be found throughout this Report.

Responsible Banking

[CMF 4.2, GRI 2-25]

Grupo Santander is one of the founding signatories of the Principles for Responsible Banking and has adhered to these six principles, publicly expressing its firm conviction that responsibility and transparency in the financial sector generate trust and, with it, the opportunity to create value for its stakeholders and society in general.

Principles of Responsible Banking

Alignment

To align business strategy with the needs of individuals and societal goals, observing the relevant national and international standards, such as the SDGs and the Paris agreement.

Impact

To establish and publish impact targets. To continuously increase the positive impacts and, at the same time, reduce the negative effects of the organisation's activities, products and services.

Clients

To work responsibly with clients to promote sustainable practices and enable economic activities that generate shared prosperity for future generations.

Interest groups

To consult, engage and collaborate proactively and responsibly with stakeholders to achieve societal goals.

Governance and corporate culture

To have an effective corporate governance and responsible banking culture in place to better implement the principles.

Transparency and accountability

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

Furthermore, the Santander Group sets out two main challenges related to Responsible Banking and 10 commitments that will enable it to respond concretely to them.

What are the challenges?

1. New business environment

To establish a strong culture that enables the development of responsible banking. This culture must be resilient and able to adapt to the demands of a competitive and changing business environment. Achieving so involves building trust with stakeholders and fostering mutual support. To this end, a working culture has been established at Santander that can be summed up in three words: Simple, Personal and Fair.

2. Inclusive and sustainable growth

To generate a broad vision of what inclusive growth means. It is necessary to go beyond meeting clients' needs and proactively advance concrete social goals. Doing so involves supporting entrepreneurs, creating businesses and jobs, strengthening local economies, advancing in financial inclusion, contributing to people's education and generating social investment programmes.

Sustainable growth also drives the Bank's green finance initiatives.

Which are the 10 commitments?

1. To be the best company to work for in Chile.
2. To increase the percentage of women in management positions.
3. To eliminate the gender pay gap.
4. To work towards the financial empowerment of people.
5. To grant green finance.
6. To increase the use of energy from renewable sources.
7. To be carbon neutral.
8. To eliminate single-use plastic in corporate buildings and branch offices.
9. To provide scholarships, internships and entrepreneurship programmes.
10. To support people through community contribution programmes.

Targets	Goal	2021	2022	Progress 2022 (%)	SDGs
To be the best company to work for in Chile.	To achieve the No 1 position as the best company to work for. [9]	Top Employer Certification	Top Employer Certification	100%	8.5
To increase the percentage of women in management positions.	To achieve 30% female staff by 2025.	28%	31.5%	100%	5.5
Gender pay equity.	Eliminate the gender pay gap by 2025 (3.1% by 2020).	2.5%	2.4%	22.6%	5.5
To work towards the financial empowerment of people.	To empower four million people by 2025.	1,693,277 people	2,404,119	60.1%	1.4
To provide green and social finance.	To provide green finance to clients by mobilising USD 1.5 billion by 2025. [10]	US$ 47,303,792	US$ 229,605,458	15.3%	8.4
To increase the use of energy from renewable sources.	To achieve 100% of energy from NCRE by 2025.	26.6%	28%	28%	7.3
To be carbon neutral.	To offset 100% of the carbon footprint.	100%	100%	100%	13.3
	Carbon neutral by 2050 for all three scopes.	Commitment 2021	93% of companies evaluated [11]	-	
To eliminate single-use plastic in corporate buildings and branch offices.	0 waste single-use plastics.	100%	100%	100%	12.5
To provide scholarships, internships and entrepreneurship programmes.	To deliver 13,500 scholarships, internships and entrepreneurship programmes between 2019 and 2024.	9,663	15,881	117.6%	4.1 – 4.4
To support people through community contribution programmes.	To support 500,000 people through community contribution programmes between 2019 and 2024.	281,212	394,356	78.9%	17.17

9. In 2020 this measurement was through GPTW, and in 2021 through Top Employer.

10. This funding will be delivered through the ESG Bond Framework to be approved in 2022.

11. This corresponds to the percentage of companies with active debt for which financed emissions have been calculated. This calculation was carried out through proxies according to economic activity.

Sustainability indices

To measure its performance, Santander participates in various sustainability indices widely used in the banking industry, such as DJSI, MSCI, ESG VIGEO Eiris, S&P IPSA ESG, and FTSE4Good. These conduct an annual external, replicable and comparable assessment over time, allowing the Bank to verify its annual performance.

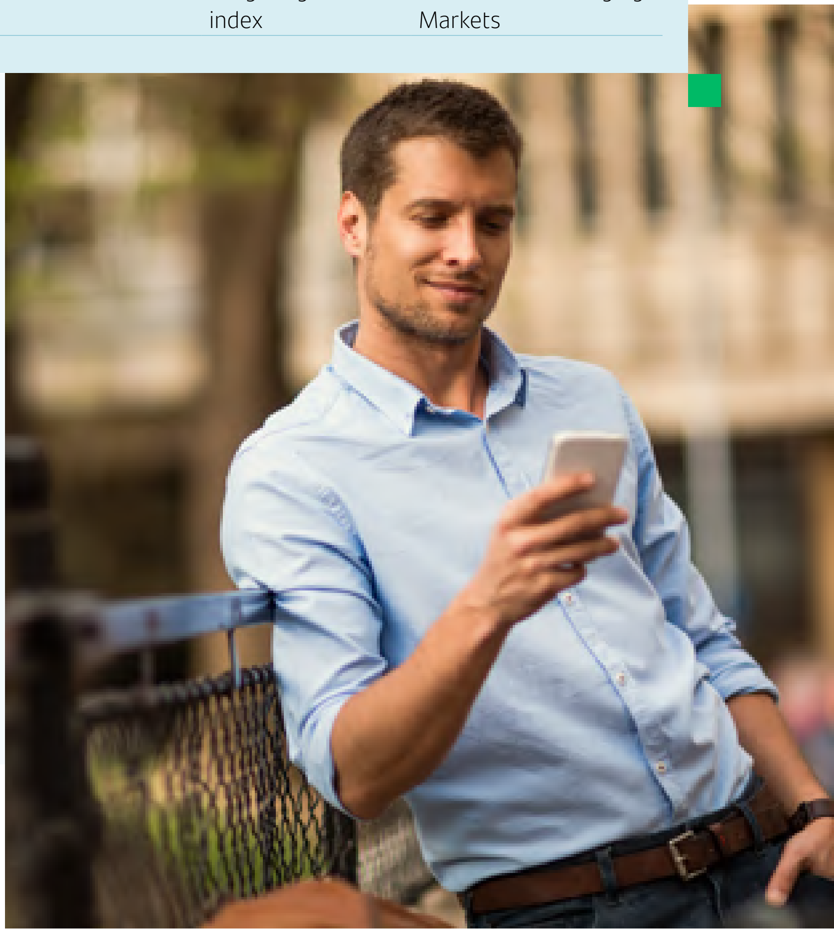
Sustainability index scores

	Dow Jones Sustainability Index	MSCI	Sustainalytics	Evaluación ESG VIGEO Eiris	S&P IPSA ESG	FTSE4Good
2020	79 points. DJSI Chile, MILA and Emerging Markets	A	30.31 High Risk	58/100 points	Third highest weighting in the index	FTSE4Good Latin America and Emerging Markets
2021	77 points. DJSI Chile, MILA and Emerging Markets	A	29.9 Medium Risk	62/100 points (advanced)	Third highest weighting in the index	FTSE4Good Latin America and Emerging Markets
2022	78 points. DJSI Chile, MILA and Emerging Markets	A	15.0 Low Risk	62/100 (advanced)	Second highest weighting in the index	FTSE4Good Latin America and Emerging Markets

Thanks to Santander's commitment to the development of a sustainable economy, the well-being of people, care for the environment and its concern for maintaining good corporate governance, Banco Santander Chile remains, for the third consecutive year, the only bank in Chile to be part of the Dow Jones Sustainability Index (DJSI) in 2022.

This index is an international benchmark that assesses the sustainable performance of companies in the economic, social and environmental spheres. Santander Chile increased its ranking by five units in 2022, from the 91st percentile in 2021 to the 96th percentile in 2022, with a total score of 78 out of 100.

Grupo Santander ranked among the world's most sustainable banks globally and the top three in Europe. The Bank achieved a total score of 83 out of 100, placing it in the 98th percentile of all banks surveyed.



Human Rights

(CMF 2.1)

For Grupo Santander, human rights are essential to its corporate culture. It is therefore committed to respecting and promoting human rights in its sphere of activity and preventing or minimising any violations caused by its activities.

Human Rights Policy

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

Santander has established a Human Rights Policy to establish clear principles and actions. It was formulated under the highest international standards, reflecting the principles of the Global Compact, the UN Guiding Principles on Business and Human Rights, and the Equator Principles.

Banco Santander has achieved the certification of the nationally promoted Standard N°3262 to correctly implement the organisation's Human Rights Policy and comply with the international agreements signed. This standard addresses gender equality and the reconciliation of work and family life and standardises human rights requirements for suppliers. The aim is to create a violence-free work environment, foster respect throughout the supply chain and control the impact on communities where Banco Santander operates.

Framework for the evaluation and monitoring of Human Rights Policy

Due diligence processes before formalising financing agreements of any other nature (within the scope of the Equator Principles, the Sectoral Environmental and Social Risk Policies, and the Defence Policy).

↓

Anticipation and mitigation of risks in all activities and fields of action.

↓

Disciplinary measures in case of non-compliance, according to internal procedures, legal regulations, and agreements in force.

Santander extends its human rights commitments to its employees, community, and suppliers.

Collaborators

Collaborators have the right to enjoy a dignified working environment, which is why Santander promotes equal opportunities in access to work and professional promotion. The Group is committed to maintaining a working environment free from harassment, abuse, intimidation or violence. Furthermore, all employees are responsible for reporting situations of human rights violations.

Suppliers

Santander promotes respect for human rights throughout its supply chain. It encourages its suppliers to adhere to these practices and includes in all contracts a clause addressing, among other aspects, human rights. In addition, the Bank's procurement model determines its suppliers' selection, approval and evaluation process, ensuring that they comply with ethical criteria, including human rights.

An ESG supplier survey was carried out in 2022, the description and results of which can be found in section 6.4.

Communities

Santander is committed to promoting the human rights of the communities in which it operates (in cooperation with government agencies, international organisations, civil organisations and other institutions) and monitoring its operations' impact on the communities where it operates.

This policy is also complemented by other policies and codes to protect and respect human rights:

- General Code of Conduct.
- Policies of the People Division.
- Health and Safety Policy.
- Workplace Harassment Policy.
- Diversity and Inclusion Policy.
- Labour Inclusion Policy for People with Disabilities.
- Principles of Responsible Conduct for Suppliers.
- Environmental, Social, and Climate Change Risk Management Policy.
- Gender Equality and Work-Life Balance Policy.
- Supplier clauses that commit to compliance with the Ten Principles of the UN Global Compact.

Finally, it analyses the potential adverse impact on the human rights of SCIB clients that are:

1 Affected by the Environmental, Social and Climate Change Risk Management policy for their involvement in mining, forestry, oil & gas or energy activities.

2 Corporate clients applying from US$ 2 million for 36 months.

On the operations side, Santander analyses its potential adverse human rights impact in the lending process of operations that meet the US$ 2 million criteria from 36 months onwards.

First Diagnosis of Business and Human Rights Chile 2022

EThe Corporate Sustainability Programme of the Law School of the Pontificia Universidad Católica de Chile (PUC), together with the Responsible Business Conduct for Latin America and the Caribbean (Ceralc) project, carried out the first assessment exercise of the implementation of the UN Guiding Principles[12] on Business and Human Rights in the main Chilean companies.

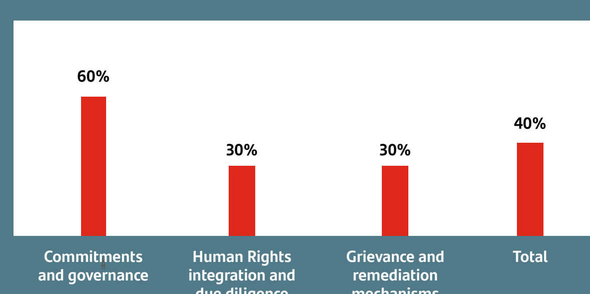
The measurement considered three key aspects[13]: engagement and governance, human rights mainstreaming and due diligence, and finally, grievance and remediation mechanisms.

Santander achieved a total of 8.5 points and received feedback to improve the evaluated aspects.

The Bank was part of Chile's first Business and Human Rights diagnostic.

Percentage of compliance by each area and total

%



	Obtained	Sector Average	Total Average
Commitments and governance	3.5	2.0	2.8
Human rights integration and due diligence	3	2.3	3.3
Grievance and remediation mechanisms	2	2.4	2.9

12. The principles define a series of recommendations that direct the company to implement tools for identifying, managing, mitigating and remedying its human rights risks and impacts.
See more at: https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_sp.pdf

13. See methodology and full report at: www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_865164.pdf

External links

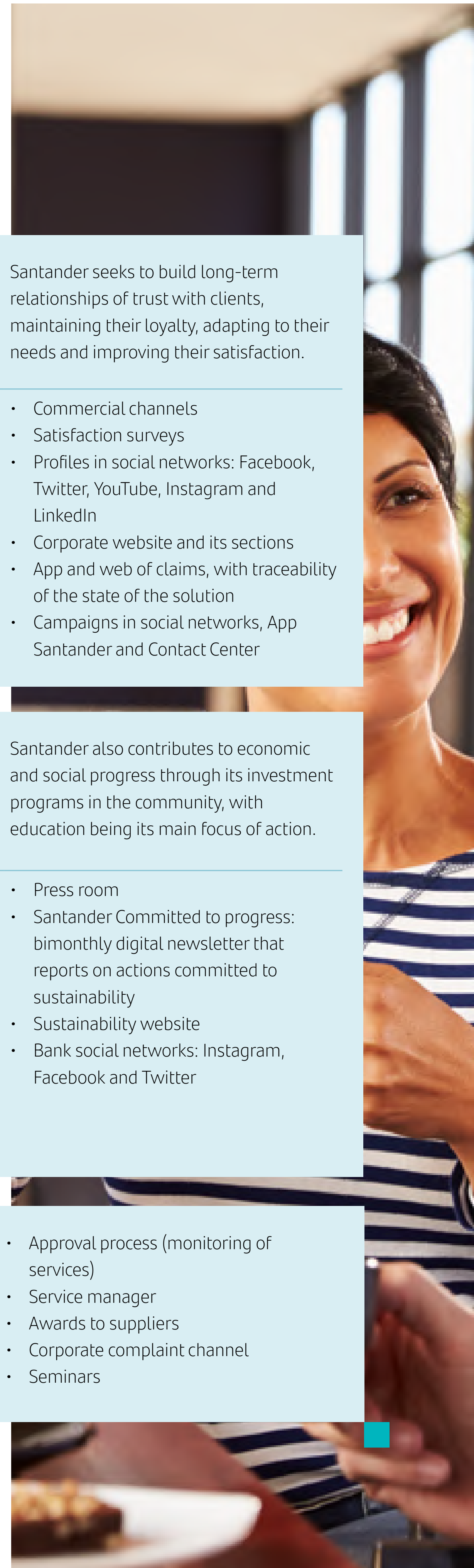
Stakeholders

(CMF 3.1.iv, 6.1.v, 6.3, GRI 2-29)

People are at the heart of Banco Santander's purpose and vision. Shareholders, clients, employees, suppliers and society are all identified as stakeholders. Santander works with each of them to build a relationship of trust and loyalty that is sustained over time.

Interest groups	Subgroup	Material issues 2022
Shareholders and investors	• Financial rating agencies • Shareholders • Investors	• Corporate governance • Responsibility, ethics and compliance • ESG risks • Sustainability of results
Clients	• Individuals Clients • SMEs Clients • Corporate Clients • Institutional Clients	• Cybersecurity and data protection • Digital transformation and innovation • Client experience • Sustainable financing
Collaborators	• Management and senior management • Managers, assistant managers and supervisors • Permanent technical and administrative staff • Unions	• Strong culture and talent management • Diversity and inclusion • Health and well-being
Contractors	• Contractors (external staff)	• Diversity and inclusion • Strong culture and talent management • Responsible supply chain
Suppliers	• Technology providers • Information providers • Corporate services agencies	• Diversity and inclusion • Strong culture and talent management • Responsible supply chain
Public and international bodies	• Ministries • Congress • International organisations	• Sustainable financing • Operational eco-efficiency
Regulators and associations	• FMC • Sernac • Conadecus / - ODECU	• Corporate governance • Responsibility, ethics and compliance • Sustainability of results
Civil society	• NGOs • Associations (e.g., ABIF) • Academia and *think tanks*	• Responsibility, ethics and compliance • ESG risks • Sustainability of results • Operational eco-efficiency
Communication media	• International media • Local media • Specialised press • Social media	• Responsibility, ethics and compliance • ESG risks • Sustainability of results • Health and well-being (Covid-19)
Local communities	• Project beneficiaries • Inhabitants around offices/branches	• Responsibility, ethics and compliance • Financial empowerment • Commitment to local development

To organize a structured relationship with its main stakeholders, Banco Santander establishes a series of principles and commitments focused on creating long-term value together with its stakeholders. In addition, establish communication channels that provide clear information effectively.



→ Collaborators

Santander works to attract, retain and commit the best professionals, ensuring that they offer the best service to customers.

Communication channel

- Global engagement survey
- Virtual and In-person Service Center
- Mass emails
- Mailbox for complaints
- Corporate intranet with two-way communication
- Quarterly results reports
- App "Somos Santander"

→ Clients

Santander seeks to build long-term relationships of trust with clients, maintaining their loyalty, adapting to their needs and improving their satisfaction.

Communication channel

- Commercial channels
- Satisfaction surveys
- Profiles in social networks: Facebook, Twitter, YouTube, Instagram and LinkedIn
- Corporate website and its sections
- App and web of claims, with traceability of the state of the solution
- Campaigns in social networks, App Santander and Contact Center

→ Shareholders

Long-term value creation and maximum information transparency are fundamental pillars in Santander's relationship with its shareholder base.

Communication channel

- Shareholders' Meeting
- Conference calls and webcasts
- Meetings and visits to branches
- 20F Report
- Quarterly results reports
- Investor Relations website
- Investor conferences
- Virtual meetings with local investors and minority shareholders.
- Communications via email

→ Community

Santander also contributes to economic and social progress through its investment programs in the community, with education being its main focus of action.

Communication channel

- Press room
- Santander Committed to progress: bimonthly digital newsletter that reports on actions committed to sustainability
- Sustainability website
- Bank social networks: Instagram, Facebook and Twitter

→ Suppliers

Santander maintains relationships with its suppliers based on ethics and transparency, ensuring compliance with the principles of responsible banking in the supply chain.

Communication channel

- Approval process (monitoring of services)
- Service manager
- Awards to suppliers
- Corporate complaint channel
- Seminars

Membership and affiliations

(CMF 6.1.vi, 6.3) (GRI 2-28)

Santander seeks to share its experiences and support the advancement of social goals through the affiliation and membership of different business networks at national and global levels. The following are relevant because they bring together important players close to the financial industry and form part of a structure that respects international principles subscribed to by Banco Santander.

Association of Banks and Financial Institutions

An association that seeks to strengthen the relationship between partner financial institutions and international organisations. It seeks to promote the prevention of malpractice and, consequently, greater efficiency at the operational level. Santander is a member of the Board of Directors of this organisation.

Acción Empresas

A network that seeks to improve the lives of people and the planet through corporate sustainability. It articulates and monitors the companies in the network through permanent work structured along six specific subject lines. Santander Chile has been part of this network since 2005.

Global Compact

A network of companies that seek to comply with the ten universal principles on human rights, labour relations, environment and anti-corruption through the fulfilment of the Sustainable Development Goals (SDGs). Santander Chile has been part of this network since 2003.

Chamber of Commerce of Santiago

An association that brings together the main economic sectors in Chile. It seeks to relate and transmit members' concerns to the main governing bodies. It, therefore, participates in legislative processes and promotes the work and interests of national companies.

Materiality

(GRI 3-1, 3-2, 3-3)

Santander Chile carried out a materiality update process in 2021, as the Group decided to generate exhaustive materiality with the participation of stakeholders every two years.

For 2021, materiality was developed under GRI 2016 to characterise the general scenario of the company's impacts internally and externally and establish organisational priorities. This way, the issues of greatest interest and relevance to the organisation and its stakeholders were identified.

This process was undertaken in three steps[14]:

1. Identification

The initial stage consisted of a secondary review of information, in which a company analysis of the industry (benchmarking), a review of the national and international press, and other documents were conducted.

2. Selection

This stage involved consultation with leaders from various Bank areas and stakeholders. A selection of issues relevant to them was made in this instance through a qualitative and quantitative analysis of the responses.

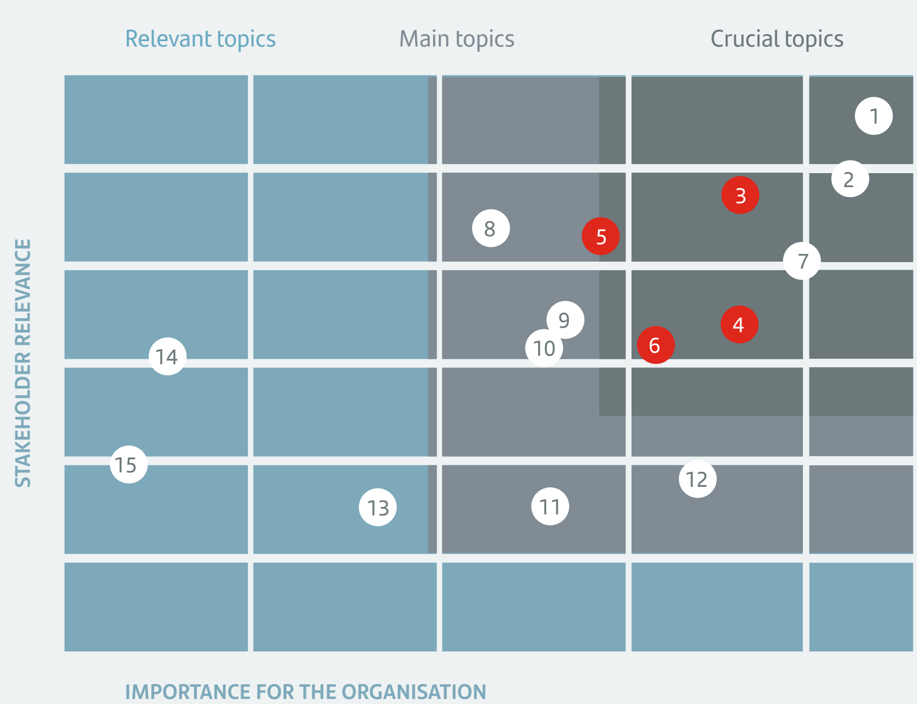
3. Prioritisation

Finally, the issues were prioritised based on the importance the company and its stakeholders assigned to them by means of weighting each. Moreover, the analysis of the Bank's strategic priorities was integrated.

14. To review the 2021 materiality process in detail, please refer to Santander Chile's 2021 Integrated Report.

A materiality update for 2022 was performed by reviewing secondary sources of information, such as a benchmarking of banking organisations and an analysis of industry trends and international organisations related to sustainability. This review resulted in the definition of the same material issues as the previous period but changed their prioritisation based on the findings and context of the year.

Materiality Matrix 2022



1. Client experience
2. Cybersecurity and data protection
3. Sustainable financing
4. ESG risks
5. Strong culture and talent management
6. Diversity and inclusion
7. Digital transformation and innovation
8. Corporate Governance
9. Commitment to social development
10. Financial empowerment
11. Sustainability of results
12. Good health and well-being
13. Responsibility, ethics and compliance
14. Operational eco-efficiency
15. Responsible supply chain

Relevant topics

→ *Minimums of the operation*

- Operational eco-efficiency
- Responsible supply chain
- Responsibility, ethics and compliance

Main topics

→ *They mobilise the organisation internally and externally*

- Commitment to social development
- Financial empowerment
- Health and well-being
- Sustainability of results
- Corporate governance
- Strong culture and talent management

Crucial topics

→ *They contribute to the sustainable development of the industry*

- Client experience
- Cybersecurity and data protection
- Digital transformation and innovation
- Diversity and inclusion
- Sustainable financing
- ESG risks

Note: The management approach of each material topic is found at the beginning of each section, duly referenced.

Material issues 2021 v/s 2022

2021		2022
Operational eco-efficiency	→	Operational eco-efficiency
Responsible supply chain	→	Responsible supply chain
Responsibility, ethics and compliance	→	Responsibility, ethics and compliance
Commitment to social development	→	Commitment to social development
Financial empowerment	→	Financial empowerment
Health and well-being	→	Health and well-being
Sustainability of results	→	Sustainability of results
Corporate governance	→	Corporate governance
Client experience	→	Client experience
Cybersecurity and data protection	→	Cybersecurity and data protection
Strong culture and talent management	→	Strong culture and talent management
Digital transformation and innovation	→	Digital transformation and innovation
Diversity and inclusion	→	Diversity and inclusion
Sustainable financing	→	Sustainable financing
ESG risks	→	ESG risks

4 Santander Chile Management

Main material issue

Corporate Governance

(GRI 3-3)

Description

Effective corporate governance and responsible business conduct are fundamental to developing and fulfilling institutions' strategies and goals. In this line, Santander has been concerned with building effective supervision and control of its operations. This is fundamental for the performance of its branches in Chile and for maintaining a coordinated, transparent and ethical management throughout the Santander Group.

Impacts

The installation and continuous improvement of good corporate governance is key to the Bank's sustainability strategy, as it promotes the efficient management of the company's resources and operations, as well as of material issues and risks, fostering a healthy internal control environment that contributes to the creation of value for its shareholders and stakeholders.

Regulatory framework

- 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
- A policy of selection, assessment, suitability, and succession of directors
- Programme for directors' Induction
- Policy for Board Remunerations

Goals and objectives

- To increase the percentage of women in management positions

Progress and actions

- Recruitment of the new CEO and Country Manager

Governance Framework

(CMF 3.1.i)

Banco Santander guides its management through approaches that seek to support efficient management and value creation, such as:

Having a Board of Directors of great prestige, composed mainly of professionals outside the administration.

Establishing the adoption of a Code of Conduct to prevent conflicts of interest and insider trading, which applies to persons within the organisation involved in the securities market.

Active participation of directors in the Bank's main management committees.

Making **major credit and market decisions** through discussions in Committees.

Establishing strict segregation of commercial and operational functions.

Establishing equal rights for shareholders: one set of shares, one share, one vote at shareholders' meetings.

Compliance with the measures required by the US Sarbanes-Oxley Act (SOX).

Acknowledgements and adherence
to codes of good governance

(CMF 3.5)

Banco Santander Chile has Santander Group guidelines, which are set out in an Internal Governance Model, governed by best practices in this area according to regulations in different countries: (i) United Kingdom: Corporate Governance Code of the Financial Reporting Council (FRC); (ii) USA: Key Agreed Principles to strengthen Corporate Governance for US publicly traded companies, of the National Association of Corporate Directors (NACD); (iii) Brazil: Código das Melhores Práticas de Governança Corporativa, by the Instituto Brasileiro de Governança Corporativa (IBGC); (iv) Spain: Unified Good Governance Code of Listed Companies, by the Comisión Nacional del Mercado de Valores (CNMV); (v) Mexico: Best Corporate Practices Code of the Consejo Coordinador Empresarial (CCE); (vi) Germany: Deutscher Corporate Governance Kodex of the Regierungskommission; (vii) Chile: Corporate governance rules, issued by different legal bodies and the regulations issued by the Comisión para el Mercado Financiero (FMC).

The Governance Model applies to all Group subsidiaries. Santander Chile adopts the practices and conducts in this document, applying them under the existing regulations in Chile, as mentioned above. In addition, the Model indicates good governance practices for the Board of Directors, country head reporting to regional heads or the Group, and governance mechanisms for control, support and business functions.

Furthermore, it includes principles from various international agreements on the matter, such as Basel: Corporate Governance Principles for banks of the Basel Committee on Banking Supervision; CRR Regulation / CRD IV Directive of the European Commission; and Law 10/2014, of June 26, on the organisation, supervision and solvency of credit institutions.

The Corporate Governance of Santander Chile constantly improves its management system, focusing on the principles of the Basel Committee proposed by the CMF

Basel III criteria

The Basel Accords are a set of internationally agreed measures developed by the Basel Committee on Banking Supervision to strengthen banks' regulation, supervision and risk management. In Chilean regulations, the Financial Market Commission initiated the regulatory process for implementing Basel III standards under the provisions of Law No 21,130, which modernises banking legislation.

Santander Chile's corporate governance is constantly improving its management system, focusing on the principles of the Basel Committee proposed by the FMC:

- Close supervision by the Board and senior management.
- Simple and clear organisational structure.
- Strong internal control system.
- Identification and continuous monitoring of risks.
- Independent external and internal audits.
- Supervision of subsidiaries.
- Executive compensation design with long-term plans.
- Regulations of the Board of Directors of Banco Santander Chile.

Governance Structure

(CMF 3.1)

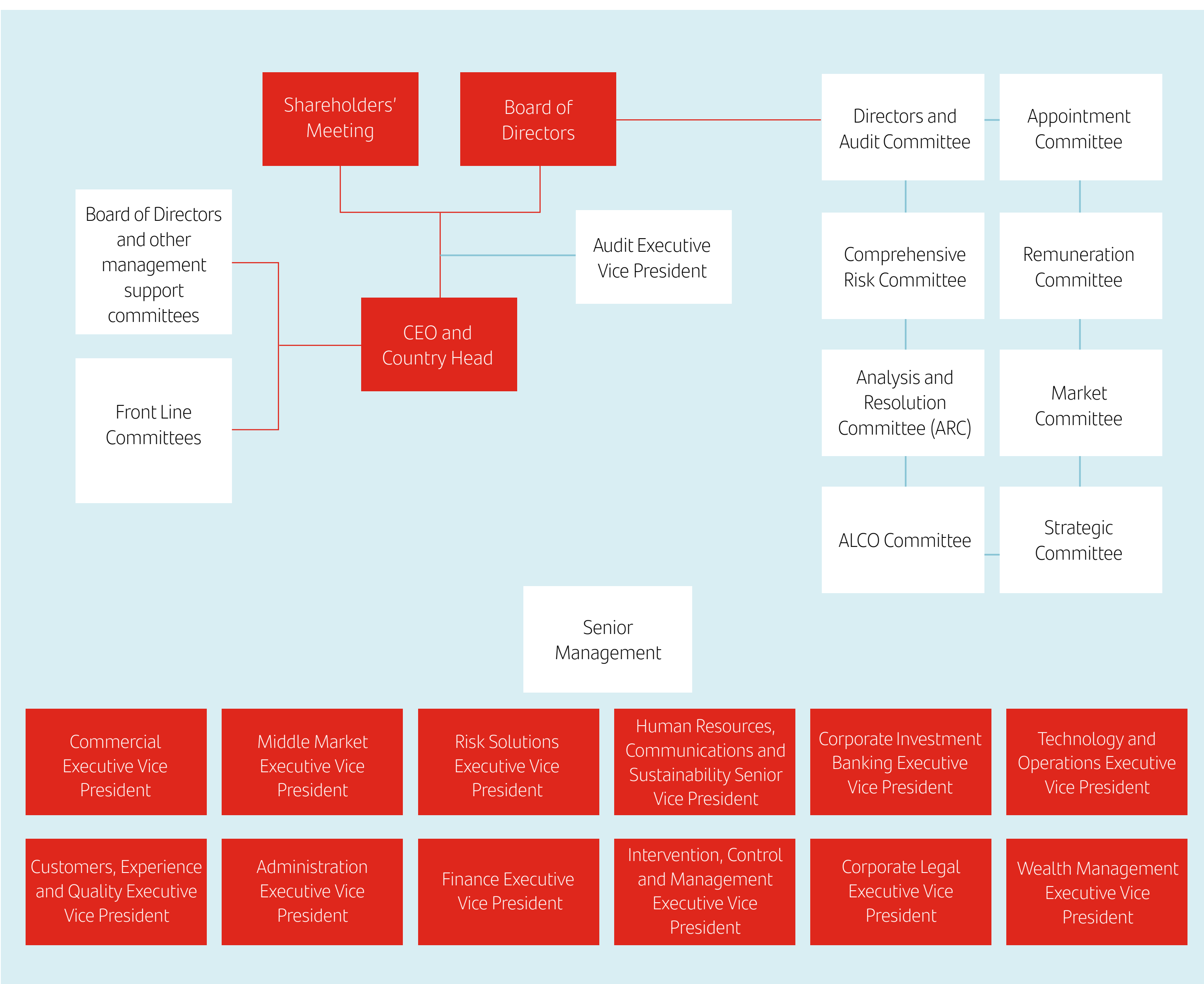
Banco Santander's corporate governance is structured in three levels, each of which is accompanied by support committees:

- Board of Directors, which represents the highest governing body.
- Senior Management, headed by the Chief Executive Officer.
- Shareholders' Meeting.

In 2022, Santander Chile undertook a review of the Board and Senior Management support committees, which resulted in the elimination of the Strategic Committee and the Market Committee. The latter was merged into the ALCO Committee. Furthermore, the Analysis and Resolution Committee became part of the First Line Management Committees. With these changes, the number of Board support committees decreased from eight to five. Moreover, an ALCO Senior Management Committee was created within the First Line Committees.

These changes will take effect from January 1, 2023.

At the end of 2022, the organisational chart of the organisation is as follows:



Board of Directors

The Board of Directors comprises 11 directors, with nine acting in the capacity of full directors and two alternate directors. Six of the incumbent directors are independent, and five are not, following the provisions of Article 50 bis of Law No 18,046 on Public Limited Companies. Each member contributes to the institution's smooth running in their area of expertise.

Independent Director

An independent director has no links or relationships with the controlling shareholder described in Article 50 Bis of Law No 18,046 on Public Limited Companies. Banco Santander does not have a predefined quota for the number of independent directors.

According to the provisions of this law, public limited companies must appoint at least one independent director when they have stock market equity equal to or greater than the equivalent of UF 1,500,000 and when at least 12.5% of their issued voting shares are held by shareholders who individually control or own less than 10% of such shares.

Role and functions of the Board of Directors

(GRI 2-12; 2-13: 2-14; 2-15; 2-16)

Its main role is to participate in the organisation's strategic planning and to ensure that the commitments proposed in the short, medium and long term are fulfilled in a timely manner. To achieve this goal, the Board performs several functions that ensure the organisation's sustainability:

→ **To approve the policies,** general strategic orientations, corporate values, lines of responsibility and the respective reporting channels and to supervise their application.

→ **To approve the bank's and its subsidiaries' individual and consolidated financial statements** and submit them to the Shareholders' Meeting.

→ **To call a Shareholders' Meeting,** whether ordinary or extraordinary, drawing up the agenda and proposed resolutions in advance. The Board's agenda includes all matters that the law or the Bank's Articles of Association submitted to the decision of the General Meeting of Shareholders.

→ Monitor, control and periodically evaluate **the effectiveness of the Corporate Governance,** Internal Governance and Compliance Policy system and the framework, policies, codes and manuals that regulate them. It also ensures establishing reporting channels reserved for people working in the entity for reporting behaviour contrary to corporate values.

→ **To approve transactions** implemented with related companies.

→ To perform the **self-assessment of the Board's performance** and the performance evaluation of the CEO and the Senior Management. In this way, it ensures compliance with all the policies established within the Board of Directors and with those tasks that the law or the bylaws submit to its knowledge, including those relating to conflicts of interest.

→ To approve **both the materiality and the contents of the annual Integrated Report.**

→ **Monitor the Bank's ESG impacts** on the environment and the impacts that the environment may have on the Bank, and delegate responsibility for managing these to company executives.

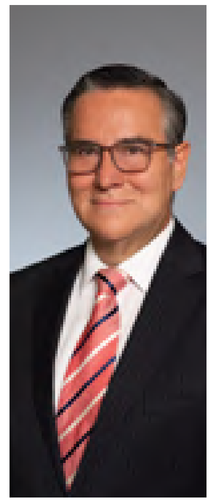
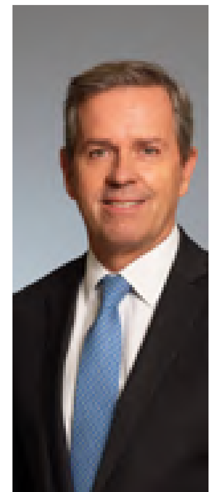
The communication of critical concerns to the Board has a system of escalation of information, whereby the information is received by the various Board support committees or through the heads of the Compliance, Risk and Audit areas.

Board members

(GRI 2-9, 2-11; CMF 3.2.i)

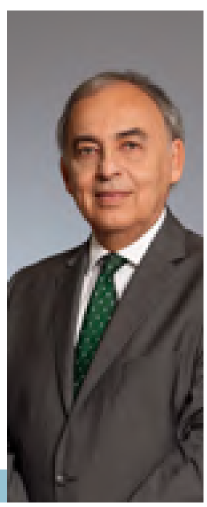

Claudio Melandri Hinojosa
President
Chilean
Auditor Accountant and
Commercial Engineer
Rut: 9.250.706-8
Appointment: 27/02/2018

Rodrigo Vergara Montes
First Vice-President
(Independent)
Chilean
Economist
Rut: 7.980.977-2
Appointment: 12/07/2018

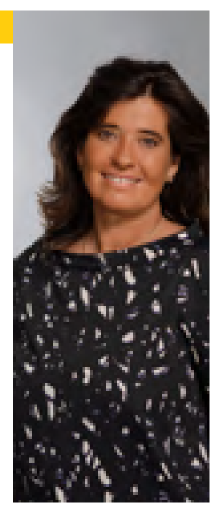
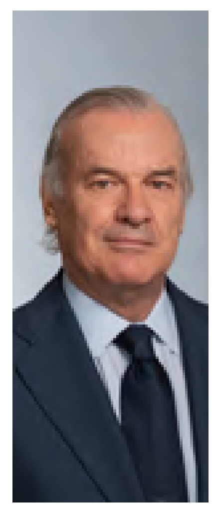



Orlando Poblete Iturrate
Second Vice-president
(Independent)
Chilean
Lawyer
Rut: 6.949.187-1
Appointment: 22/01/2014

Félix de Vicente Mingo
Director (Independent)
Chilean
Commercial Engineer
Rut: 9.359.341-3
Appointment: 27/03/2018

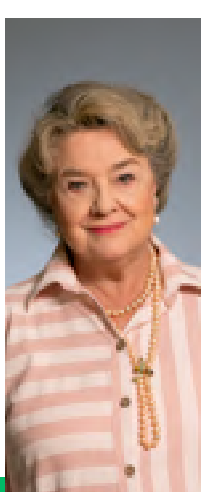
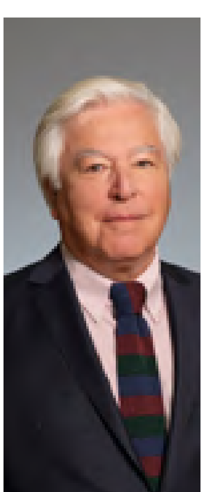


Alfonso Gómez Morales
Director (Independent)
Chilean
Civil Engineer
Rut: 5.478.723-5
Appointment:
27/03/2018

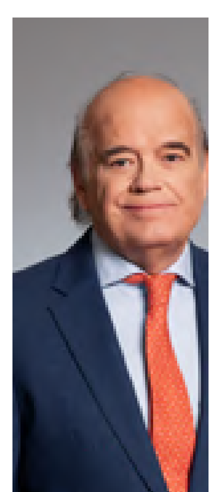
Ana Dorrego de Carlos
Director
Spanish
Bachelor of Business
Administration
DNI: 06564205M
Appointment: 15/03/2015

Rodrigo Echenique Gordillo
Director
Spanish
Law Graduate
DNI: 01616234R
Appointment: 26/03/2019

Lucía Santa Cruz Sutil
Director
Chilean
Historian
Rut: 7.117.816-1
Appointment: 10/08/2003

Juan Pedro Santa María Pérez
Director (Independent)
Chilean
Lawyer
Rut: 5.059.188-3
Appointment: 24/07/2012

Blanca Bustamante Bravo
Alternate Director
(Independent)
Chilean
Commercial Engineer
Rut: 9.218.218-5
Appointment: 28/04/2015

Óscar von Chrismar Carvajal
Alternate Director
Chilean
Civil Engineer
Rut: 6.926.511-1
Appointment: 22/12/2009

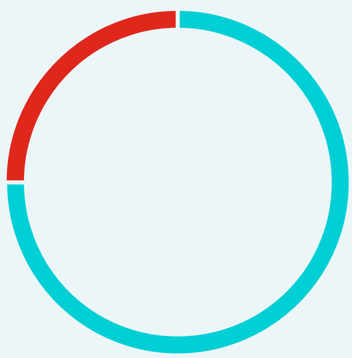
Note: Directors do not hold executive positions.

Board of Directors in figures

(CMF 3.2.xiii (a, b, c, d, e))

Directors by gender

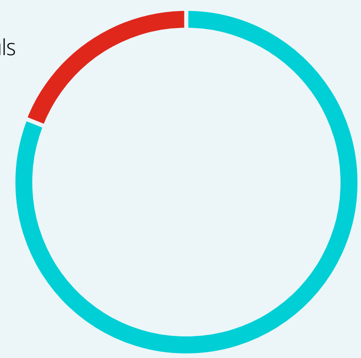
3
Women



8
Men

Directors by nationality

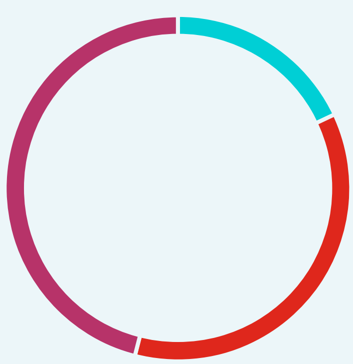
2
Non-nationals



9
Chilean

Directory by age range

5
Between 51 and 60 years old

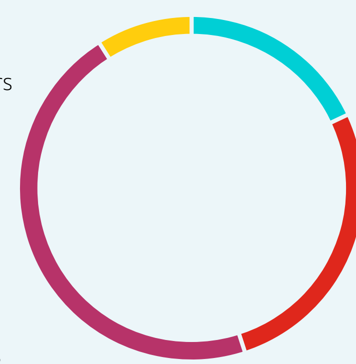


2
Between 61 and 70 years old

4
More than 70 years años

Directors by time in service on the Board

1
Between 9 and 12 years



2
More than 12 years

5
Between 3 and 6 years

3
More than 6 and less than 9

Note: None of the members of the Board of Directors of Santander Chile has a disability.

We have a Board of Directors with extensive experience and prestige.

Board processes

Appointment and selection processes

(GRI 2-10)

The nomination and selection processes of Board members should favour diversity within the Board. This involves considering the member's international experience, as well as gender, geographic origin, age, experience and knowledge, without implicit biases that could lead to any discrimination.

The selection and appointment of the members of the Board of Directors are carried out under the provisions of Law No 18,046 on Corporations, the General Law on Banks of Chile and other applicable regulations, and by the guidelines of the Santander Group set out in its selection policy, assessment of suitability and selection of directors.

Regarding the eligibility of independent directors, candidates must be proposed by shareholders representing at least 1% of the Company's shares and at least 10 days before the date scheduled for the Shareholders' Meeting called to elect directors.

The current members of the Board of Directors were elected at the 2020 Annual General Meeting of Shareholders and will remain in office for three years. This process was carried out through a secret and remote ballot, with publication immediately after the votes were counted at the same session.

Induction and training of the Board of Directors

(GRI 2-17, CMF 3.2.v)

Santander has an induction programme for new directors, which mainly involves providing information on the position, the main applicable regulations, the Bank's bylaws, the internal regulations of the Board of directors and an interview with each of the executive vice presidents so that they can describe the structure and their main responsibilities.

During 2022, no training contracts were made for the Board of Directors. Nevertheless, the highest governance body receives ongoing training in cybersecurity, technology frontier, data and analytics, and model risk. In addition, given the context of the year, two presentations were made to the Board, one on the constitution and the political scenario and the other on the global macro and geo-political scenario.

Evaluation of the Board of Directors

(GRI 2-18, CMF 3.2.ix)

Annually, the Board of Directors carries out a self-assessment process, complying with the regulations issued by the Central Bank of Chile and the Group's guidelines, which is carried out internally or externally through the participation of an independent agent.

This evaluation is carried out through interviews and questionnaires that include items such as the suitability of the members, skills in different areas, evaluation of the composition of the different committees, and evaluation of the President, among other topics.

The evaluation results are subsequently analysed to generate a report presented to the Board of Directors. The strengths and areas for improvement are analysed, generating different action plans to cover the gaps identified, if necessary.

At least every three years, this process is carried out by an independent third party. In the interim periods, Strategy Management is responsible for analysing the information. In 2021, it was carried out by the consultancy firm AMROP Chile, delivering its results at the beginning of 2022. The year 2022 was evaluated internally.

In 2022, the action plan generated based on the analysis of the results of the 2021 self-assessment, carried out by the external company AMROP Chile SpA, was implemented throughout the year.

Processes in crisis and contingency situations

(CMF 3.2.xi)

The Bank has a Corporate Special Situations Management Framework, which aims to: (i) establish the principles to which the Group must adhere concerning the management of special situations, (ii) define the roles and responsibilities in this area, (iii) establish the key processes and (iv) define the essential elements for its governance.

The framework applies in those events in which an exceptional situation arises other than that expected or which should arise from the ordinary management of the business and which could compromise the development of its activity or give rise to a serious deterioration in the financial situation of the subsidiary or of the Group.

Special events or situations can be either financial or non-financial, systemic or idiosyncratic, and slow or fast evolving and are classified according to their decreasing severity level.

The continuum of special situations comprises three stages, subdivided into different levels.

- First, there is the **BAU (business as usual) Stage,** which presents Level 0, covering various activities related to ensuring the Group's preparedness to identify and manage potential stress events. In this stage, metrics, processes and other tools are defined to identify threats and events. It also involves developing and updating action plans, business continuity and other mitigating measures.
- These events can lead to the **Special Situations Stage,** which is composed of four levels depending on the event's severity: 1) alert, 2) contingency, 3) crisis and 4) recovery. The processes that occur in this stage are related to the assessment of events, the execution and follow-up of remediation plans, the notification of the status to the governing bodies, the elaboration of the recovery plan and the definition and execution of the recovery strategy.
- The last stage is the **Resolution Stage,** where applicable, and is composed of level 5 of the same name. This stage is reached when the competent authorities determine that the institution is failing or likely to fail, when there is no realistic prospect of preventing the institution's failure, and resolution is necessary for the public interest. It encompasses activities in support of the resolution plan and coordination and communication with relevant authorities.

The Group employs three lines of defence:

- **First line of defence:** business and all support functions directly involved in identifying and managing special situations.
- **Second line of defence:** risk, compliance and conduct functions, which provide monitoring and oversight of the activities performed by the first line.
- **Third line of defence:** Internal audit which provides the Board and senior management with assurance on the quality and effectiveness of internal processes, risk management and governance, contributing to protecting the organisation's value.

Board Skills Matrix

(CMF 3.2.iv)

Each member of the Board of Directors contributes to the achievement of corporate objectives through their knowledge and previous experiences, their main skills are presented below.

Name	Profession	Key skills & ESG A	S	G	Relevant Experience
Claudio Melandri Hinojosa President	Auditor accountant, and commercial engineer. He also has an MBA from Universidad Adolfo Ibáñez.	•	•	•	With over 30 years of experience in the financial industry, he was CEO of Banco Santander Chile between 2010 and 2018 and country head until July 2022. 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.
Rodrigo Vergara Montes First Vice-president	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 became part of its Council years later, 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- resident	Lawyer from Universidad de Chile, and 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 in the law firm Orlando Poblete y Cia. And a member of the arbitration body of the Arbitration and Mediation Centre of the Santiago Chamber of Commerce.
Félix de Vicente Mingo Director	He has a business degree specialising 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.

Note: Regarding 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.

Name	Profession	Key skills & ESG A	S	G	Relevant Experience
Alfonso Gómez Morales Director	A 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 País 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.
Ana Dorrego de Carlos Directora	Bachelor's degree in business administration from Universidad Pontificia de Comillas ICAII-CADE. She also has an International MBA from Universidad de Deusto and Universidad Adolfo Ibáñez.				She entered Santander Group in 2005 and has since held various positions, primarily in 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 Director	Bachelor's degree in law from the Universidad Complutense de Madrid.	●	●	●	He is vice president, 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 deputy general director and member of the Executive Committee and became executive director of Banco Santander from 1988 to 1994. Additionally, he was a board member of various industrial and financial companies.
Lucía Santa Cruz Sutil 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 Social, Political, and Moral Sciences Academy of the Institute of Chile. She participated in the Board of Directors of the Adolfo Ibáñez University and was the director of the General and Life Insurance Company at Zurich Chilena Consolidada, a member of the Board of Nestlé Chile, and a member of the Board of Directors of Nestlé in Switzerland. She belonged to the Self-Regulation Council of Insurance Companies.
Juan Pedro Santa María Pérez Director	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 of the Financial Law Committee of the Latin-American Banking Federation (FELABAN). In addition, he is a Member of the Arbitration and Mediation Centre of the Chamber of Commerce of Santiago.
Blanca Bustamante Bravo Alternate Director	Commercial Engineer with a degree in Economics from the 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 Deputy Manager of Corporate Communications. Currently, she is the director of Corporate Affairs, overseeing corporate communications and investor relations. Since 2013, she has participated as a governing board member at the Centre for Research & Innovation for Concha y Toro.
Óscar von Chrismar Carvajal Alternate Director	A civil engineer from Universidad de Santiago with specialised studies in the United States and Europe.	●		●	He has been the director of Sinacofi and the Santiago Stock Exchange since April 2012. He has over 25 years of banking experience, joining 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.

Board Meetings

(CMF 3.2.iii, 3.2.vi, 3.2.vii, 3.2.viii, 3.2.x, 3.2.xii)

Banco Santander holds monthly Board meetings. In 2022, 12 ordinary and 3 extraordinary sessions were held, averaging 3 hours.

Sessions are prepared through the prior preparation of minutes summarising the matters to be discussed at the meeting and the rest of the background information to be presented. All this information is made available to Directors within five days before the meeting.

Likewise, sessions are concluded with a formal report in which the matters discussed and the agreements reached 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.

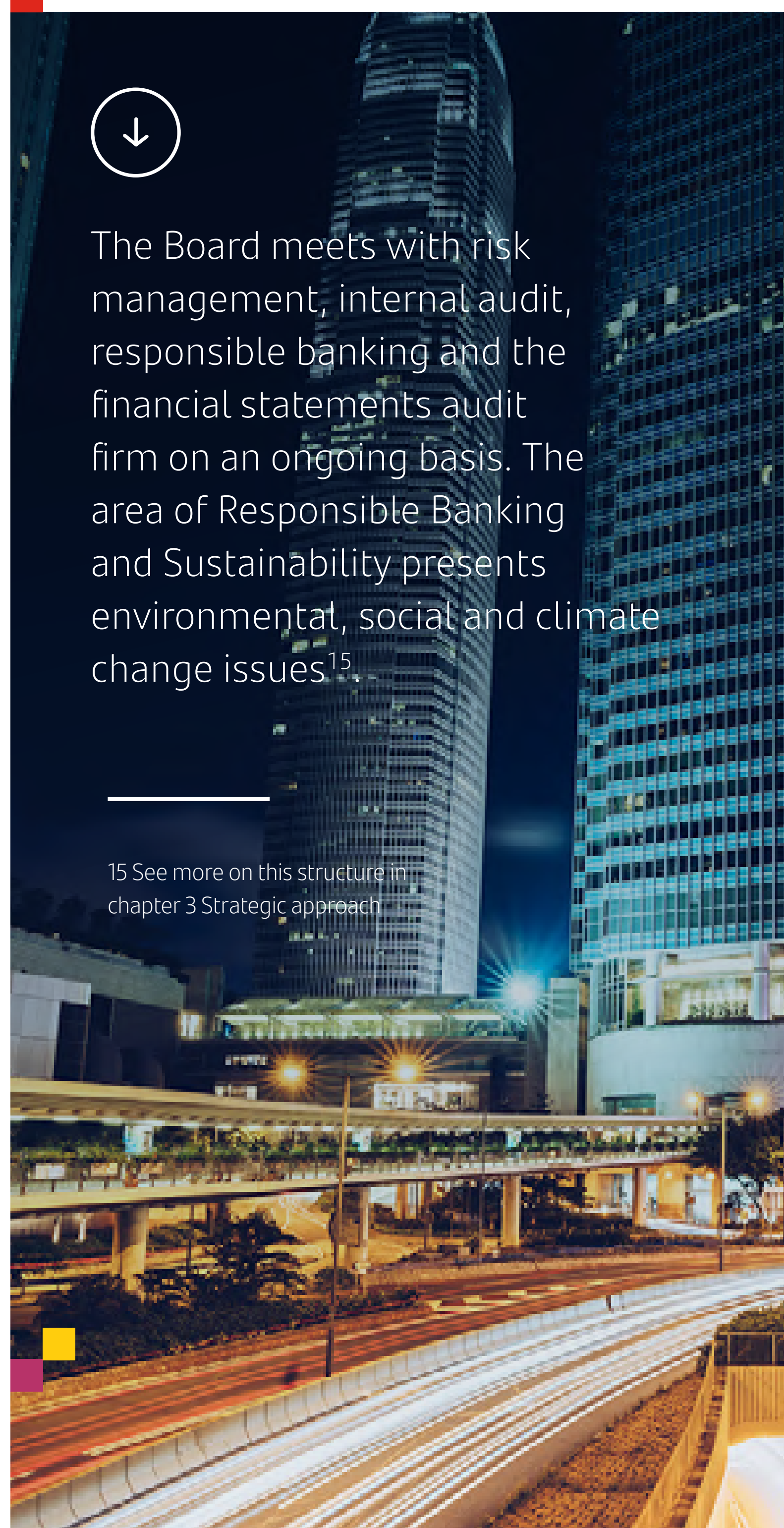
Concerning the work and time devoted to meetings, the Board's Regulation stipulates a minimum annual attendance requirement of 75% for its members.

Sessions and attendance

	2020	2021	2022
Number of sessions	15	14	15
Percentage of assistance	99.3%	97.4%	95%
Minimum assistance required	75%	75%	75%
Average duration of meetings	3.3 hours	3.3 hours	3 hours

Regarding the fieldwork of the Board members, president Claudio Melandri Hinojosa visited the corporate building and branches throughout 2022. In these visits, he checked that the premises had adequate accessibility measures, such as inclusive access and other facilities for people with disabilities.

The Board of Directors did not contract for consultancy services during 2022.

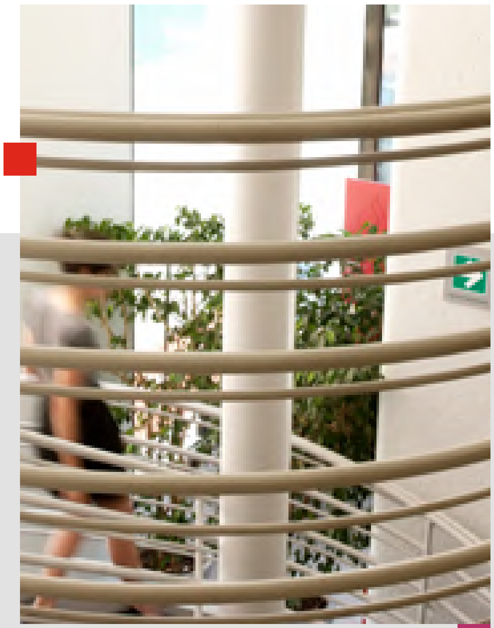


The Board meets with risk management, internal audit, responsible banking and the financial statements audit firm on an ongoing basis. The area of Responsible Banking and Sustainability presents environmental, social and climate change issues[15].

15 See more on this structure in chapter 3 Strategic approach

Board Committees

(CMF 3.3) (GRI 2-12, CMF 3.2)



Banco Santander-Chile has eight committees supporting the Board, appointed and modified by them as deemed necessary. The various committees respond and report their activity to the Board systematically, through meetings and based on subrogation schemes, bylaws, formal minutes and follow-up instances.

The Bank's Board support committees are responsible for decision-making on priority issues, including economic, environmental and social issues.

Directors and Audit Committee

President: Orlando Poblete.
Members: Félix de Vicente y Rodrigo Vergara.
Frequency: Monthly.
Frequency of reporting to the Board: 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, stakeholders and the general public.

Comité de Nombramientos

President: Blanca Bustamante.
Members: Claudio Melandri y Rodrigo Vergara.
Frequency: Quarterly.
Frequency of reporting to the Board: Annual.
Role: To review the application of appointment policies and processes for those positions defined as "key positions" in particular, as well as the application of these policies concerning other individuals in the organisation in general.

Integral 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: Twice a month.
Frequency of reporting to the Board: Monthly.
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.
Frequency of reporting to the Board: Annual.
Role: Constant review of the regulatory documentation concerning the evaluation and remuneration of positions defined as 'key positions' and other persons in the organisation 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.
Frequency of reporting to the Board: Quarterly
Role: To define and monitor compliance with the organisation's general and specific policies, standards and objectives for preventing money laundering and terrorist financing. This is in accordance with local laws and regulations and those defined by Santander Group.

Market Committee

President: Óscar von Chrismar.
Members: Rodrigo Vergara, Lucía Santa Cruz, Claudio Melandri y Alfonso Gómez.
Frequency: Monthly.
Frequency of reporting to the Board: Biannual/Annual.
Role: To monitor the results of the portfolios associated with the trading portfolios; to make estimates of the economic situation, both national and international, that may be useful in taking positions; to review with the business managers the Bank's risk appetite and to approve the risk limits established annually.

ALCO (Asset and Liabilities Committee)

President: Rodrigo Vergara.
Members: Claudio Melandri, Óscar von Chrismar, Félix de Vicente y Alfonso Gómez.
Frequency: Monthly.
Frequency of reporting to the Board: Biannual/Annual.
Role: To examine and approve, as the case may be, the risks and positions taken 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.
Frequency of reporting to the Board: Biannual.
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 monitor their progress regularly.

Note 1: There has been no change in the members of the Directors' committees in the last two periods. The independence of the directors can be found in section 3.2.

Directors and Audit Committee

(CMF 3.3.i, 3.3.ii, 3.3.iv, 3.3.v, 3.3.vi, 3.3.vii)

The main objective of the committee is to supervise the Bank and its subsidiaries concerning the process of generating the financial statements; the management of the internal and external auditors in this process so that the institution provides adequate information for its shareholders, investors and the public in general, and to ensure the efficiency of the company's internal control systems, as well as its compliance with the rules and regulations applicable.

Furthermore, the committee meets with the following areas throughout the year:

- The Auditing Unit, in which the progress of the annual audit plan is reported.
- The Risk Unit, with monthly presentations organised by the Supervision, Consolidation and Compliance area regarding the Volcker Rule Report and other matters related to their role.

Hiring advisors to the Directors and Audit Committee has not been necessary. Still, if necessary, the Committee would be concerned about the professional competence and independence of the advisor. During 2022, no such expenses were incurred.

Remuneration of the Board of Directors

(CMF 3.2.ii, 3.3.iii; GRI 2-19, 2-20)

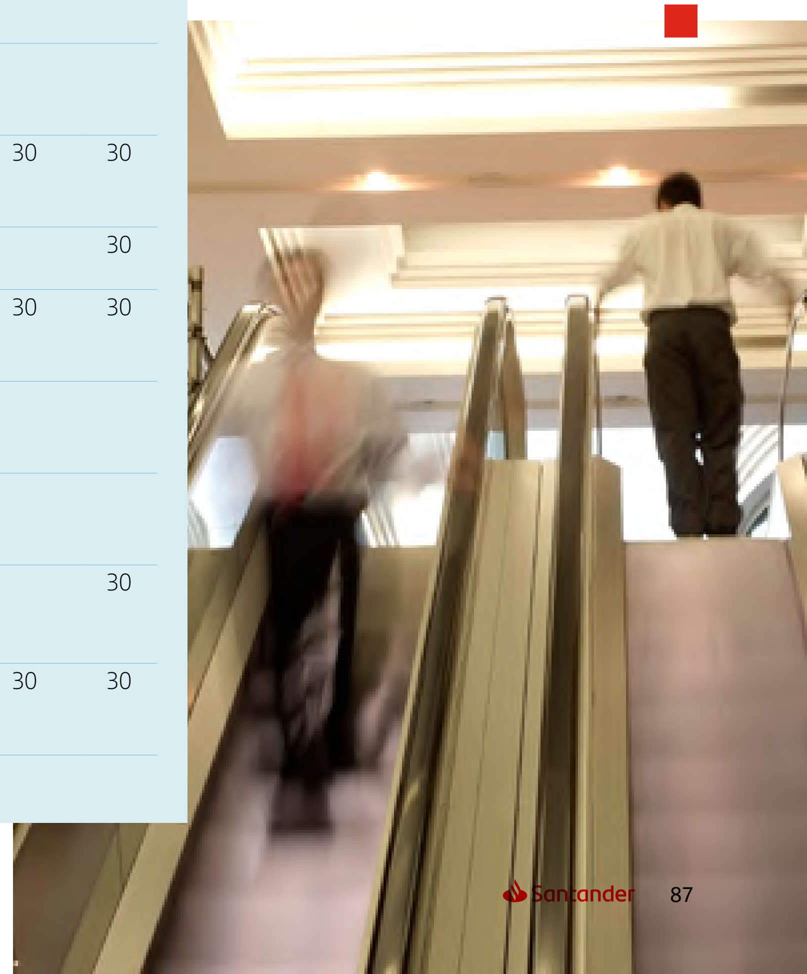
In 2022, the Board decided to maintain the remuneration approved by the 2021 Shareholders' Meeting, which has been in place since 2017. Thus, the monthly fee of each member of Banco Santander's Board of directors remains at 250 UF, the monthly fee of the Chairman of the Board at 500 UF, and the vice-chairmen at 375 UF.

Remuneration of the Board of Directors (UF)

Name	Member of the Board	Directors and Audit Committee	Appointment Committee	Integral Risk Committee	Remuneration Committee	Analysis and Resolution mmittee (ARC)	Market Committee	ALCO (Asset and Liabilities Committee)	Strategic Committee
Claudio Melandri Hinojosa	500		30	15-15	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		15-15				30	30
Lucía Santa Cruz Sutil	250			15-15		30	30		30
Alfonso Gómez Morales	250			30-30	30		30	30	30
Juan Pedro Santa María Pérez	250	25		15-15		60			
Rodrigo Echenique Gordillo	250								
Blanca Bustamante Bravo	250		60	15-15					30
Óscar von Chrismar Carvajal	250			15-15		30	60	30	30

Regarding the Directors' and Audit Committee, under article 50 bis of the Corporations Act, the fee for the Chairman of this committee was set at 230 UF, while the other directors on the committee received 115 UF for attending each meeting.

Similarly, excluding the Directors and Audit Committee, it was declared that the membership of one or more committees should be maintained at a fee of 30 UF for each meeting attended, except for the Comprehensive Risk Committee, where each director receives a fee of 15 UF for meeting twice a month. As for the chairperson of each committee, their fee remuneration remained the same at double the amount mentioned above.



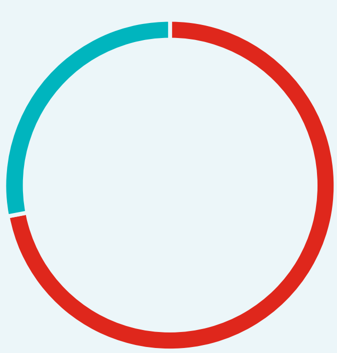
Fixed income of the Board of Directors by Board and committees

Board members	2021	2022		
	Total	Board of Directors	Comités	Total
Claudio Melandri Hinojosa	222,095,351	198,708,605	23,325,154	222,033,759
Rodrigo Vergara Montes	215,032,446	149,031,455	91,666,963	240,698,418
Orlando Poblete Iturrate	227,548,079	149,031,455	100,445,902	249,477,357
Félix de Vicente Mingo	150,621,388	99,354,305	66,466,818	165,821,123
Lucía Santa Cruz Sutil	124,040,386	99,354,305	30,973,906	130,328,211
Alfonso Gómez Morales	140,706,458	99,354,305	54,181,109	153,535,414
Juan Pedro Santa María Pérez	132,082,817	99,354,305	45,789,366	145,152,671
Rodrigo Echenique Gordillo	89,512,761	99,354,305	-	99,354,305
Blanca Bustamante Bravo	120,520,655	99,354,305	28,711,581	128,065,886
Óscar von Chrismar Carvajal	151,349,484	99,354,305	58,130,029	157,484,334

Note 1: There is no variable income for directors at Banco Santander.
Note 2: Ana Dorrego is not a member of any Directors' Committee and does not receive any remuneration as an executive of the Santander Group.
Note 3: Rodrigo Echenique is not a member of any Directors' Committee.
Note 4: From September 2022, Mr Claudio Melandri does not receive any fees for attendance at Board support committees.

Board Wage Gap

(CMF 3.2.xiii (f))

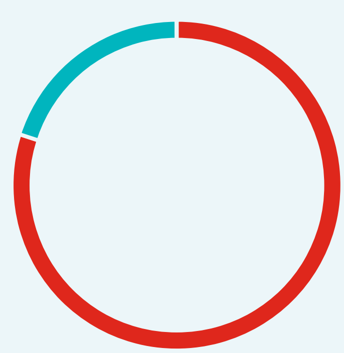


Average

179,194,672.6
Men

129,197,048.5
Women

72.09% Gap



Median

161,652,729.0
Men

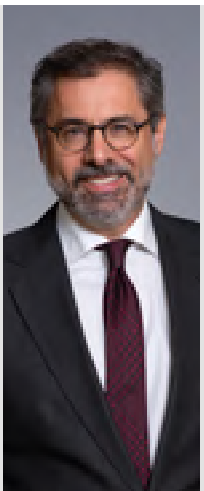
129,197,048.5
Women

79.92% Gap

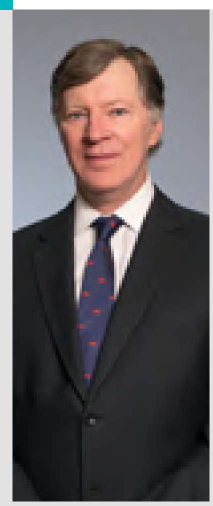
Note 1: The differences do not reflect gender but rather their participation in government bodies.
Note 2: The value refers to the percentage of income women receive compared to men.

Senior Management

(CMF 3.4.i)

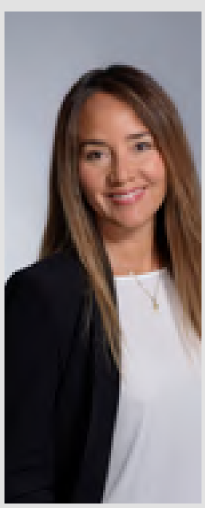


Román
Blanco Reinosa
CEO and Country Head
RUT: 27.989.554-1
Civil Engineer
Incorporation:
01/08/2022

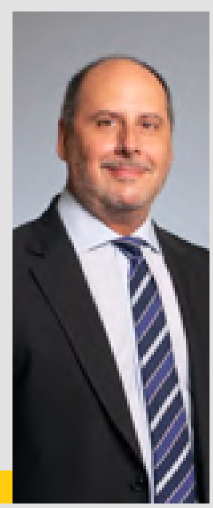


Cristián
Florence Kauer
Corporate Legal
RUT: 9.570.797-1
Lawyer
Incorporation: 01/09/2012

María Eugenia
de la Fuente
Human Resources,
Communications and
Sustainability
RUT: 9.758.457-5
Commercial Engineer
Incorporation: 08/06/2015



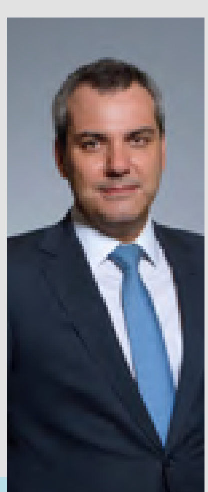
Claudia
Heimpell Novella
Clientes, Experiencia y
Calidad
RUT: 12.465.941-8
Ingeniera Comercial
Incorporación:
01/11/2022

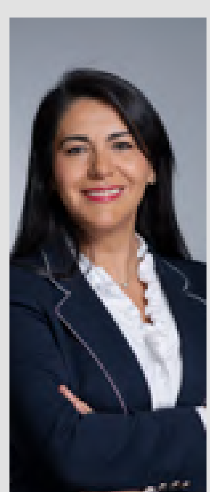


Franco Rizza
Risk Solutions
RUT: 24.527.445-9
Studies in Business and Risk
Management
Incorporation: 01/02/2014

Ricardo Bartel Jeffery
Technology and Operations
RUT: 8.741.336-5
Industrial Civil Engineer
Incorporation: 01/06/2015

Emiliano Muratore
Financier
RUT: 22.241.972-7
Bachelor of
Business
Administration
Incorporation:
01/04/2016

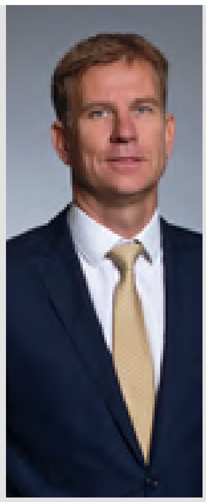




Claudia
Cisternas Morales
Transformation and
Strategic Projects
RUT: 13.676.202-8
Auditor Accountant
Incorporation: 01/12/2022

Biographies of the Senior Management members can be found at:
https://banco.santander.cl/nuestrobanco/informacion-corporativa/administracion

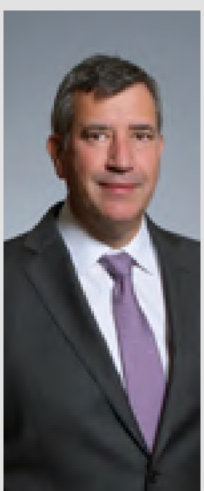
Pedro
Orellana Piñeiro
Retail Banking
RUT: 10.349.717-5
Industrial Civil Engineer
Incorporation: 01/05/2021

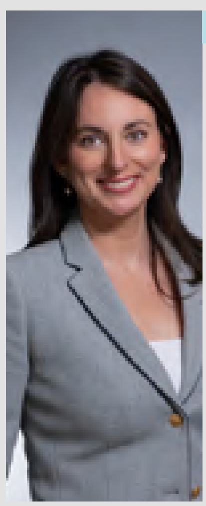


Andrés
Trautmann Buc
Corporate Investment Banking
RUT: 10.969.304-9
Commercial Engineer
Incorporation: 01/05/2021

Luis
Araya Martínez
Corporate and Institutional Banking (Middle Market)
RUT: 11.636.004-7
Industrial Civil Engineer
Incorporation: 01/05/2021

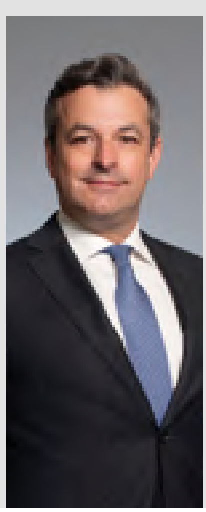
Sergio
Ávila Salas
Management
RUT: 10.502.024-4
Industrial Civil Engineer
Incorporation: 01/05/2015

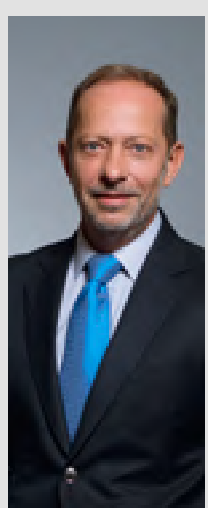


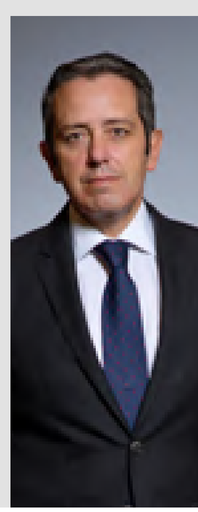


Soledad Ramírez
Sustainable Finance and Climate Change
RUT: 13.019.311-0
Degree in Business and Administration
Incorporation: 05/08/2019

Jorge
Valencia
de la Cerda
Wealth Management and Insurance
RUT: 9.762.106-3
Economist
Incorporation: 01/09/2021







Guillermo
Sabater Maroto
Intervention, Control and Management
RUT: 22.194.273-6
Economics and Business Administration
Incorporation: 01/09/2006

Óscar
Gómez Llorente
Audit
RUT: 27.147.239-0
Graduate in Economics and Business Studies
Incorporation: 01/01/2020

Biographies of the Senior Management members can be found at: https://banco.santander.cl/nuestrobanco/informacion-corporativa/administracion

Remuneration and compensation of senior executives

(CMF 3.4.iii, 3.6.x, 3.6.xi, 3.6.xii)

The organisation has a procedure for submitting salary structures, compensation, and indemnity policies for the CEO and senior executives. The Shareholders' Meeting has no role in this matter. These structures are not public.

Lastly, the entity has procedures in place to establish succession plans to replace the CEO and other senior executives, which are confidential and ensure that it has candidates for immediate, three-year or long-term replacement with a view to geographic and gender diversity. The Santander Group and the Global Human Resources Committee approve these strategic positions.

Ownership percentage

(CMF 3.4.iv)

No senior executive of Banco Santander Chile holds direct or indirect shares in the company in 2022.

Ownership

(CMF 2.3.1, 2.3.2, 2.3.3)

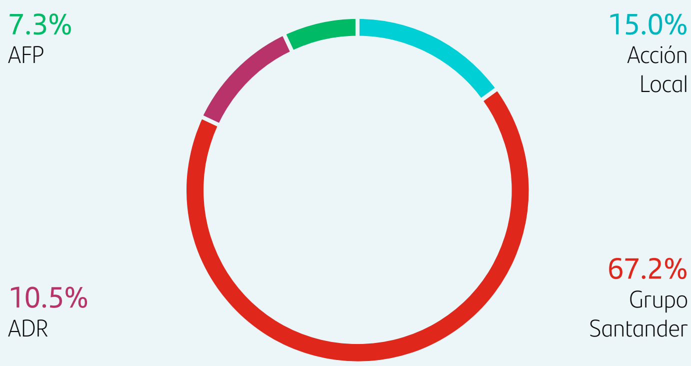
Company name or Shareholder name	Number of shares	% del total
Santander Chile Holding S.A.	66,822,519,695	35.5%
Teatinos Siglo XXl Inversiones S.A	59,770,481,573	31.7%
Grupo Santander	**126,593,001,268**	**67.2%**
Banco de Chile por Cuenta de Terceros Ca	11,425,062,351	6.1%
Banco Santander por Cuenta de Inversionistas Extranjeros	5,425,004,460	2.9%
AFP Habitat S.A.	4,634,770,532	2.5%
Standard Life Aberdeen PLC (*)	3,832,707,200	2.0%
Schroders PLC (*)	3,609,606,000	1.9%
AFP Provida S.A.	2,976,925,445	1.6%
JP Morgan Chase & Co (*)	2,372,091,200	1.3%
AFP Capital S.A.	2,201,975,329	1.2%
AFP Cuprum S.A.	2,183,030,930	1.2%
Banchile Corredores de Bolsa S.A.	1,481,396,304	0.8%
B.C.I. Corredor de Bolsa S.A.	1,121,833,655	0.6%
Allspring Global Investments HLD (*)	1,113,998,400	0.6%
Blackrock (*)	1,113,010,400	0.6%
AFP Modelo S.A.	1,051,440,237	0.6%
Franklin Resources (*)	1,044,385,600	0.6%
Santander Corredores de Bolsa Limitada	764,415,544	0.4%
Morgan Stanley (*)	749,643,600	0.4%
Vanguard Group (*)	721,669,200	0.4%
Inca Investments llc (*)	676,546,800	0.4%
Btg Pactual ChileS.A. Corredores de Bolsa	618,285,636	0.3%
AFP Planvital S.A.	616,455,039	0.3%
Ariel Investments LLC (*)	411,080,000	0.2%
Larrain Vial S.A. Corredora de Bolsa	368,628,422	0.2%
Renaissance Technologies LLC (*)	350,520,000	0.2%
Bolsa de Comercio de Santiago	284,215,719	0.2%
Bolsa de Valores Security S.A. Corredores de Bolsa	262,735,735	0.1%
Banchile Administradora General de Fondos S.A.	250,373,133	0.1%
Corpbanca Corredores de Bolsa S.A.	230,103,656	0.1%
Bice Inversiones Corredores de Bolsa S.A.	229,282,918	0.1%
Other 11,111 shareholders	9,731,932,081	5.2%
	188,446,126,794	**100.0%**

As of December 31, 2022, the basic capital of Banco Santander was divided into 188,446,126,794 single-series shares, with no preference of any kind. The Bank's shares are traded on the Santiago Stock Exchange and the New York Stock Exchange (NYSE) as American Depositary Receipts (ADRs).

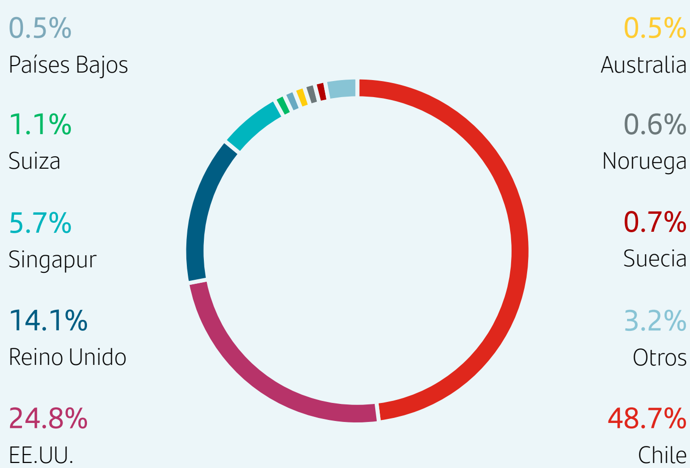
The primary shareholder is Santander Group, which controls 67.2% of the ownership through the companies Santander Chile Holding SA and Teatinos Siglo XXI Ltda. The remaining shareholders include Administradora de Fondos de Pensiones (AFP), who held 7.3% of the shares as of December 31, 2022, and other minority shareholders. Among the latter are included investors who are ADR holders and represent 10.5% of ownership. Relevant ADR holders featured are large global pension funds and sovereign wealth funds in the United States, the United Kingdom, Europe, and Asia

Source: DCV and Bloomberg
Note 1 (*): Shareholders through BNY Mellon through ADRs on the New York Stock Exchange.
Note 2: Santander does not have a joint action agreement.
Note 3: There have been no significant changes in the ownership or control of the company.

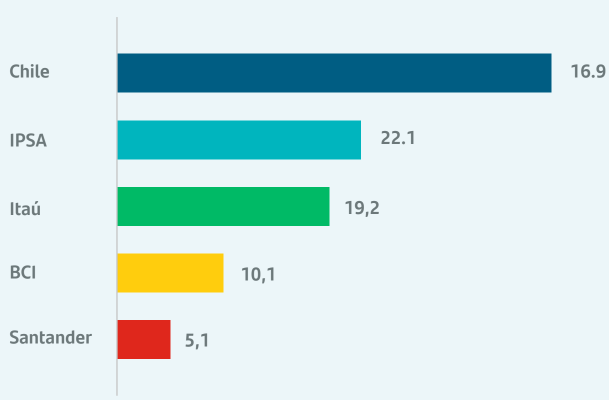
Banco Santander Chile Shareholding Structure



Geographical distribution of minority shareholders of Santander Chile



Total return, including dividends

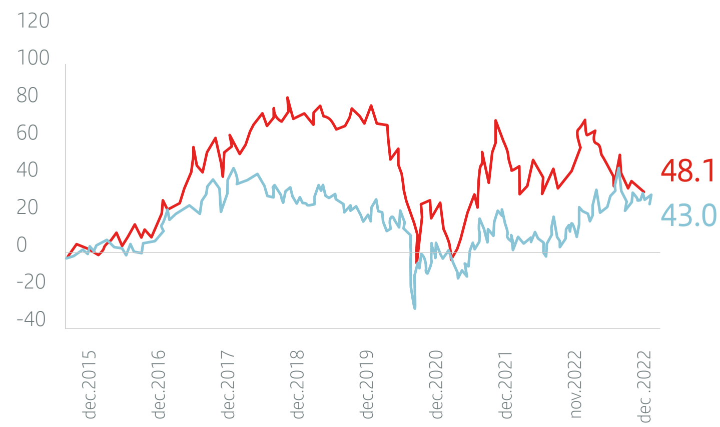


Source: Bloomberg

2022 Comparative Evolution

Source: Bloomberg

Comparative evolution by year



Source: Bloomberg

Stock Market Indicators by year

Stock Market Indicators	2022	2021	2020	Var%
Share price ($)	33.95	34.25	34.10	-0.88%
Highest share price ($)	45.43	46.52	45.84	-2.34%
Lowest share price ($)	32.82	33.60	24.63	0.65%
ADR price (US$)	15.84	16.29	18.99	-2.76%
Highest ADR price ($)	22.72	25.87	23.74	-12.18%
Lowest ADR price ($)	13.51	15.83	11.14	-4.66%
Shares (millions)	188,466.1	188,466.1	188,466.1	n.a.
ADR Ratio	400	400	400	n.a.
Earnings per share ($)	4.29	4.11	2.75	49.54%
Earnings per ADR (US$)	2.01	2.11	1.54	37.04%
Dividends per share ($)	2.47	1.65	1.76	-6.25%
Dividends per ADR (US$)	1.15	0.94	0.91	3.43%
Dividend policy (%)	60	60	60	0.00%
Stock price/earnings per share (times)	7.91	8.88	14.26	n.a.
Stock price/book value (times)	1.52	1.96	1.80	n.a.
Stock equity (US$ millions)	7,462.47	7,674.47	6,426.01	19.43%
Average daily traded volume (US$ millions)	14.55	16.92	14.62	-4.01%
Total return (including dividends) in Ch$	5.06%	4.40%	-16.53%	n.a.
Total return (including dividends) in USD	2.61%	-10.84%	-13.12%	n.a.

Stock price evolution

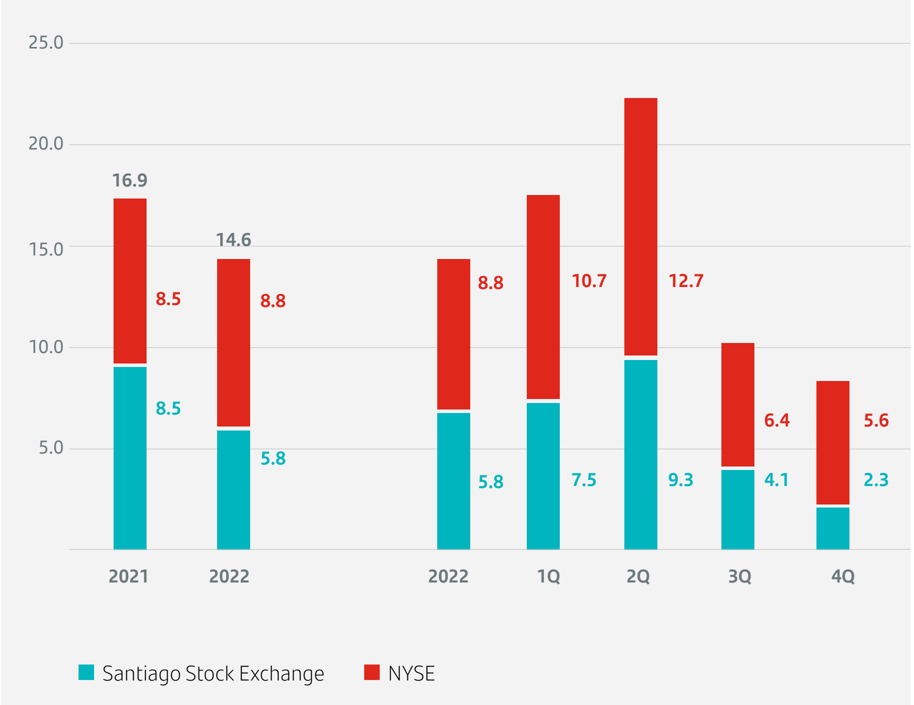
During 2022, the stock was affected by the fluctuations in global and Chilean markets due to the conflict in Ukraine, rising inflation and Central Bank reactions. In addition, the local market has also been affected by the change of government and the exit referendum on the proposed new constitution. Therefore, the local stock index IPSA was up 13.1% for the year and had a total return, including dividends, of 22.1%.

In particular, Chilean banks, including Santander Chile, achieved record results, explained by the rise in inflation. Due to the uncertainty of how long high inflation would persist, the Bank took a less aggressive stance towards it and rather sought to hedge against its consequent fall. The latter only showed signs of slowing down towards the end of the year. As a result, the Bank's shares had a negative annual change of 0.9%, ending the year at $33.95 (US $15.84 per ADR). Adding the dividend paid during the year, which corresponds to 60% of the attributable profit for 2021 of $2.46741747 per share, the total shareholder return for the year was 5.1%.

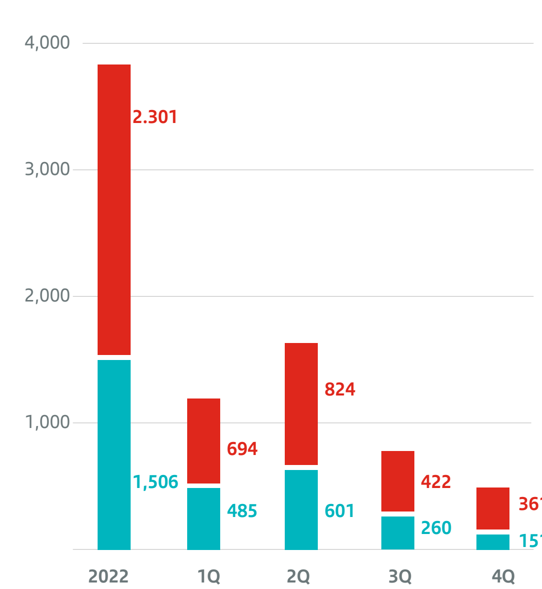
In terms of valuation, the Bank ended 2022 trading at a price-to-book value ratio of 1.52 times. This reflected the optimistic outlook regarding the institution's future performance, the market's positive assessment of its strategy, and the tremendous financial results achieved. Santander Chile's share is among the most traded nationally, considering the Santiago Stock Exchange and NYSE transactions. In 2022, the average daily turnover reached US$14.6 million, US$ 8.8 million for the local share and US$ 5.8 million for the ADR.

Average daily trading volume US$ million

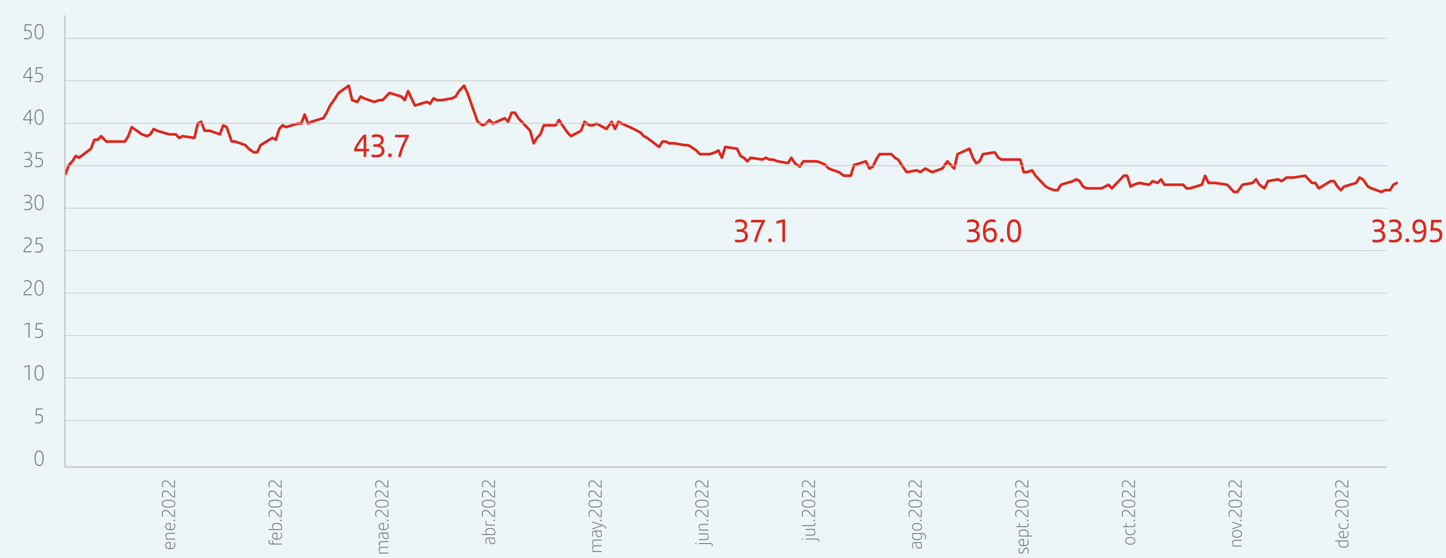
Average daily trading volume US$ million (quarterly 2022)



Amounts traded US$ million 2022



Share price US$ million 2022



Dividend policy

(CMF 2.3.4.i, 2.3.4.ii, 2.3.4.iii, 2.3.5)

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 April 27, 2022, 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 5.5% return at the payment date.

Dividends per year

Year	Profit attributable to equity holders	Dividend paid (MCh$)	Percentage of profit distributed of the result for the year	Dividends per share ($)	Dividend yield (%)
2017	472,351	330,645	70	1.76	4.3
2018	564,815	423,611	75	2.25	4.2
2019	591,902	355,141	60	1.89	3.7
2020	552,093	331,256	60	1.76	3.8
2021	517,447	310,468	60	1.65	5.0
2022	774,959	464,975	60	2.47	5.5

The dividend reinvestment programme, aimed at Banco Santander's retail shareholders in the country, offers to reinvest the dividends they receive in the Bank's own shares without expenses or service fees. Additionally, the Bank's shareholders can buy and sell shares of any issuer through the Equity Department with preferential commissions.

Note: The entity has no additional securities other than shares.

Investor activities

(CMF 3.7.i)

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 to ensure permanent contact with multiple investors and minority shareholders. As a result, 1,064 investor contacts were made in more than 20 countries during 2022, a slight decrease compared to 2021 without Investor Day. Nevertheless, face-to-face meetings and conferences were resumed in New York, London and Miami.

During 2022, the Investor Relations team was highlighted as the best team and best programme in Chile by Institutional Investor. This institution conducts an annual survey measuring Investor Relations programmes in Latin America, including aspects such as credibility, knowledge, and responsiveness.

Finally, in the area of governance, the delineation of three levels to protect all investors equally stands out: :

1 ***Regulatory environment***
It complies with FMC and Central Bank of Chile regulations, SEC regulations for foreign issuers, and the US Sarbanes Oxley Act. The European Central Bank also monitors it.

2 ***The relationship with Santander Group***
With a structure of multiple entry points that share best practices, corporate frameworks, policies and know-how but are completely independent in terms of capital, liquidity and funding.

3 ***Board***
11 members, of which seven are independent of the largest shareholder.

Disclosure Committee

The Bank has a Disclosure Committee, which meets regularly quarterly and extraordinarily if the disclosure is required. The committee has three main objectives: to establish policies for the disclosure of financial and accounting or related information; to assess and approve the adequacy and quality of the information to be disclosed, as well as the reasonableness of disclosure controls and procedures; and to assess the reasonableness of the functioning of the internal control over financial reporting model.

Number of meetings with investors

2018	2019	2020	2021	2022
792	803	1,532	1,072	1,064

Shareholders' Meeting

(CMF 3.7.ii, 3.7.iii, 3.7.iv)

The shareholders' meeting is held within the first four months of each year, as established by Banco Santander's bylaws. In addition, the Extraordinary Shareholders' Meeting is held when it is deemed that the corporate interest so warrants, when matters assigned to this body by law are to be discussed, when required by the FMC or when requested by one or more shareholders representing ten per cent or more of the issued voting shares, provided that the matters to be discussed at the meeting have been stated in the request. The Board of Directors must summon the meeting in these instances..

Every three years, directors must be voted on at the Shareholders' Meeting and may be re-elected indefinitely or renewed in their entirety by the established bylaws. For this purpose, before elections, the Bank publishes the candidates for the elections on its investor relations website, with details of their professional careers, work experience, participation in other boards, etc. This is published three weeks in advance so that local and international shareholders have as much information as possible about the directors to be elected.

For the third year consecutively, the Shareholders' Meeting was held remotely in April 2022 via a secure external provider. With their ID card and a few simple steps through the platform, local investors could participate in the meetings directly, while other investors gave the proxy to third parties who had to be connected. All votes were made in real-time and through the platform, which automatically calculated the results and displayed a summary of the votes as soon as the voting time was over.

As of April 27, votes were taken on several matters, including the dividend distribution and the Directors' election. A 60% share of 2021 profits was approved, with the remaining 40% going to the reserve fund to increase the Bank's capital base. The directors already on the Board were also re-elected for three more years. For more information, please refer to the Minutes of the 2022 Annual General Shareholders' Meeting.

Risk classification

Banco Santander is one of the highest-rated private companies in Latin America and emerging markets. The institution counts with national risk ratings from ICR Chile and Feller Rate; and international ratings from Moody's, Standard & Poor's (S&P), JCR, HR and KBRA, incorporated in 2022. During the year, the Bank had its international rating downgraded by Moody's from A1 to A2 from negative to stable outlook. This is due to the agency's downgrade of Chile's sovereign rating from A1 to A2. The rest maintained their outlook and ranking unchanged from the previous year

National Ratings

ICR Chile	
Solvency	AAA
Trend	Stable
Short-term deposits	N1+
Long-term deposits	AAA
Letters of credit	AAA
Letters of credit	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	A2
Baseline Credit Assessment (BCA)	Baa1
Adjusted BCA	Baa1
Senior bonds	A2
Commercial paper	P-1
Outlook	Stable

Standard & Poor's	
Foreign currency long-term rating	A-
Local currency long-term rating	A-
Foreign currency short-term rating	A-2
Local currency short-term rating	A-2
Outlook	Stable

JCR	
Foreign currency long-term rating	A+
Outlook	Stable

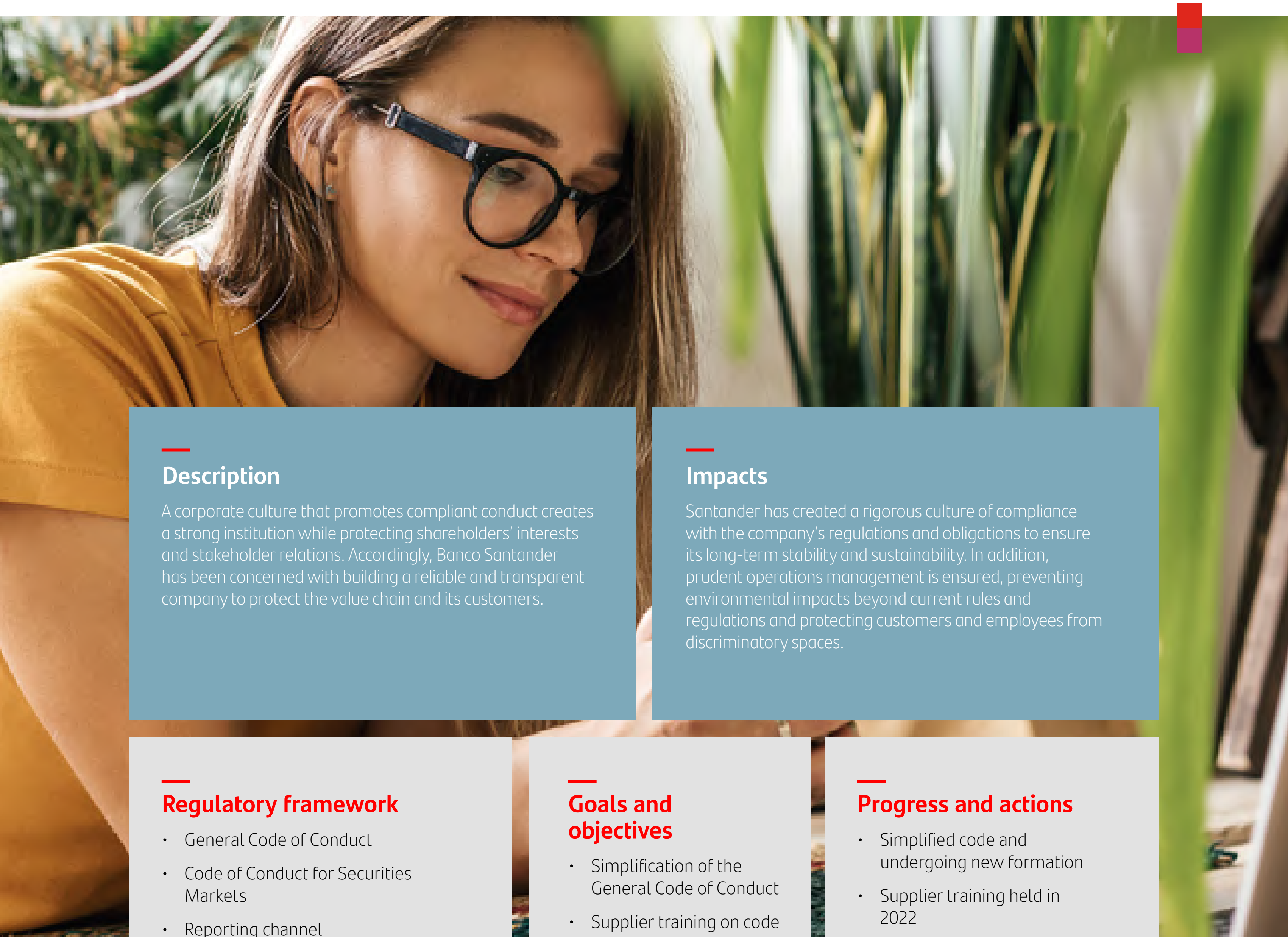
HR	
HR	AA-
Outlook	Stable

KBRA	
Senior unsecured debt	A
Outlook	Stable

Relevant material issue

Responsibility, ethics and compliance

(GRI 3-3)



Description

A corporate culture that promotes compliant conduct creates a strong institution while protecting shareholders' interests and stakeholder relations. Accordingly, Banco Santander has been concerned with building a reliable and transparent company to protect the value chain and its customers.

Impacts

Santander has created a rigorous culture of compliance with the company's regulations and obligations to ensure its long-term stability and sustainability. In addition, prudent operations management is ensured, preventing environmental impacts beyond current rules and regulations and protecting customers and employees from discriminatory spaces.

Regulatory framework

- General Code of Conduct
- Code of Conduct for Securities Markets
- Reporting channel
- Corruption Prevention Policy
- Money Laundering Prevention Manual
- Criminal Risk Prevention Policy
- Free Competition Defence Policy

Goals and objectives

- Simplification of the General Code of Conduct
- Supplier training on code of conduct
- Updating risk matrices for crime prevention
- Strengthening the personal data office

Progress and actions

- Simplified code and undergoing new formation
- Supplier training held in 2022
- Updated matrices with new offences and plan to review the total programme by 2023

Compliance

(CMF 3.1.iii, 3.6)

Banco Santander's Compliance Management is responsible for setting up and executing the Compliance Programme, and its main functions include:

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 resolving questions concerning the General Code of Conduct and its regulations.
5. Annually assessing any necessary changes to the Compliance Programme and the regulations of proper conduct.

The Global Compliance Committee, appointed by Compliance Management, oversees the management of the risks to which the Bank is exposed, including regulatory compliance risk, conduct risk, money laundering and terrorist financing risk and reputational risk.[16]

Internal Audit

The Internal Audit aims to provide the Board and senior management with independent assurance of the quality and efficiency of the Bank's internal control, risk management and corporate governance processes and systems.

It is also the entity responsible for carrying out the relevant tests and reviews to check that the rules and procedures established by the Compliance Programme are followed. Furthermore, it independently monitors the adequacy and effectiveness of the General Compliance Framework, part of the Code of Conduct and its procedures.

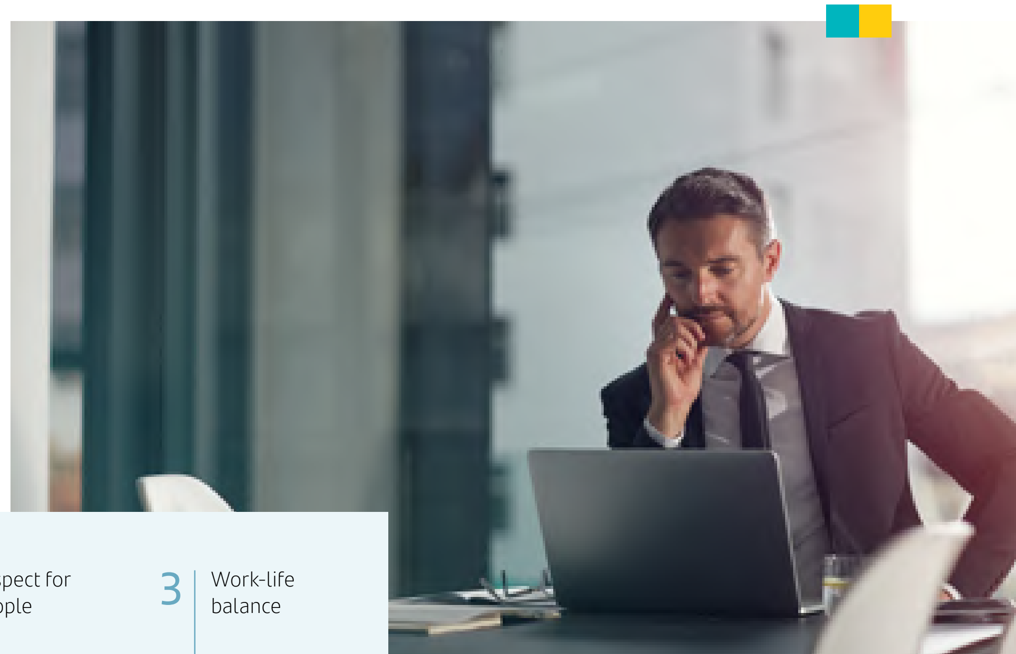
16. For more information on risks, see the Chapter Economic Performance.

Ethics and Conduct

Code of Conducta

(CMF 3.6.vii) (GRI 2-26, 205-1, 205-2, 205-3)

Banco Santander is governed by a robust structure of policies, procedures and principles that support the integration of standards and requirements of good conduct. In this way, the Bank's employees are guided in their actions by the General Code of Conduct, the central document of the Compliance Programme, which brings together the ethical principles and rules of conduct to be followed by all Group employees in their relations with employees, customers, suppliers and society.



Within this framework of standards and guidelines, the following stand out:

1. Equal opportunities and non-discrimination
2. Respect for people
3. Work-life balance
4. Prevention of occupational hazards
5. Environmental protection and social and environmental responsibility policies
6. Collective rights

During 2022, 9,626 people were trained, corresponding to 96% of the total number of people included in the process.

The Code of Conduct addresses several issues, including bribery and corruption, discrimination, conflicts of interest, environment, health and safety, money laundering and/or insider trading, reporting line, the confidentiality of the information and unfair competition and monopolistic practices, among others.

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, the Group's subsidiaries and joint ventures who digitally accept this procedure.

Moreover, Santander educates on the policies and procedures related to the code of conduct and ethics.

Banco Santander has not been assessed for operations against corruption-related risks. However, in 2022, the Bank received an allegation of corruption which was confirmed, and disciplinary action was taken.

Corruption and bribery cases	2022
Number of ongoing investigations	0
Number of confirmed cases of corruption	1
Number of actions taken as a result of cases	1
Total number of confirmed cases where contracts with business partners have been terminated or not renewed due to corruption-related offences.	1

Note 1: There have been no public legal cases related to corruption brought against the organisation or its employees during the reporting period and the outcomes of those cases.
Note 2: The complaint was not made by the channel.

During 2021, Santander achieved certification of the Crime Prevention Model under Law 20,393 on Criminal Liability of Legal Entities, carried out by the external company Prelafit. This certification is valid until 2023.

Reporting channel

(CMF 3.6.ix, SASB FN-CB-510a.2, FN-IB-510a.2)

Banco Santander's reporting channel makes it possible to detect and act against any behaviour that breaches the General Code of Conduct or is contrary to corporate conduct. This channel is open to all work teams and extends equally to the Bank's suppliers.

The complaints received are reported directly to the Board of Directors, where it is analysed who will handle the particular complaint, and the autonomy of the investigation is ensured by an external provider, ensuring the confidentiality and anonymity of the complaints. The type of claims includes those outlined in the Crime Prevention Model and any that could oppose the proper conduct defined by our Bank.

Banco Santander's main challenge in these matters has been to make these tools widely used and generate knowledge about how they work and the benefits they can have, which has been done mainly through training on the organisation's General Code of Conduct. Thus, during 2022, training was provided via e-learning to the entire organisation, more than four specific broadcasts in internal mass channels, and presentations at new employees' onboarding.

During the period, 65 complaints were received, which meant infractions of Law 20,393.

Type of complaint	Total complaints	Inadmissible	Admissible unverified	Admissible resolved
Labour and sexual harassment	26	0	0	26
Conflicts of interest	8	0	0	8
Corruption	0	0	0	0
Discrimination, mistreatment, threats, violence or retaliation	4	0	2	2
Fraud	3	0	1	2
Money laundering, financing of terrorism, receiving and receiving of stolen goods	0	0	0	0
Anti-competitive policies	0	0	0	0
Misuse and/or unauthorised disclosure of confidential or privileged information	0	0	0	0
Other	24	0	0	24

Note: The category mainly contains complaints related to the working environment.

Discrimination, harassment at work and sexual harassment

(CMF 5.5) (GRI 406-1)

Banco Santander promotes ethical principles included in the General Code of Conduct, which promotes equal opportunities, diversity and non-discrimination, respect for people, reconciliation of work and personal life, prevention of occupational risks, protection of the environment and policies of social and environmental responsibility and collective rights.

Legal and regulatory compliance

(CMF 3.6.xiii, 8.1.1, 8.1.2, 8.1.3, 8.1.4, 8.1.5) (GRI 2-27, 206-1) (SASB FN-CB-510a.1, FN-IB-510a.1)

Procedures to prevent and detect non-compliance

Topic	Description
Free competition or unfair competition	Current policy regulating, among other things, minimum standards of conduct and controls in relations with competitors and the market.
Law No 20,393	Crime prevention model implemented and certified
Tributary	A Fiscal Strategy is in place

Fines concerning customers' rights mainly refer to fines and infringements of the Pro-Consumer Law for various reasons, including the old fraud cases in which customers sued the Bank for unrecognised transactions.

The considerable decrease in 2022 is attributable to Law 20,009 is currently in force. This Law makes banks and issuers of any means of payment liable for transactions not recognised by their customers. Thus, these institutions are obliged to pay the customer for any unknown operation and, after analysing whether the care and/or use was negligent of their products, sue the customer for the restitution of the normative credit (UF 35). Consequently, Banco Santander has stopped receiving this type of claim, as there is a flow where the Bank pursues these liabilities and, in some cases, the restitution of the defrauded funds.

Fines issued ($)

Type of fine	2019	2020	2021	2022
Tributary	25,006,265	5,164,750	20,169,062	0
Workplace	49,603,048	10,337,448	57,361,032	72,022,312
Clients' rights Law No 19,496	-	22,538,624	53,052,086	30.853.545
Other	9,444,132	3,258,390	6,347,580	40,163,932
Total fines	**84,053,445**	**41,299,212**	**136,929,760**	**143,039,789**

Note: No fines have been incurred for unfair competition, environmental non-compliance or breaches of Law 20,393.

Note 2: The category 'Others' includes fines under the Private Security Law and fines from municipalities throughout Chile for advertising, maintenance of lifts, construction permits for corporate real estate and/or leasing, among others, and any other infraction regulated by the DOM.

Note 3: No fines above US$ 10,000 were incurred in 2022.

Money laundering prevention

Grupo Santander is governed by its Corporate Financial Crime Prevention Framework, which sets out the principles that Santander must follow about financial crime, defines roles and responsibilities, establishes the policies and procedures to be implemented, and the essential elements of governance.

Money laundering, terrorist financing and the main international programmes to prevent them are considered within this framework. Santander understands that incurring a crime is not only a regulatory and conduct risk but also a reputational and social risk when using the financial system to carry out criminal acts.

Six criteria are expressed that correspond to the minimum expectations of the Group and are mandatory for all members:

- Zero tolerance
- Organisational involvement in the prevention of financial crime
- Risk-based management
- Duty of confidentiality and prohibition of disclosure
- Protection of personal data
- Adequate organisational structure

Santander has governance in place for the review of cases raised in the customer alert systems. High-level strategic projects have been defined to bring systems and processes up to international standards.

5
Environmental Management

Climate change

(CMF 8.2)

The most important challenge for any business nowadays is to act according to the consequences and challenges of the climate emergency in the short, medium and long term. Therefore, Santander has made climate-related risks an essential part of the ESG criteria with which it works daily.

Santander Group and Santander Chile are committed to achieving net zero carbon emissions by 2050, per the Paris Agreement goals, and defining intermediate reduction targets in certain sectors by 2030.

Adherence to TCFD criteria

Santander Group has been working under the recommendations and criteria of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) since 2017.

In 2022, Santander Chile also adhered to this tool and its framework for structuring the Climate Finance Report.

Santander Group commitments according to TCFD criteria

Dimensions	Santander Group Commitments
Governance 01	• Banco Santander has recognised climate change as a risk that could aggravate other existing risks in the medium and long term. It is therefore integrating climate into its governance, strategy and risk management. • Banco Santander Chile's Board of Directors monitors compliance with the Environmental, Social and Climate Change Risk Management Policy. • Furthermore, there is an Integrated Risk Committee, which meets fortnightly, and a Risk Control Committee, which meets monthly.

Strategy

02

- Banco Santander is fully committed to playing its part in achieving the goals of the Paris Agreement while supporting its clients and the economy.
- To this end, Santander Group is developing a methodology for analysing sensitivity to climate risks - a "stress test" - which will mainly consider those economic activities that are most at risk from climate change. The new methodology is expected to be implemented in 2023.
- One of Santander's main tools is scenario analysis. A framework integrating internal elements with Planetrics is currently being developed, which quantifies the financial impacts of physical and transitional climate change risks using climate scenarios. Planetrics' modelling translates these scenarios into economic impacts with the main credit metrics: loss given default (LGD) and probability of default (PD).
- Furthermore, it has participated in the European Central Bank's climate stress tests, which aim to assess how prepared banks are to face financial shocks arising from climate risks.

Risk Management

03

- Santander Group announced in early 2022 that they would conduct climate stress tests during that year. These stress tests will cover credit, market, reputational and operational risks. In addition, they will require financial institutions to provide income, exposure and emissions from relevant sectors, as well as prepare the climate scenario analysis framework for some institutions. Santander's subsidiaries also participate in local stress tests conducted by the competent authority in each country.
- Santander Group is incorporating climate change risk management into one and three-year budget planning, global strategic planning, the internal capital and liquidity self-assessment process (ICAAP/ILAAP) and the Recovery and Resolution Plan.
- The Bank has two policies governing companies in the corporate segment (CIB). These policies set out the provision of financial products and/or services and the social and environmental risk analysis criteria. Thanks to the application of these policies, socio-environmental risks associated with the destination of financing granted to clients are detected. For this purpose, different aspects of the company seeking financing are analysed.

Metrics and targets

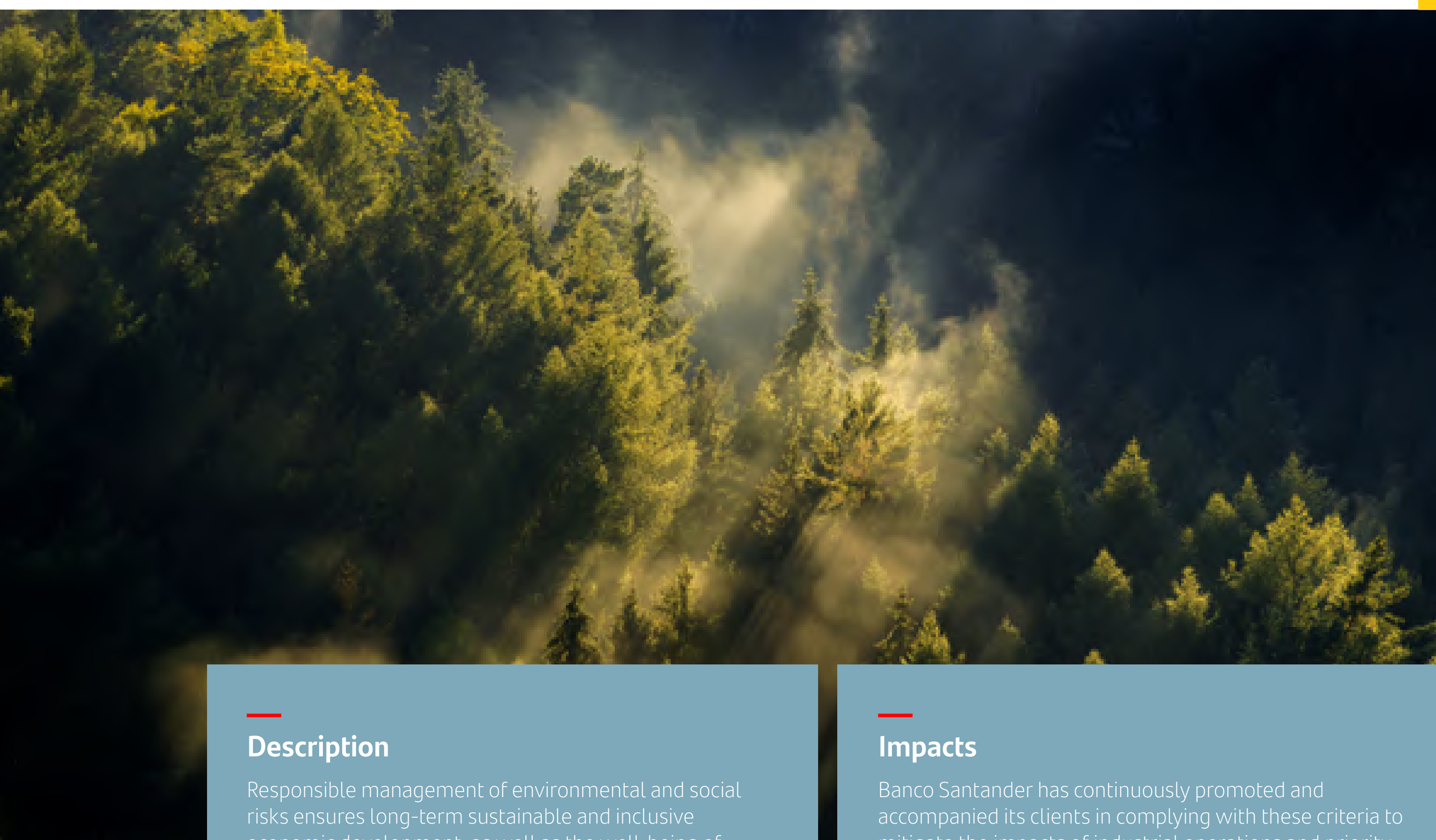
04

- Carbon neutral by 2050, both in the Group's operations (which have been carbon neutral since 2020) and in emissions from lending, advisory and investment services.
- Carbon neutral in direct emissions by 2025, without the purchase of carbon credits.
- To make progress in measuring the carbon footprint of the credit portfolio.
- 100% of energy sources for operations will be NCRE by 2025.
- To reduce waste sent to landfill.

Crucial material issue

ESG Risks

(GRI 3-3)



Description

Responsible management of environmental and social risks ensures long-term sustainable and inclusive economic development, as well as the well-being of people and the environment. Accordingly, Santander has placed it at the heart of its client relationship and investment.

Impacts

Banco Santander has continuously promoted and accompanied its clients in complying with these criteria to mitigate the impacts of industrial operations and priority sectors that may present high ESG risks. This way, it limits and prevents potential negative impacts and maintains ethical and responsible investment with its clients and projects.

Regulatory framework

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

Goals and objectives

- Making progress in measuring the carbon footprint of the credit portfolio

Progress and actions

- In 2022, 242 companies were assessed under ESG criteria

Environmental, Social and Climate Change Risk Policy

(SASB FN-CB-410a.2)

The Environmental, Social and Climate Change Risk Management Policy establishes the Santander Group's and Santander Chile's criteria for identifying, assessing, monitoring and managing environmental and social risks. This policy applies to the oil and gas, energy, mining and metallurgy, and *"soft commodity"* business derivatives sectors.

The policy considers international guidelines such as The Equator Principles, standards for social and environmental performance and explanatory notes of the International Finance Corporation (IFC), United Nations Global Compact, the Universal Declaration of Human Rights, the International Labour Organisation Declaration, the Convention on the Rights of the Child, the Rio Declaration on the Environment and the United Nations Convention against Corruption.

Additionally, sector-specific standards are used, e.g. The Forest Stewardship Council (FSC), United Nations Environmental Programme and GRID Arendal report on the storage of mine tailings, International Council on Mining and Metals (ICMM), Review of Tailings Management Guidelines and Recommendations for Improvement, World Commission on Dams (WCD) recommendations, International Hydropower Association (IHA).

This Policy also applies to companies in the Corporate and Investment Banking (CIB) segment in conjunction with the Policy for the Defence Sector and Dual-Use Technologies. These policies set out the provision of financial products and/or services and the social and environmental risk analysis criteria.

Financing Policies for Sensitive Sectors

Santander has policies for assessing and taking decisions on the Group's involvement in sensitive sectors whose potential impact could generate reputational risks for the Bank. Sensitive sectors, considered as such because of their own social, political or cultural impact, are associated with the following activities:

- Communication media
- Gambling and bookmakers
- Sports clubs and associations
- Religious institutions, congregations and orders
- Trade unions, employers' associations and professional associations Non-Governmental Organisations (NGOs)
- Cannabis industry

Financing operations involving sensitive sectors can only be approved by the Bank's senior Credit Committees and are reported quarterly to the Corporation.

On the other hand, Santander Chile works through sector mapping and prioritises its work in areas most vulnerable to physical and/or transition risks. This work is carried out on relevant operations, i.e., those with a minimum financing of US$5 million. In them, the analysts, who are specialists in socio-environmental issues, participate in a binding way in defining the conditions of the operation.

Banco Santander also defined two strategies to monitor the Group's policies and regulations and control the impact of climate risks:

- Having specialists in all relevant lending operations who provide a complementary view to ensure that operations contribute to sustainability and do not pose ESG risks.
- Specialists in ESG Seal Financing, which ensures the company's real concern and focus on caring for the environment and mitigating the impacts produced by both its operations and the clients with whom it works.

Environmental, Social and Climate Change Risk Policy Governance

The Policy is continuously monitored by the Board of Directors of Santander Chile. Additionally, Banco Santander has an Integral Risk Committee, which meets fortnightly, and a Risk Control Committee, which meets monthly, in which this Policy is monitored.

ESG Assessment

(SASB FN-CB-410a.1, FN-CB-410a.2, FN-IB-410a.3)

Santander has a procedure for assessing transactions with ESG potential, in which the customer's background and the destination of the funds are reviewed. Two main elements are considered for the evaluation of each operation: firstly, alignment with the Banco Santander Sustainable Finance Rating System (SFCS), which is based on the Green Bond Principles proposed by the International Capital Markets Association and, secondly, the technical aspects of the project that certify the necessary criteria to be considered as green or social finance.

As mentioned above, the Environmental, Social and Climate Change Risk Policy is applied in the oil and gas, energy, mining and metallurgy, and soft commodity business derivatives sectors of the CIB segment. Each client participating in these sectors is part of an annual socio-environmental analysis.

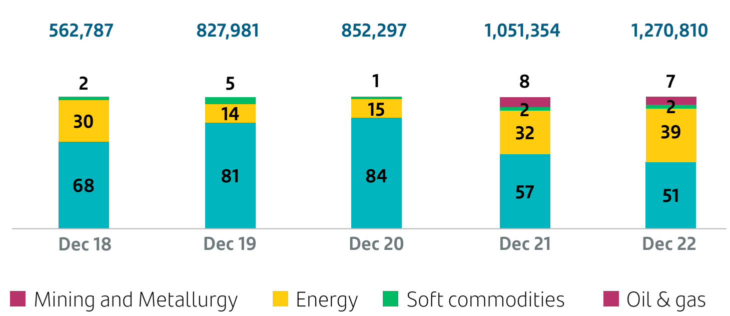
The analysis process includes an internal review of the client and the industry to which it belongs, as well as an internal compliance and risk check, the evaluation of the Equator Principles and the evaluation or renewal of the Know Your Client (KYC) process for CIB clients.

Santander Group has established exclusion lists, which include:

- Any project in Ramsar[17] World Heritage sites or sites classified as category I, II, III or IV by the International Union for Conservation of Nature[18].
- From 2030 onwards, any entity where coal-fired power generation accounts for more than 10% of its revenues on a consolidated basis.
- New coal-fired power plants and coal mines.
- Extraction and sale of indigenous species of non-certified tropical timber.
- Exploration for unconventional oil or gas.

During 2022, approvals totalling US$13,890 million were analysed under the MIGA performance standards for 242 companies assessed.

Credits in sectors subject to the Environmental, Social and Climate Change Risk Management Policy in Ch$ millions



Santander Chile has two due diligence procedures for the Bank's relevant operations::

- **Projects over US$2 million, with a term starting at 36 months:** a socio-environmental due diligence procedure is in place under the World Bank's Multilateral Investment Guarantee Agency (MIGA) performance criteria. Standards 1 and 2 apply, pertaining to the identification of environmental impacts, their mitigation measures and community relations, and the company's quality of working life.
- **Projects over US$10 million, with a term starting at 36 months:** all MIGA standards apply. Additionally, they are assessed under the Equator Principles.

MIGA Standards

1. Environmental and Social Risk and Impact Assessment and Management
2. Labour and Working Conditions
3. Resource Efficiency and Pollution Prevention and Management
4. Community Health and Safety
5. Land Acquisition, Land Use Restrictions and Involuntary Resettlement
6. Biodiversity Conservation and Sustainable Management of Living Natural Resources
7. Indigenous Peoples
8. Cultural Heritage

17 A Ramsar site is a wetland designated as internationally important under the Ramsar Convention.
18 The protected areas within the above categories are: I. Nature Reserves, II. National Parks, III. Natural Monuments and IV. Habitat/Species Management Areas.

Equator Principles

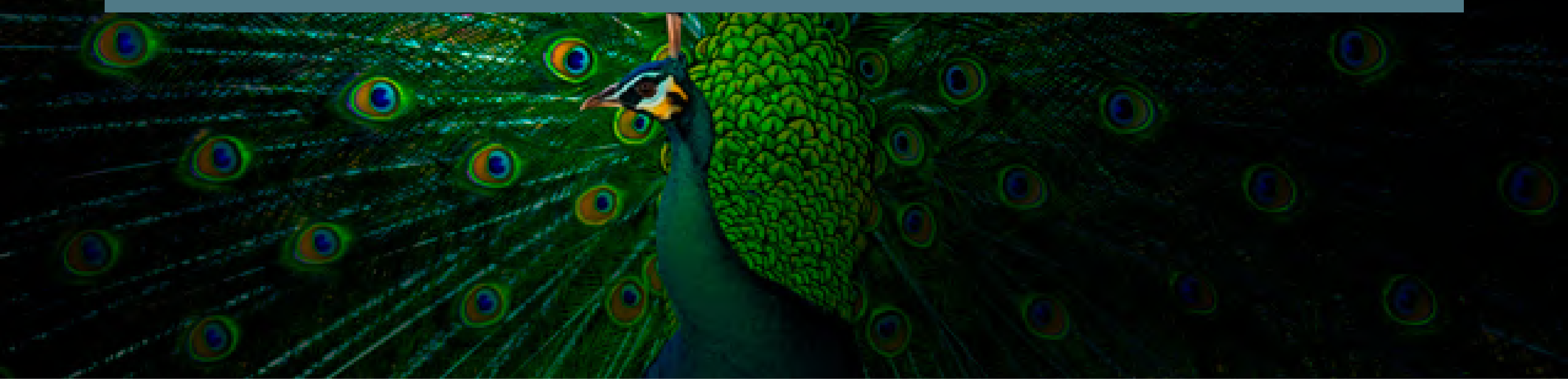
The Equator Principles are standards for identifying, assessing and managing large project finance's social and environmental risks. Santander performs this procedure through a questionnaire that rates projects as: A) An environmental due diligence process is requested from an external consultant, B) The socio-environmental risk team performs internal due diligence processes, and C) No actions are required.

Structured finance projects larger than US$ 10 million should be assessed through these Principles. During 2022, two projects were analysed as part of the ESG risk assessment process.

Total de Project Finance

Number of projects evaluated according to the Equator Principles	2022
Project Finance Total	3
Total number of evaluated projects	2
Percentage of evaluated projects out of the total number of projects	66%
Number of approved projects	2
Number of rejected projects	0

Note 1: An additional project evaluation was carried out in 2021. Nevertheless, the funding structure was not used and was therefore not considered in the total count.
Note 2: Projects that the Equator Principles did not evaluate are outside the evaluation parameters of the Equator Principles.



Engagement with clients on ESG matters

Santander has placed ESG issues at the centre of its dialogues with clients, from the associated risks and opportunities and national and international trends to ESG variables in the industry.

Thus, the solutions provided by the Bank are tailored to the specific industry's characteristics and the companies' sustainability objectives, seeking to incorporate sustainable financing solutions that match each client's corporate plans and strategies.

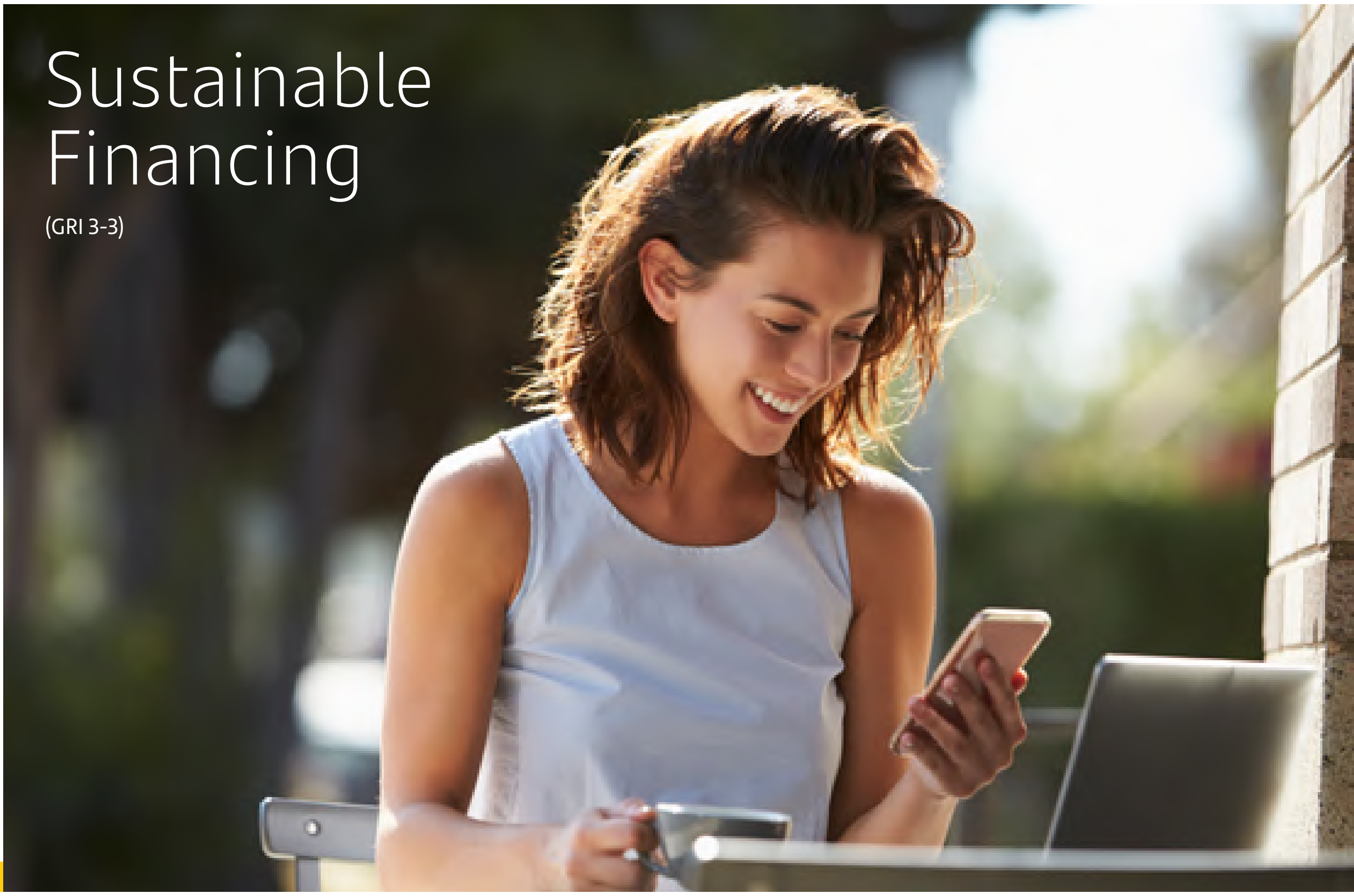
1. **Retail Banking l**
   Santander seeks to encourage its clients to generate sustainable behaviour by promoting green products with preferential conditions and other associated benefits. Furthermore, there is ongoing communication through the company's various channels (website, news, advertising and email) about the attributes of the loan and commercial products (sustainable housing, solar panels and water treatment plants, electric cars and motorbikes).

2. **Corporate and Institutional Banking (Middle Market)**
   In 2022, the first face-to-face meeting was held with our clients, which focused on discussing Sustainable Finance and the opportunities generated around it. At the meeting, customers who closed ESG financing deals shared their experiences on a platform that brought together different Finance Managers to share success stories on the road to the sustainable transformation of their companies and the advantages of ESG products and financing granted by Santander.

Crucial material issue

Sustainable Financing

(GRI 3-3)



Description

Banking plays an essential role on the path to combating the climate emergency and the development of a sustainable and inclusive economy. With this objective in mind, Banco Santander has focused on facilitating the mobilisation of financial resources to encourage sustainable investments and promote its clients' actions in line with today's environmental and social challenges.

Impacts

Santander Group is a leader in renewable energy financing and has developed a wide range of green finance products and services, accompanying its clients in transitioning to sustainable models and strategies. Thus, Banco Santander Chile now offers various financing and responsible investment products, positively impacting society and the environment.

Regulatory framework

- Sustainability Policy
- Climate Change and Environmental Management Policy
- Environmental, Social and Climate Change Risk Management Policy

Goals and objectives

- To provide green finance to clients by mobilising USD 1.5 billion by 2025.

Progress and actions

- Reinforcement of the green product offering with three new ESG Mutual Funds and the first sustainable mobility insurance.

Sustainable Financing Products

The challenges of climate change have materialised in Santander's offerings, solutions and opportunities to support inclusive growth through financing products and services incorporating environmental, social and governance variables aimed at its different customer segments.

Santander Group is a global leader in financing renewable energy projects and the main promoter of sustainable financing tools in Europe and Latin America.

In Chile, this type of financing covers three main product areas:

1. ***Sustainable financing products***
   In the form of loans, project finance and sustainable bonds, available to the local and international markets.

2. ***Supporting clients' sustainable transition***
   Through sustainable investments, ESG advice and green products.

3. ***Structuring ESG bonds***
   Through sustainability-linked loan formats or sustainable corporate bonds.

Green loans and mortgages for retail clients

Santander has positioned at the heart of its relationship with its clients the ability to accompany and support them in their transition to a sustainable economy. For this reason, it has strengthened a range of products and services to reduce and offset the impacts on the company and its clients.

These initiatives include credit products focused on financing projects related to energy efficiency, access to sustainable housing and low environmental impact projects, and investments that support environmental care and practices for a sustainable world.

Green Mortgage Loan

A loan with special characteristics available for new housing and sustainable projects with low environmental impact. It has a preferential rate, and upon contracting it, one tonne of CO_2 credits is purchased to offset the project's environmental impact[19]. Furthermore, a contribution is made to NGOs equivalent to six months of average carbon footprint.

Green Consumer Loan

This product supports financing projects dedicated to energy efficiency, refurbishing homes, and other products that move Santander's clients towards a more sustainable lifestyle. In 2022, greywater treatment and electromobility were integrated. The loan has a preferential rate and discounts on associated insurance; a contribution is made to NGOs when contracted.

Automotive financing for electric cars

This product finances electric cars and began with MG and Voltera brands. Like the green consumer and mortgage credits, it also contributes to the foundations of the Carbon Footprint Programme.

Green Leasing

Product with a focus on promoting renewable energy through solar panels and changing the fleet of vehicles for work purposes.

Green loans and mortgages accounted for 2.6% of total loans and credit lines in 2022.

To find out more about these credits, please visit

https://banco.santander.cl/personas

19. This project ended in December 2022

Green loans for retail clients

Loan	Type	Stock Value ($)	Flow Value ($)
Green Mortgage	Green (Green Buildings)	58,867,076,242	27,344,620,767
Green consumption	Green (Renewable energy)	60,008,731	36,162,605
Automotive financing	Green (Clean transport)	168,354,846	213,767,319
Total		**59,095,439,819**	**27,595,550,691**

Type of loans

- **Bilateral:** Commercial loan with pre-agreed conditions between the bank and the customer. In the ESG case, the credit rate is linked to an assessment of environmental, social and governance variables (ESG score) delivered by an ESG rating agency.
- **Syndicated:** Loan granted by two or more entities under the same contract and conditions. Each entity participates in a percentage of the loan. In the ESG case, it is structured so that the spread is linked to the client meeting sustainable targets, which, if met, means a discount on interest rates.
- **ESG committed loan facility:** Permanent credit to be used at any time and repaid within the deadlines specified in the contract between the customer and the bank. In addition, they can incorporate a pricing mechanism associated with a company's ESG performance.

ESG loans for corporate clients

(SASB FN-IB-410a.1, FN-IB-410a.2)

During 2022 Santander Chile delivered four ESG credits linked to environmental goals to its corporate clients, with a total value of Ch$159,500 million. They are detailed in the table below:

Organisation	Description
Client 1	Committed and Syndicated Green Line of Credit for issuing Letters of Credit[20].
Client 2	ESG Syndicated Loan. The company aims to reduce CO2 emissions by 2026, increase the use of technified irrigation and increase the revaluation of waste at its nine plants in Chile and Peru.
Client 3	ESG Syndicated Loan. The company aims to reduce CO2 emissions, increase the percentage of core recyclers and increase material efficiency.
Client 4	Social credit aimed at financing the infrastructure of the Chinquihue campus of the University of Los Lagos in Puerto Montt.

20. Letters of Credit are payment instruments used for both imports and exports. Through them, the Bank makes or receives payment from a third party against the delivery of shipping documents or transport of goods, complying with all the terms and conditions agreed therein.

ESG products in the SCIB segment

The SCIB segment was notable for its participation in placing UF 7 million in green bonds of CMPC and UF 1.8 million in social bonds of Caja los Andes. Likewise, the Republic of Chile bonds placed in the international markets are classified as Sustainable. They are listed below:

Project name	Description	Value 2022 (Ch$ millions)
Republic of Chile International Bond	Placement of sustainable bonds for US$ 4 billion divided into 1.5 to 5 years, 1.5 to 12 years and 1 to 30 years.	3,195,440
Caja Los Andes Bond	Placement of social bond for UF 1,800,000 for 4 years.	59,722
CMPC Bond	Placement of green bond for UF 7,000,000	241,364

Moreover, a green confirming for Ch$ 33,875 million and a green factoring for US$ 80 million were carried out in 2022.

Mutual Funds in Wealth Management

(SASB FN-IB-410a.1, FN-IB-410a.2)

It has a consolidated range of ESG Mutual Funds, which incorporate into their investment processes the principles for responsible investment established by the UN, selecting companies and financial instruments with sound environmental, social and corporate governance criteria.

During 2022, the assets under the management of these funds reached Ch$ 131,914 million.

Fund	Description	Net assets under management (MCh$)
Santander GO Global Equities ESG Mutual Fund	Invests in units of the SICAV-Santander GO Global Equity ESG Foreign Fund. This foreign fund invests in securities issued by companies mainly in developed countries and incorporates ESG criteria in the selection process of its instruments.	101,002
Acciones Chilenas ESG Santander Mutual Fund	It invests at least 90% of its assets in capitalisation instruments of domestic issuers whose shares have a stock exchange presence and a high standard of ESG policies.	4,113
Deuda Chile ESG Santander Mutual Fund	It invests in debt instruments of domestic issuers with high ESG policy standards.	3,464
Deuda Latam ESG Dólar Santander Mutual Fund	It invests in the Foreign Funds SICAV-Santander AM Latin American Investment Grade ESG Bond quotas. This foreign fund invests mainly in corporate bonds of Latin American issuers or companies that derive at least 60% of their revenues from their regional operations. It incorporates ESG criteria in the selection process of its instruments.	23,335
Net assets managed by ESG funds 2022		**131,914**

Supporting clients' sustainable transition

Santander Chile has various programmes that support and advise on its clients' green and sustainable transition, taking into account environmental, social and governance variables.

Carbon footprint offsetting

This mentoring programme aims to contribute to and provide a concrete space for those seeking to protect the environment and contribute to action on climate change.

Santander users can access an estimate of their generated monthly carbon footprint by reviewing the purchases in which they used the Bank's cards. Once calculated, clients can offset their carbon footprint by purchasing internationally certified carbon credits, mainly for renewable energy, forest conservation and reforestation projects. Another option to support is by directly contributing to Chilean environmental projects that seek to conserve and protect Chile's natural heritage.

Carbon footprint offsetting

Indicators	2020	2021	2022
Number of carbon footprint offsets achieved	5,922	5,883	8,614
% of total offsets for Chilean environmental projects	45%	52%	58%
% of total offsets destined for the purchase of carbon offsets	55%	48%	42%
Tons of CO2 offset in certified carbon bonds	1,795	1,500	1,625
Chilean environmental projects that receive carbon footprint offsets	Llampangui Huilo-Huilo	Huilo-Huilo Cosmos	Cosmos WCS

New Green Benefits and Products in Retail Banking

The Bank's clients can access exclusive discounts and benefits with their Santander cards in shops that contribute to the environment, either because of the material they are made of, because they are locally produced or because they make it easier for the client to lead a more sustainable lifestyle.

Banco Santander Chile also has its first green insurance for accidents on scooters or bicycles to promote sustainable mobility. For each policy contracted, Santander contributes to projects that support the conservation of ecosystems.

Finally, the possibility of contributing to the conservation of the biodiversity of Karukinka Park by exchanging LATAM Pass miles was also made available.

Thanks to these contributions, in May 2022, the financing of the Cosmos Foundation project was completed, which supported the **reproduction of the Pilpilén** in the Maipo River Wetland. This species is threatened by local predators.

Furthermore, funding for a new project was initiated in June with the cooperation of the WCS Foundation. It entails setting up a scientific station for public use and surveillance, like a shelter, inside the Karukinka Park on the island of Tierra del Fuego. This infrastructure will ensure the effective presence of park rangers responsible for implementing actions aimed at minimising the main threats to the site, such as forest fires, thus meeting the specific goals of the park's management plan.

Learn about these and more sustainable financing products at Santander Verde: https://banco.santander.cl/informacion/santander-verde

Support to SME clients

Santander has various programmes and initiatives that seek to accompany and support small and medium-sized enterprises on their path to sustainability.

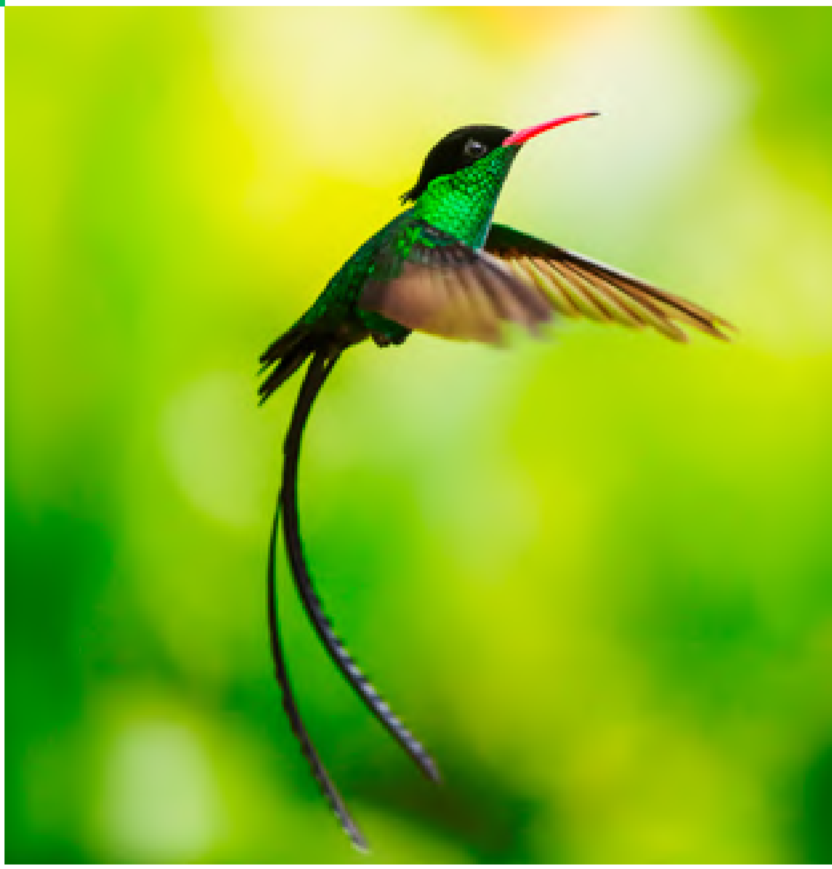
Measure what Matters

30 SMEs
benefited in 2022

- The second edition of the Measure What Matters programme was held in 2022 to enable SMEs to measure their economic, social and environmental impacts and integrate sustainability into their business strategy.
Through a B impact assessment, companies can identify their risks and opportunities for improvement by looking at areas such as governance, employee relations, community, environment and customers, among others.

3 SMEs
accompanied in their process of certification as a B company

- Furthermore, three outstanding companies participating in this programme received personalised coaching at B impact for four to six months. This consultancy supported the companies in designing an improvement and gap reduction plan concerning the result of their assessment. The consultancy is 70% co-financed by Banco Santander, and the selected company finances the remaining 30%.



Impulse X

80 SMEs
were trained in digitisation and innovation at Impulso X 2022

- This free training programme for SMEs aims to train entrepreneurs in digitalisation, innovation and sustainability. In collaboration with the faculty of economics and business of the University of Chile, and through workshops, sessions with professors and professional experts from the university and personalised support, companies can work on different projects to improve their business management.
- In the 2022 version, 300 SMEs were pre-selected, and after a digital maturity diagnosis, 80 companies were selected to be part of this programme.

Relevant material issue

Operational Eco-efficiency

(GRI 3-3)

Description

Developing practices that minimise environmental impacts through sustainable and eco-efficient processes is essential for businesses. Santander has focused on managing its energy, water and materials consumption, as well as reducing waste and emissions.

Impacts

Although the impact that a bank can generate through operational eco-efficiency is less than in other industries, its actions can contribute directly to the care of the environment. Therefore, Santander monitors its consumption, waste and emissions to take measures directly related to reducing emissions and meeting its carbon neutrality commitment.

Regulatory framework

- Sustainability Policy
- Climate Change and Environmental Management Policy

Goals and objectives

- To achieve 100% of energy from NCRE by 2025
- 100% elimination of single-use plastics
- To reduce waste sent to landfill.
- Carbon neutral in direct emissions by 2025 without the purchase of carbon credits
- To mitigate 100% of the carbon footprint and reduce it

Progress and actions

- Santander became the first bank in Chile with an Environmental Management System certified under the ISO 14.001 standard and the only one to participate in the Clean Production Agreement on its path towards a circular economy.

Emissions

(GRI 305-1, 305-2, 305-3, 305-4, 305-5)

Greenhouse gas (GHG) emissions are one of the biggest contributors to climate change, so Santander is working hard to optimise its operations and reduce its impact through these emissions.

The emissions assessment methodology is based on the guidelines established by the GHG Protocol. In particular in the following standards:

- Corporate Accounting and Reporting Standards (Corporate Standard), WI & WBCSD, 2004.
- Corporate Value Chain (Scope 3) Accounting and Reporting Standard, WRI & WBCSD, 2011.

Banco Santander is continuously implementing efficiency plans, which impact GHG emission reductions. Concerning 2022 emissions, lower fuel use in own vehicles in Scope 1 emissions is noteworthy. Regarding Scope 2, Banco Santander had a lower regulated electricity consumption and a higher NCRE energy consumption than in 2021. Finally, among the actions taken to reduce Scope 3 emissions are a reduction in the number of kilometres travelled by motorbike and cash-in-transit services and a reduction in the number of trips by motorised passenger vehicles.

Santander aims to achieve carbon neutrality by 2025, for which it has focused on projects such as the construction of solar plants for distributed generation for self-consumption, with which it is possible to generate energy consumed in the branches.

GHG emissions (tCO_2e)

Scope		2018	2019	2020	2021	2022
Scope 1	Scope 1 emissions	225	627	463	474	483
	Scope 1 coverage (%)	79%	79%	85%	87%	90%
Scope 2	Scope 2 emissions	13,776	12,090	9,463	6,752	5,130
	Scope 2 coverage (%)	88%	88%	92%	87%	90%
Scope 3	Business travel – External passenger transport	-	1,981	136	145	1,060
	Business travel – Urban transport	-	162	420,30	126	61
	External transport of materials and transport of valuables, recycling and waste	-	1,165	595	1,315	649
	Transport of waste	-	-	-	64	29
	Fuel procurement	-	123	90,30	93	101
	Scope 3 Total	4,376	3,441	1,241	1,744	1,900
	Scope 3 coverage (%)	-	92%	85%	87%	90%
Total	**Total emissions**	**18,377.2**	**16,158.0**	**11,143.0**	**8,969.6**	**7,513**
	Intensity (tCO_2e/ Number of branches)	48.36	42.86	37.02	26.59	26.54

Water

(GRI 303-1, 303-2, 303-5)

Efficient water management is key to mitigating climate change impacts. Santander monitors water use and consumption in its branches every month.

Santander's water is supplied by local companies and discharged into the sewerage system.

In 2022, water consumption reached 101,874 m^3. The main action to reduce the consumption of this resource was the migration of the lawns of Santander's offices to low-consumption plants. In total, 15 of these projects were completed by December 2022.

Water consumption (m³)

Water consumption	2019	2020	2021	2022
Water consumption	146,106	102,780	100,573	101,874
Coverage	87%	84%	83%	79%
Water use intensity WUI (m^3/m^2)	0.6	0.5	0.4	0.5

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

Energy

(GRI 302-1, 302-3, 302-4)

As of December 2022, 103 branches were added to the Automatic Monitoring and Control of Office Consumption system, bringing the total number of branches under this system to 203, achieving recurrent energy consumption savings of 10% in the Bank's offices.

Four solar plants are expected to be inaugurated between March and June 2023. Two additional plants are in the pipeline, which, if approved, are also expected to be launched within this period.

In 2022, the total energy consumption was 23,842.98 MWh, of which 28% came from NCRE

Energy consumption in MWh

Energy consumption	2020	2021	2022
Renewable energy			
Electricity (purchased)	6,807	6,273	6,369
Total renewable energy	6,807	6,273	6,369
Non-renewable energy			
Natural Gas	1,005.56	817.16	1,044.36
Diesel	153.49	132.52	145.62
Electricity	17,502	17,263	16,284
Total non-renewable energy	18,661	18,213	17,474
Total energy consumption	25,468.05	24,485.68	23,843
Energy intensity ratio (Kwh/m^2)	71.14	75.10	89.1
Data coverage (%)	86%	87%	90%

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

Materials

(GRI 301-1)

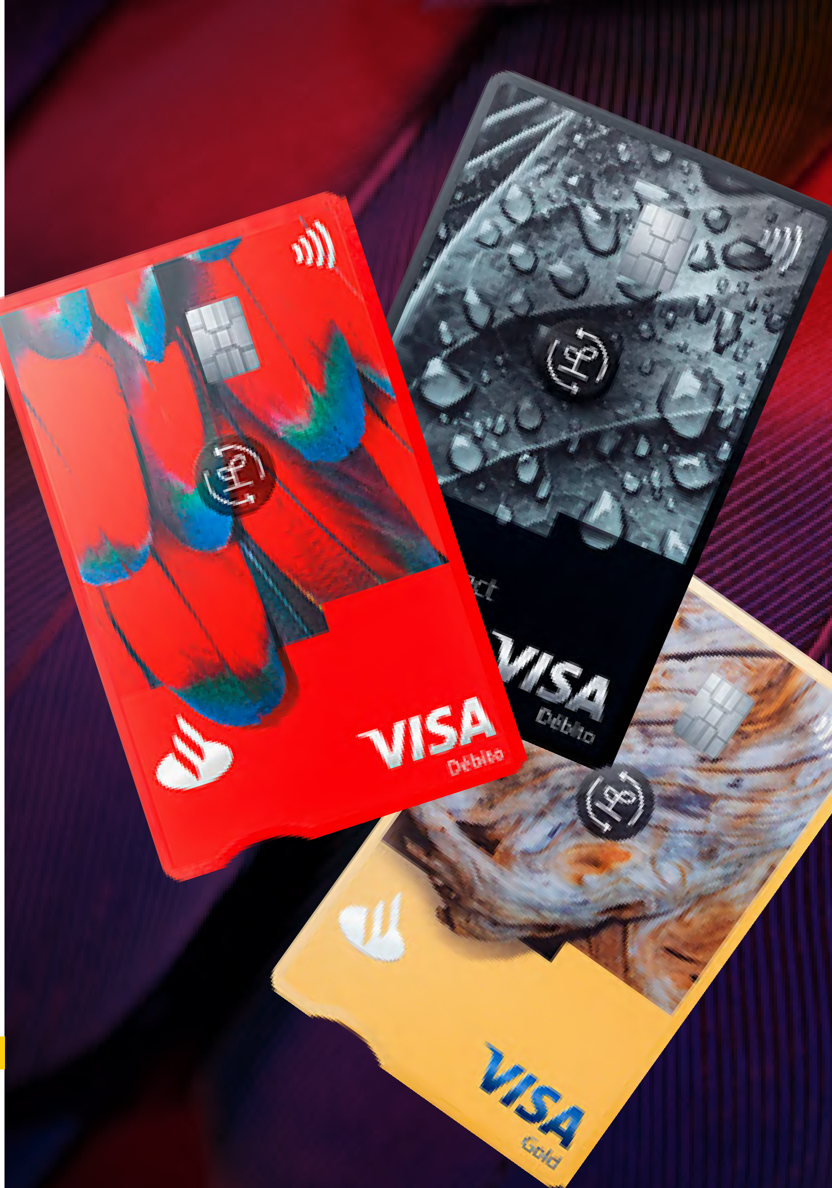
During 2022, duplex printing was implemented to reduce the use of materials, and reams were sent according to printing volume, resulting in a 20% reduction of reams over the maximum total.

Materials used by the organisation (tonnes)

Materials	2018	2019	2020	2021	2022	Reduction target
Renewable						
Paper	1,512	1,268	685	486	433	15% compared to 2018

Eco Santander LATAM Pass Cards

The Eco Santander Latam Pass cards, made from recycled PVC, were launched in 2022.



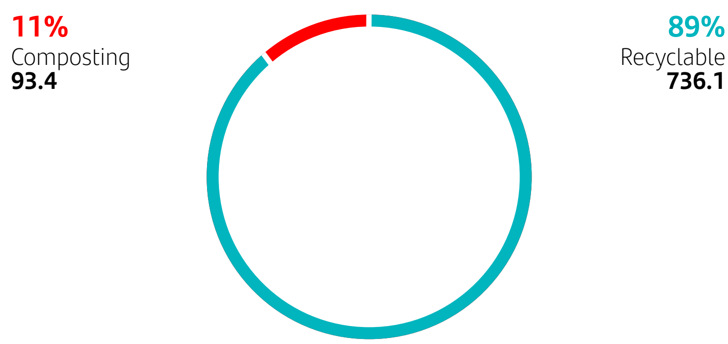
Waste

(GRI 306-1, 306-2, 306-3, 306-4, 306-5)

Since 2019, Santander has been progressively decreasing the total waste generated. However, in 2022, the

amount of waste for disposal increased by almost 4 points, from 3.6% in 2021 to 7.3%, due to higher occupancy in our central buildings. On the other hand, waste recovery increased composting from 5.9% in 2021 to 10.4%, and recycling decreased by 11%.

Recovered waste (tonnes)



Waste generation (tonnes)

Total waste	2019	2020	2021	2022
Waste for disposal	156,4	63,9	33,2	67,5
Waste not destined for disposal	1.295,3	890,2	879,7	856,8
Total waste	**1.451,7**	**954,1**	**912,9**	**924,34**
Percentage of waste recovery (%)	89%	93%	96%	92%
Data coverage (%)	29%	21%	36%	36,5%

Note 1: Banco Santander does not have hazardous waste.
Note 2: All waste is managed outside the organisation.
Note 3: Coverage is given by the number of officials with access to the central buildings' waste programme infrastructure.

Circular Economy

Santander Chile was the first bank to adhere to the **Clean Production Agreement (APL) - Transition to the Circular Economy (TEC)**, signed together with Acción Empresas, the Sustainability and Climate Change Agency, the Ministry of the Environment, the Ministry of Health and the Production Development Corporation (CORFO).

The agreement is part of the Bank's Climate Change and Environmental Management Policy and aims to increase circularity in the different operational processes of the company. This agreement is one of several initiatives and projects in which Santander is committed to becoming an economically circular bank. Through it, the Bank seeks to achieve a standardized circularity profile in the input products that are delivered to Santander's customers.

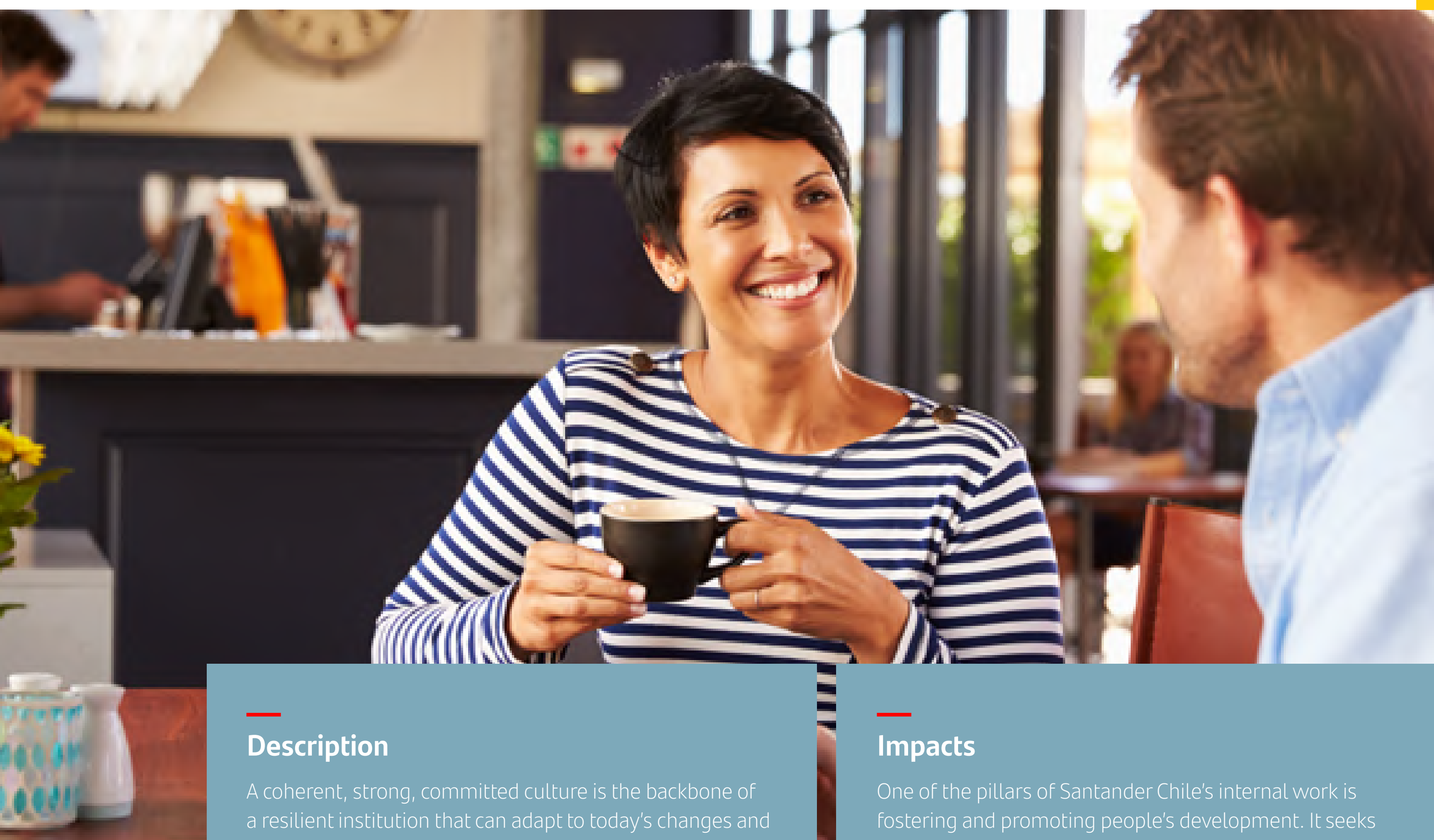
6
Inclusive Growth

- Strong culture and talent management
- Diversity and inclusion
- Health and well-being
- Responsible supply chain
- Financial empowerment
- Commitment to social development

Main material issue

Strong culture and time management

[GRI 3-3]



Description

A coherent, strong, committed culture is the backbone of a resilient institution that can adapt to today's changes and challenges. Santander Group is a global company united by a common culture that puts the progress of people and companies at its core.

Impacts

One of the pillars of Santander Chile's internal work is fostering and promoting people's development. It seeks to achieve this by encouraging professional and personal growth and the development of the teams in order to positively impact the company and contribute to the entity's sustainability.

Regulatory framework

- Corporate Culture Policy
- Sustainability Policy

Goals and objectives

- To be the best company to work for in Chile

Progress and actions

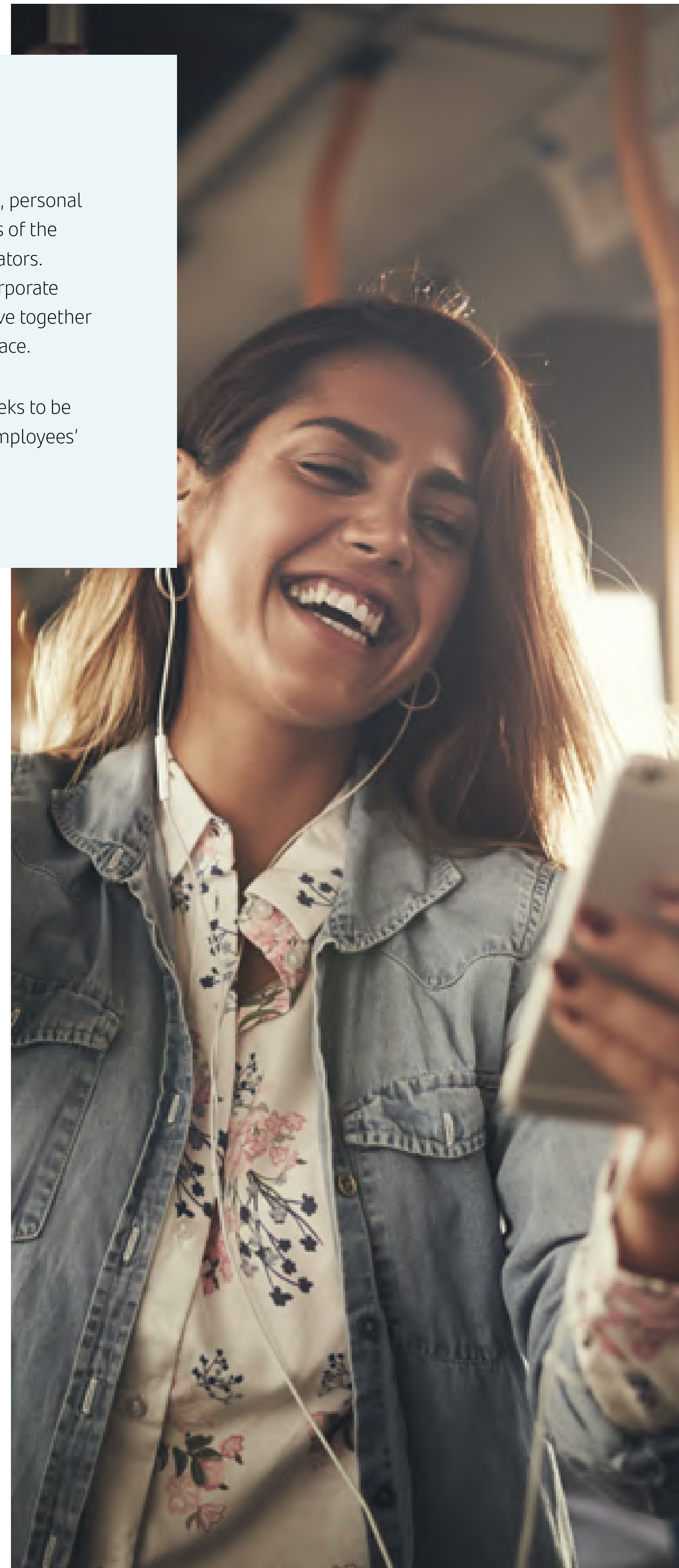
- Santander received the Top Employer certification for the fourth consecutive year, with a score of 96.07%

Human Resources

CMF 5.9 GRI 2-7, 2-8

The three core values of Santander Group are to be 'simple, personal and fair'. We aim towards this not only to stand as the basis of the relationship with our customers but also with our collaborators. In addition, Banco Santander also promotes the Group's corporate behaviours: think customer, embrace change, act now, move together team and express ideas and concerns openly in the workplace.

With these ideas and values as a foundation, Santander seeks to be the best company to work for in Chile, contributing to its employees' personal and professional development.



During 2022, the following recognitions were awarded to Banco Santander:

- **Top Employer certification:** for the fourth consecutive year, with a score of 96.07%.

- **Estudios Merco (Companies, Talent, and University Talent):** The bank was chosen as the third company with the best corporate reputation, the fifth company that best attracts and retains talent, and the eighth company that university students consider the best place to work.

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.

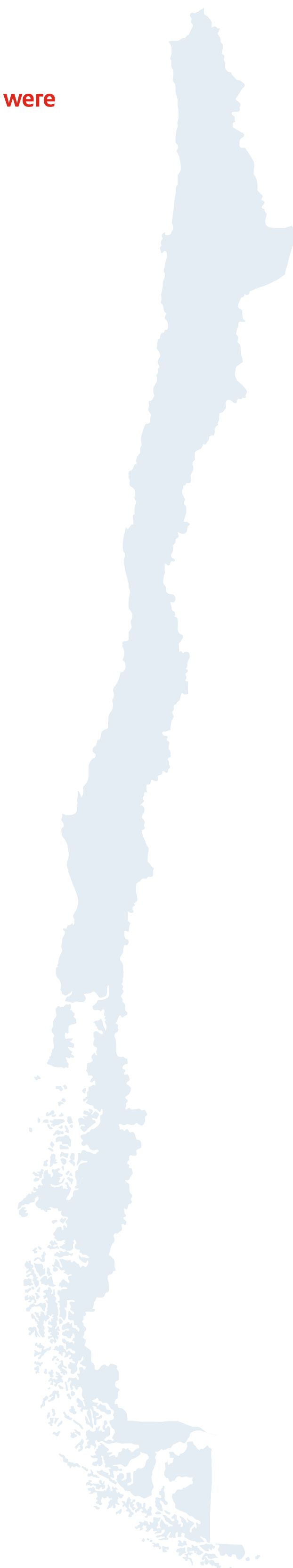
Cultural transformation, adaptive and learning vocation.

As of December 2022, there were 9,389 employees.

5,240

4,149

9,389 Total



Region	Women	Men	Total
Region Arica and Parinacota	26	15	41
Region Tarapacá	33	42	75
Region Antofagasta	115	56	171
Region Atacama	29	12	41
Region Coquimbo	82	72	154
Region Valparaíso	284	200	484
Region Metropolitan of Santiago	3,837	3,120	6,957
Region O'Higgins	86	57	143
Region Maule	149	132	281
Region Ñuble	41	36	77
Region Biobío	178	139	317
Region La Araucanía	151	98	249
Region Los Ríos	43	21	64
Region Los Lagos	129	107	236
Region Aysén	16	13	29
Region Magallanes	41	29	70
Total	**5,240**	**4,149**	**9,389**

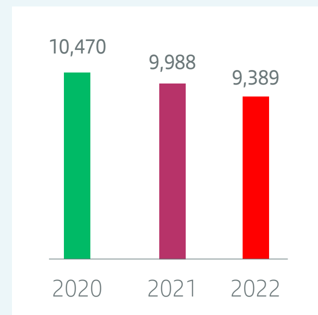
98% of employees work based on a permanent contract and 77.3% work presentially in offices.

At the end of the period, the Bank had 3,148 contractors, guided by the Outsourcing and Supplier Management Model (MN1286), which includes an analysis of the volume of the supplier's annual expenditure with the Group in each geography.

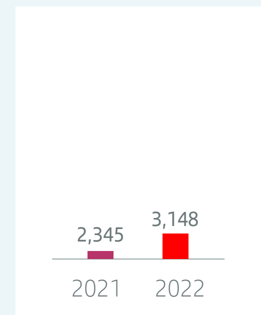
Depending on the volume, an analysis will be carried out of basic, financial, legal, tax, reputational, non-payment, existence of a code of conduct, country risk, concentration risk and compliance with regulations on the prevention of money laundering, financing of terrorism, sanctions, countries prohibited by Santander Group and customer protection.

Likewise, the possible existence of conflicts of interest, the compatibility of the third party with the Group's values and code of conduct and with the ethical and responsible banking criteria, including those corresponding to human rights, environmental protection and labour conditions, in line with the principles of responsible conduct for third parties, and especially for third parties outside the European Union, will be assessed.

Collaborators



Contracted companies



Talent management

Santander Chile aims to be the best financial services company in Chile and the Group for our customers, employees, communities and shareholders. To achieve this, regarding the employee side, we want to be the best company to work for in Chile, strengthening the positioning of the employer brand by attracting and retaining talent. The Bank has four programmes in this area:

Jóvenes Profesionales Santander	Santander is looking for highly motivated young professionals capable of adding value to current and future business challenges.
Young Leaders	Identifying employees with leadership potential to support them and drive their development strengthening the achievement of the Bank's mission.
Mundo Santander	A Santander Group programme that allows employees to work from three to six months on projects in other countries, with the aim of exchanging best practices.
Mundo Santander Local	Similarly to Santander World, it seeks to promote the mobility of collaborators, this time at a national level. This will foster talent exchange to contribute to local and global challenges.

Recruitment

In 2022, Santander had 2,394 open vacancies, 47% filled by internal candidates. The remaining percentage corresponded to new recruits, who had to present for an onboarding in which they underwent induction, in which the Bank's culture, approach and vision are presented

Number of recruitments
GRI 401-1

Contrataciones	2019	2020	2021	2022
Men	475	96	362	557
Women	578	97	554	868
Total	1,053	193	916	1,425

Turnover
GRI 401-1

Employee turnover rate (%)	2019	2020	2021	2022
Total turnover rate	11,4%	8,2%	13,4%	17,2%
Voluntary employee turnover rate	-	-	-	5,3%
Turnover rate - women	11,4%	7,9%	12,6%	16,8%
Turnover rate - men	11,4%	8,5%	15,0%	17,7%
Turnover rate for people under 30	17,7%	11,2%	18,80%	23,9%
Turnover rate for people between 30 and 50	9,5%	6,5%	12,2%	15,8%
Turnover rate for people over 50	11,4%	11,4%	16,3%	18,6%

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

Education and training

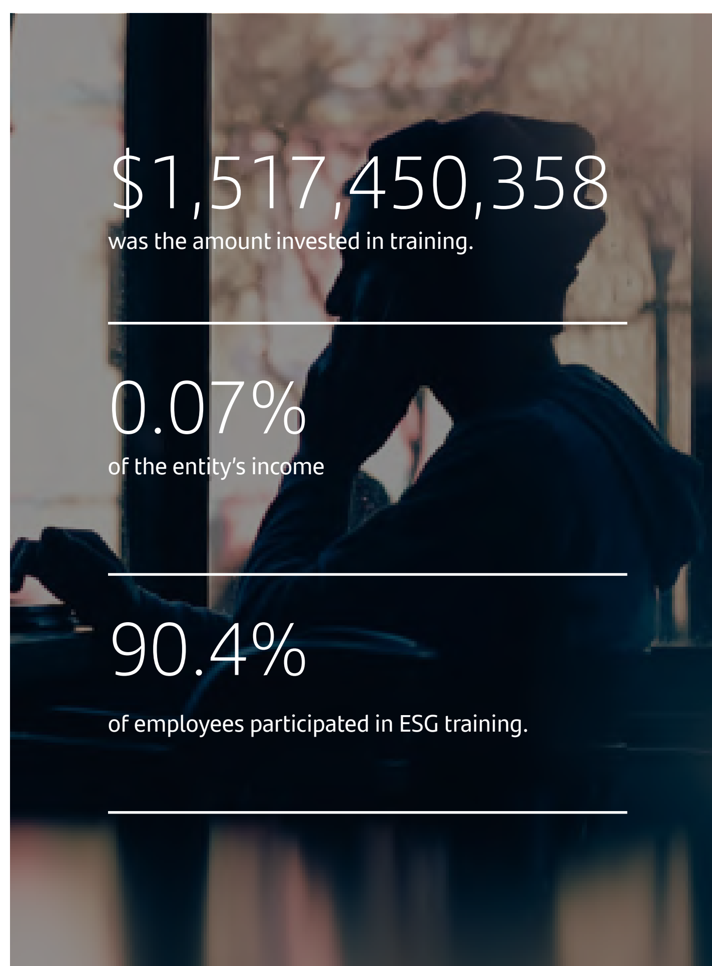
GRI 404-1; CMF 5.8.i, 5.8.,ii, 5.8.iii, 5.8.iv

For Banco Santander Chile, personal development is essential. Therefore, our main objectives are fostering our teams' professional and personal growth, helping them reach their full potential, and contributing to the organisation's sustainability.

During 2022, and through an organisational diagnosis, the training focused on improving and reorienting employees' skills, providing tools to the teams that allowed them to achieve the different organisational objectives. The training received by Santander employees ranges from financial and commercial issues to topics related to trends and technology.

EAmid a dynamic context of digital transformation, the various training programmes have had a component that invites innovation, challenging how things are done and giving people in the organisation the tools to help the Bank's customers thrive. In addition, ESG-related topics are addressed, where the Bank seeks to be a benchmark, as well as diversity and inclusion issues.

During 2022, besides asynchronous training via training platforms, thematic weeks were incorporated in which world-class experts delivered their knowledge to Banco Santander's employees.



Main training figures

Position	Average hours of training			Number of trainees			Percentage of trainees	
	Women	Men	Total	Women	Men	Total	Women	Men
Senior Management	10.00	9.09	9.17	1	11	12	50.0%	84.6%
Management	25.57	23.06	23.65	30	98	128	100.0%	96.1%
Supervisors	28.12	28.22	28.17	629	687	1,316	96.2%	95.4%
Salesforce	39.54	39.34	39.47	3,614	1,930	5,544	89.6%	92.9%
Administrative Staff	10.84	23.35	14.33	44	17	61	95.7%	94.4%
Other professionals	23.09	23.01	23.05	1,233	1,421	2,654	90.5%	91.1%
Other technicians	21.05	41.91	34.60	244	452	696	86.5%	84.3%
Total	**33.73**	**32.43**	**33.15**	**5,795**	**4,616**	**10,411**	**90.4%**	**91.8%**

Academia Santander

Santander Academy allows us to promote and manage the development of human capital. It aims to foster individual skills and cultural behaviours derived from the business strategy. 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

Channel that publishes relaxation, entertainment and recreation courses for employees.

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 self-management of learning on digital transformation issues and a common language space for the new agile methodologies existing in the Bank.

In December 2022, the organisation underwent a cross-sectional diagnosis to identify all employees' English levels. This review will continue to be applied during the first months of 2023. However, the English courses to be carried out have already been defined. By 2023 these strategically targeted courses will be delivered to break down the language barrier for workers.

Training programmes for employees

Name	Description	2022
Trainee BBPP / Select / Pyme	Induction for business executives.	111
Trainee Contact Centre	Induction for Contact Centre executives.	418
Diploma in Innovation and Digital Banking	Diploma oriented towards learning about innovation and digital banking.	33
Introduction to Finance Diploma	Diploma that provides the necessary tools for financial decision-making.	29
English program	Programme for employees who, according to the English requirement of their position, have a gap with their current language level.	37
Internal speakers	A programme dedicated to enhancing the skills of distance learning speakers and providing training tips.	70
Postgraduate scholarships	Designed for professionals who wish to study for a diploma or master's degree applicable to the Group's functions.	49
Onboarding Day	Induction programme for new employees where they are introduced to the Bank, its culture, the focus on customer experience and cybersecurity.	631
Extension centre	Programme dedicated to self-management in the personal sphere of employees, focusing on 3 pillars: Be Healthy, Culture and Do-It-Yourself.	334
Trainee Operations - summer cashier	Induction of summer cashiers, providing knowledge to perform their role.	156
Certification Program	Study and certification programme that validates the knowledge that employees should have according to their role and position in order to support and enhance their development.	228
Specific and simplified investment accreditation	Mandatory certification programme, where employees must validate investment knowledge in order to manage or advise clients as appropriate.	848

Commitment and benefits

Commitment

The level of commitment of Santander Chile's employees is measured through a listening tool called Your Voice, which is applied in all the countries where Santander Group operates.

This tool uses a pulse methodology where each person answers only a fraction of the total questionnaire in each pulse, using a scale of 0 to 10. These pulses are administered three times a year, after which each person will have completed the entire questionnaire, which consists of approximately 70 statements.

In addition to engagement, the Your Voice tool addresses other issues, such as health and well-being, diversity and inclusion, and development.

Commitment dimesion results		**2021**	**2022**
Percentage of employee engagement by gender	Men	94%	91%
	Women	94%	91%
Percentage of employee engagement by age range	Younger than 30	91%	90%
	Between 30 and 50	95%	91%
	Older than 50	98%	93%
Percentage of employee engagement by management level	Senior Management	-	95%
	Managers	-	93%
	Managers	-	91%
	Salesforce	-	93%
	Administrative Staff	-	90%
	Other	94%	91%
Percentage of total employee engagement		**94%**	**91%**

Note 1: Data coverage was 8,784 persons.
Note 2: In 2022, the position categories changed, according to FMC NCG461.

Internal acknowledgements

In 2022, Banco Santander awarded 4,240 employees for their commitment and adherence to TEAMS behaviours.

Acknowledging those who represent and live TEAMS behaviours:

2,273
acknowledged persons

Recognition of Commitment and Loyalty (COMFIDE) for their permanence in the Bank:

1,967
recognised persons

Benefits

CMF 5.8; GRI 401-2

Remote working, regulated by the Telework Act, was implemented in response to the pandemic. This entailed collaborators adopting this way of working permanently.

Santander offers other benefits and incentives to its employees

- **Betterfly:** A platform of benefits and digital wellness tools that seeks to transform people and organisations through purpose, rewarding healthy habits in a social donation and life insurance that grows daily at no cost.
- **Retirement plan:** Another additional benefit for senior managers is a pension plan providing them with funds to supplement their pension upon retirement better. Santander will complement the beneficiaries' voluntary contributions for their future pension through an equivalent contribution based on mixed collective insurance policies, whose beneficiary is the Bank. Managers will only receive this benefit if they are currently employed on their 60th birthday

Number of employees covered by a benefit

Type of benefit	2021	2022
Life Insurance	8,927	8,247
Health care (health insurance)	8,927	8,247
Coverage for disability and invalidity	8,927	8,247
Plus Leave (Days off according to performance requirements, balances and courses)	2,680	2,654
Three afternoons or one morning off	9,860	7,590
Afternoons off on birthday	10,048	5,294
Kindergarten (Cash contribution for childcare for children aged 2-4.5 years)	740	784
Nursery (Santander, in alliance with Sodexo through its Párvulo Pass service, offers a wide range of nurseries nationwide).	535	495
Full payment of licences (anticipates medical allowance payments during periods of medical leave).	4,384	5,042

Note 1: Life insurance, health care, disability and invalidity coverage, preschool 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, which are autonomous from the trade union organisations and share bipartite administration with the company.

Evaluation and performance

GRI 404-3

All the people of Santander Chile participate in the performance evaluation process, which consists of a 180° look where the following are evaluated;

- **What:** Individual goals that link to those of the organization and a shared customer experience goal.
- **How:** Assessment of behaviors and alignment with the corporate culture.
- **Risk Management:** A common risk objective for the entire organization.

Supervisors also have within the "What" a team management goal, which evaluates the satisfaction of their teams with the bank, with their leaders and the work-life balance fostered by the boss.

In the case of managers, in addition to the 180° evaluation, a 360° evaluation is carried out in relation to the Bank's corporate behavior, where their peers, team and management participate.

Evaluated collaborators by gender

Gender	2021		2022	
	Nº	%	Nº	%
Women	5,430	97%	4,634	88%
Men	4,452	97%	3,874	93%
Total	**9,882**	**97%**	**8,508**	**91%**

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

Evaluated collaborators by position

Position	2022	
	Nº	%
Senior Management	10	83%
Management	110	100%
Management positions	1,195	99%
Salesforce	4,280	88%
Administrative Staff	50	94%
Other professionals	2,268	91%
Other technicians	595	93%
Total	**8,508**	**91%**

Note: In 2022, the position categorisation changed.

Collective bargaining
(GRI 2-30)

Santander Chile maintains a clear and constant dialogue with the 23 trade union organisations that represent the company's employees.

It has a relationship policy that fosters and structures spaces for meetings and communication with trade union organisations to promote dialogue, welcome questions and suggestions from the organisations, and work collaboratively to ensure the maximum well-being of employees

Unions	2020	2021	2022
Number of unionised workers	7,819	7,311	6,870
Number of workers with union extension	10,470	9,988	9,683
Percentage of unionised workforce	74.7%	73.2%	70.9%
Percentage of staffing covered by trade union extension	100%	100%	100%
Number of workers covered by collective agreements	100%	100%	100%

The current collective agreement came into force in September 2021 and runs until 2024. This applies to all trade union organisations at Banco Santander.

Crucial material issue

Diversity and inclusion
[GRI 3-3]

Description

One of today's challenges is to channel society's complexity and diversity into new solutions and opportunities that integrate people's varied experiences. Therefore, Banco Santander promotes diverse teams in terms of profile, experience, gender, age, beliefs, and disability, among other aspects of diversity. This ensures the integration of different points of view, facilitating the design and implementation of innovative solutions and better connecting with customers and society at large.

Impacts

Through its policies, Santander is committed to ensuring that everyone who works in the Group has equal opportunities and that there is no discrimination of any kind (direct or indirect), whether for reasons of gender, age, sexual orientation, culture, beliefs, illness, disability, etc. Furthermore, with the same determination and impetus, Banco Santander seeks to maintain a work environment free of harassment, abuse, intimidation or violence.

Regulatory framework

- Diversity and Inclusion Policy
- Human Rights Policy
- Gender Equality and Reconciliation of Work, Family and Personal Life Policy
- Chilean Standard 3262
- Remuneration Policy

Goals and objectives

- To achieve 30% of women in management positions by 2025.
- To keep the gender pay gap at 0%.
- To achieve 50% of promotions/new hires to be women by 2025
- To maintain and exceed the internal regulation of 1% of persons with disabilities by 2025

Progress and actions

- Santander committed to four management focuses associated with gender equality, people with disabilities, diverse origins and awareness of diversity, equality and inclusion

Payroll diversity

GRI 405-1; CMF 3.1.vi, 3.1.vii SASB FN-IB-330a.1

Santander considers that each person is unique and that these differences allow us to offer diverse solutions to future challenges. Banco Santander wants to ensure equal opportunities and respect for differences within its work environment. It also enables the development and retention of professional talent. The aim is to promote and ensure a diverse and inclusive work culture where all people can be themselves.

The Bank has four management focuses on diversity and inclusion:

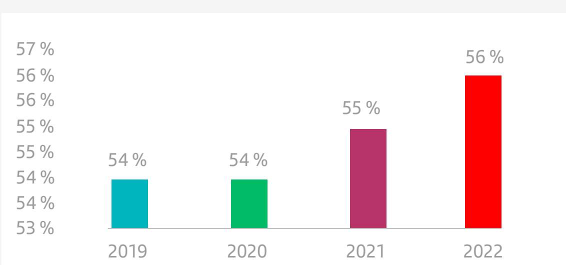
Advancing gender equality

People with disabilities

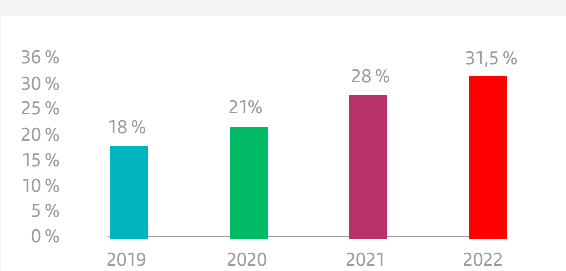
Diverse origins

DE&I Awareness Raising

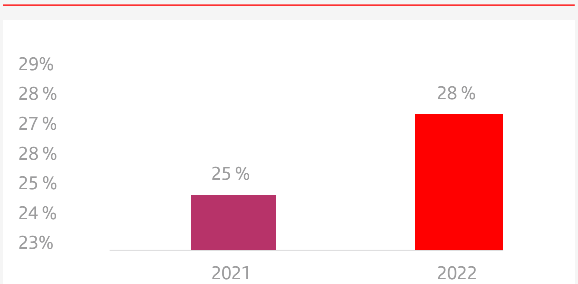
Women in the Bank



Women in Senior Management positions[1]



Women in STEM positions[2]



Advancing gender equality

The Bank has a Gender Equality and Reconciliation of Work, Family and Personal Life Policy. It aims to move systematically towards an organisation that ensures equal opportunities for men and women and enables more women to reach management positions.

1. The F-P-S collective is considered.

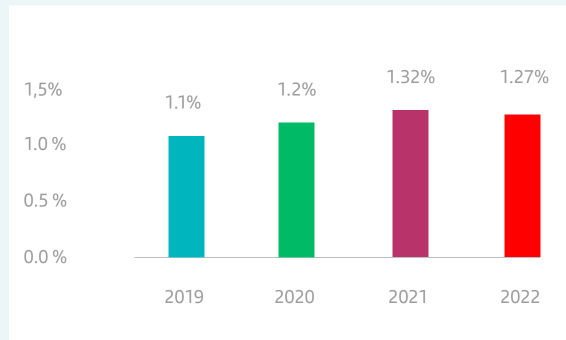
2. Science, Technology, Engineering and Mathematics (STEM).

People with disabilities

Santander has a labour inclusion policy for people with disabilities regulated by Law No 21,015 on Labour Inclusion. It includes ten key guidelines: cultural change, recruitment, accessibility, internal customer service, job growth, job performance, legal compliance, benefits, family and suppliers.

Santander has a higher percentage of people with disabilities in the organisation than Chilean regulations dictate (1%) and therefore works to provide adequate support to reduce the functional limitations of the interaction of people with disabilities in their work environment, guaranteeing their autonomy.

Disabilities



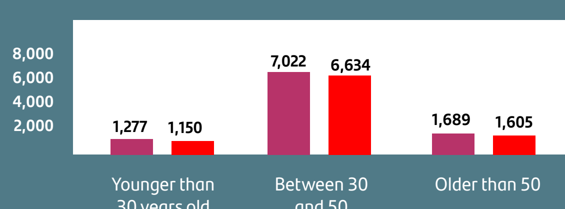
Diverse origins

Santander Chile hopes to have people from different countries with different educational backgrounds, international or non-traditional banking experiences and intergenerational diversity.

Intergenerational gap

The Bank has 12.2% of people under 30, 70.7% between 30 and 50, and 17.1% over 50, including 13 people over 70.

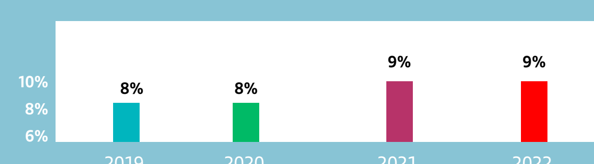
Breakdown of employees by age range



Foreigners

Almost 10% of the people working at Banco Santander are foreigners, an increase of 0.8 percentage points since 2021.

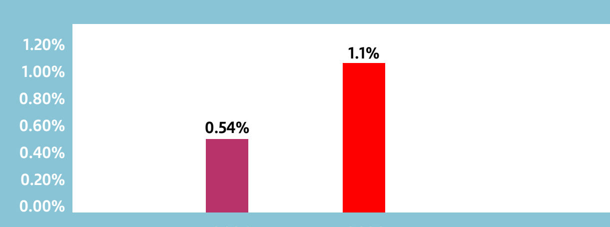
Extranjeros



Collaborators belonging to Indigenous peoples

In 2022, we have 1.10% of the total workforce belonging to native peoples, an increase of 0.54% from 2021.

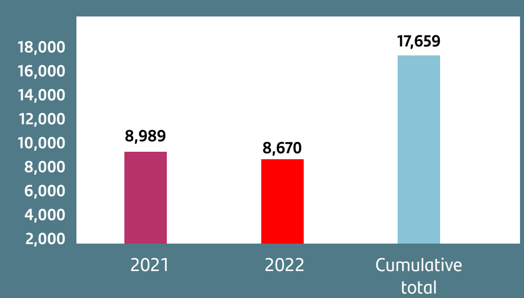
Belonging to Indigenous peoples



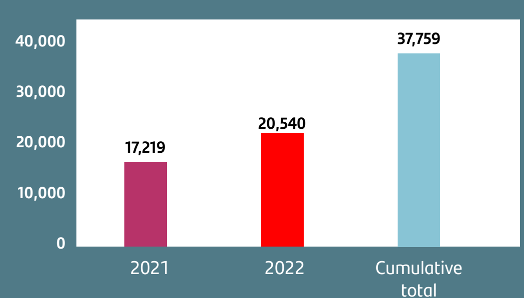
DE&I Awareness Raising

Engage the entire organisation in these issues, promoting the use of inclusive language and the acceptance of all diversities, highlighting the training of part of the teams and the management team.

People trained on DE&I:



Participation in DE&I training courses:



Equitable remuneration

(CMF 5.4.1, GRI 405-2)

The objective of the Remuneration Policy is to generate actions to promote a high-performance culture by neutralising obstacles and strengthening the capabilities of the Bank's employees. In this regard, ensuring pay equity between women and men is a strategic commitment of Banco Santander. 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 and influences the variation of remuneration structures. For this purpose, internal equity information, qualitative and quantitative studies, and salary and market trend studies are considered, with local, Latin American and European regulation-based levels of study. The Bank relies on specialist market research consultancies and legal advice to draft relevant documents in order to comply with working regulations.

Parental leave

(GRI 401-3; CMF 5.7)

Postnatal leave allows fathers and mothers to share the first months of their children's development with them. This leave is a universal right in Chile and has a duration of twelve weeks, to which a full-time female worker is entitled[3]. This leave can be used part-time, increasing to 18 weeks. The father may use this leave from the seventh week onwards for both working parents.

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 established in the current legal regulations, to generate attachment between father and child.

Number of employees on postnatal leave 2022 Chile

Positions	People with postnatal leave right			Persons who took postnatal leave			Percentage who took postnatal leave	
	Men	Women	Total	Men	Women	Total	Men	Women
Managers	2	-	2	2	-	2	100%	-
Management positions	25	18	43	25	18	43	100%	100%
Salesforce	70	197	267	60	197	257	86%	100%
Administrative Staff	3	2	5	2	2	4	67%	100%
Other professionals	52	65	117	47	65	112	90%	100%
Other technicians	10	8	18	10	8	18	100%	100%
Total	**162**	**290**	**452**	**146**	**290**	**436**	**90%**	**100%**

3. This benefit is produced after the 12 weeks of complete rest for the mother.

Average days of postnatal leave during 2022

Position	Men			Women
	5 days (statutory)	5 days (additional)	6 weeks or less	
Managers	5	5	-	-
Management positions	5	5	-	84
Salesforce	5	5	28	84
Administrative Staff	5	5	-	84
Other professionals	5	5	19	84
Other technicians	5	5	-	84

Note: The Bank provides an additional 5 days of postnatal leave for men.

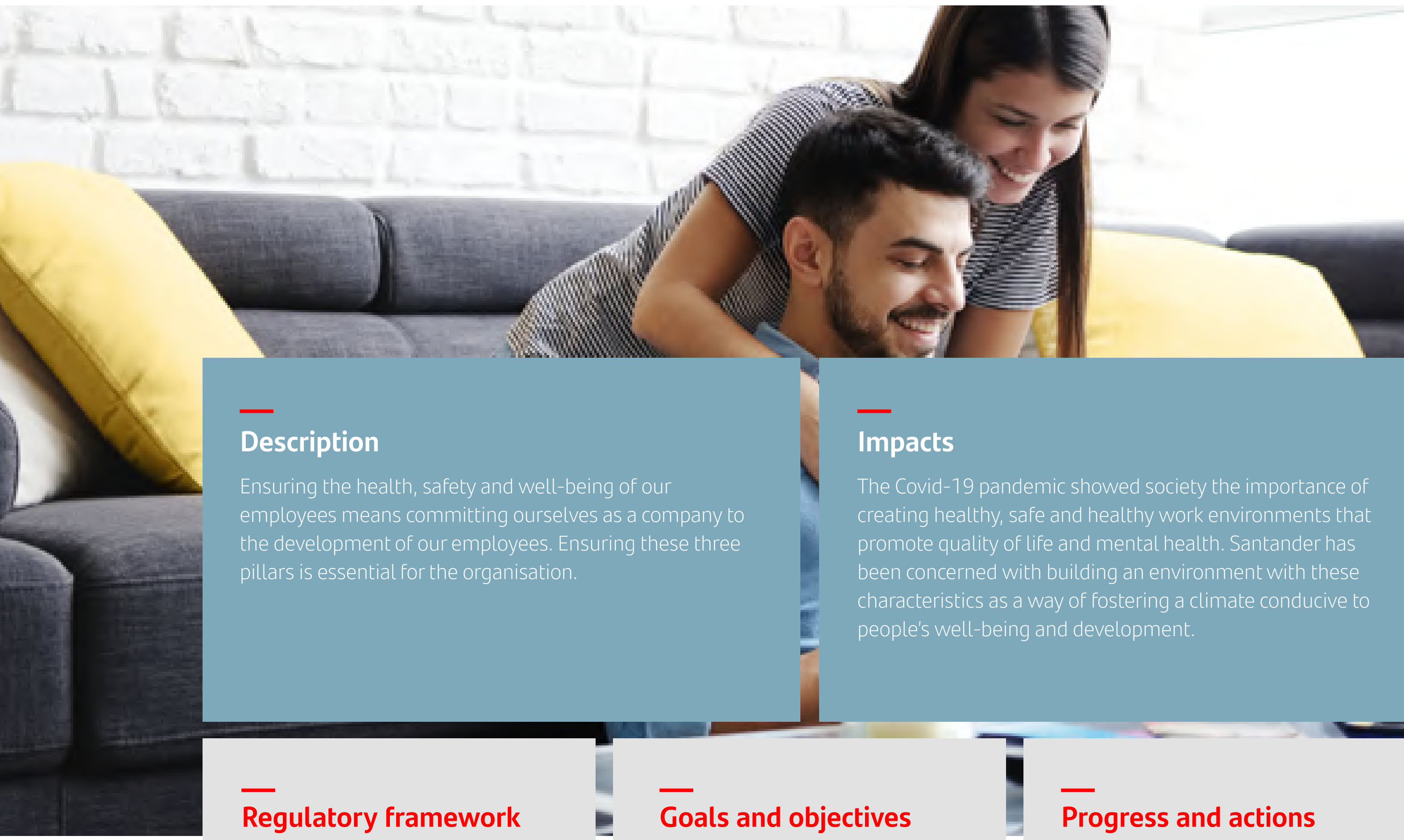
Return to work	Men	Women	Total
Employees who have returned from postnatal leave	146	50	196
Return-to-work rate	100%	30%	-
Employees continuing after 12 months of postnatal leave	132	49	181
Retention rate	90%	98%	-

Note: Of the 290 women who had postnatal leave, 166 were due to return, of whom 50 returned.

Main material issue

Health and well-being

(GRI 3-3)



Description

Ensuring the health, safety and well-being of our employees means committing ourselves as a company to the development of our employees. Ensuring these three pillars is essential for the organisation.

Impacts

The Covid-19 pandemic showed society the importance of creating healthy, safe and healthy work environments that promote quality of life and mental health. Santander has been concerned with building an environment with these characteristics as a way of fostering a climate conducive to people's well-being and development.

Regulatory framework

- Sustainability Policy
- Human Rights Policy
- Occupational Health and Safety and Occupational Health Policy
- Occupational Health and Safety Plan for teleworking collaborators.
- Mental health plan

Goals and objectives

- Updating, participating, advising and monitoring the annual Joint Health and Safety Committees programme.
- Monthly monitoring of the accident rate report with indicators and follow-up of cases.
- Generation of prevention campaigns according to the income reviewed in the monthly accident rate report.
- Implementation and updating of regulatory protocols
- Implementation of Law No 21,142 on teleoperators
- Implementation of disaster risk reduction programme at a national level, according to Law No 21,364

Progress and actions

- Mutual de Seguridad acknowledged Santander Chile. This corporation highlighted the care and management developed by the Bank with its clients and work teams

Health and well-being management

People's health, safety and well-being are key to creating a sustainable, competitive and safe working environment for them and their families. Its approach is based on two criteria by which activities are managed:

- **Occupational health and safety:** refers to health monitoring, accident investigation, risk assessment, emergency management, accommodation and reasonable adjustments for people with disabilities, and management of absenteeism due to an occupational illness, among others.
- **Comprehensive well-being:** consists of health promotion actions, research and innovation, sensitisation and awareness campaigns, and alignment with the Chilean Standard 3262 on Gender Equality, ensuring that the objectives, programmes and activities of the Comprehensive Health Plan include a gender approach, identifying the needs of men and women.

Santander had no fatalities or serious accidents in 2022.

Occupational health and safety

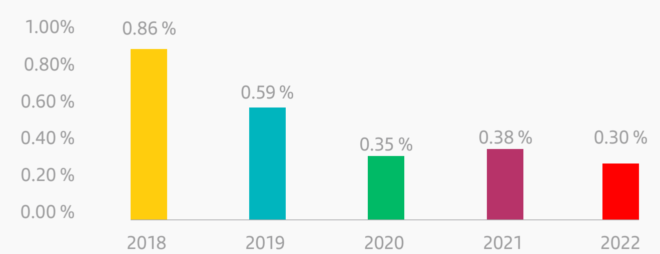
(GRI 403-1, 403-2, 403-4, 403-5, 403-9, 403-10, CMF 5.6)

Banco Santander has the structural elements of a Safety Management System (Policy, Work Plan, Hazard Identification and Risk Assessment). It has two policies: the Occupational Risk Prevention and Occupational Health Policy and the Health, Safety and Well-Being Policy.

The Bank monitors occupational accidents and illnesses through a Management Plan[4] which, on a fortnightly basis, analyses the causes of accidents and illnesses, identifies risk factors and proposes intervention measures to control the risks.

4. Contractors are not considered.

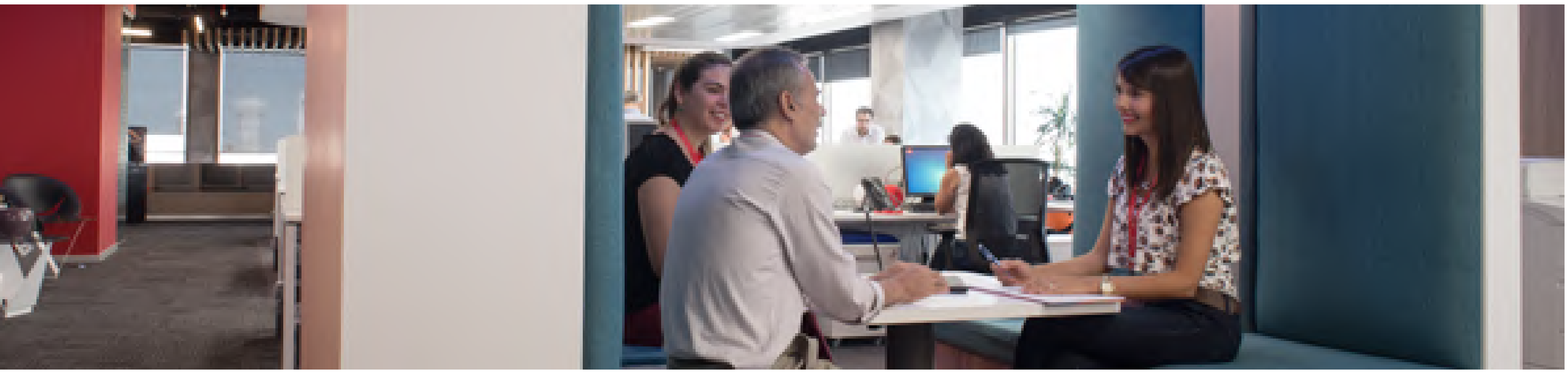
Accident rate



Main health and safety figures

Category	2019	2020	2021	2022
Safety				
Lost days due to accidents	1,746	558	414	480
Average days lost due to accidents	26.45	15.08	11.18	17.14
Employee fatality rate	0%	0%	0%	0%
Accident rate	0.59%	0.35%	0.38%	0.3%
Loss rate	21.13%	8.72%	18.98%	23.72%
Frequency index	2.35%	1.4%	1.5%	1.2%
Severity index	62.18%	21.16%	16.8%	20.56%
Health				
Covid-19	-	-	30	1
Other	-	-	8	0
Total	7	4	38	33
Occupational disease rate	0.87%	0.03%	0.38%	0.51%
Prevalence rate of occupational diseases	2.35	1.40	1.50	1.20

Note 1: There have been no fatalities or injuries from major accidents in 2020, 2021 and 2022.
Note 2: Covid-19-related diseases are counted as occupational diseases according to legislation.
Note 3: Santander performs a monthly and quarterly statistical analysis of claims in its branches and head offices, as well as an analysis of the revenue indicators in the Mutual de Seguridad.



The main types of illness are mental health illnesses. In 2022 there was an increase in the number of cases, as the cases referred from the Isapres to the Mutual de Seguridad grew due to the rejection of medical leave.

Santander seeks to incorporate listening tools with quarterly pulses that include questions related to health and well-being. The active listening process is carried out based on a strict principle of confidentiality and anonymity in collecting any health-related information.

Furthermore, during April every year, Santander carries out the “Be Healthy” week, in which different activities are carried out to promote health and well-being, focused on four pillars: know yourself, feed yourself, balance yourself and move.

Security risks

Occupational risks are identified according to a Hazard Identification and Risk Assessment Matrix through face-to-face visits to branches and head office buildings where daily tasks are observed and staff are interviewed. This risk assessment is carried out under the Magnitude of Risk methodology.

The main occupational risks at Banco Santander are psychosocial risks, musculoskeletal risks caused by poor posture and excessive and incorrect use of the upper limbs, falls from the same level, blows and the risk of occupational dysphonia due to the use of the voice, especially in people who work as telephone executives.

Risks are minimised or mitigated according to a working methodology divided into three stages: risk identification, risk assessment and risk control. First, a hierarchy of controls is established: eliminating the source, substitute and engineering controls and work reorganisation or administrative controls. A work plan is then generated alongside the Mutual Safety Management Body. This plan should consider risk assessments, planned branch visits, safe work procedures, and job assessments, among other procedures, in order to identify, minimise and mitigate risks.

Joint health and safety committees

The joint health and safety committees are the main management tool for involving employees in risk management. These committees are composed of representatives of the company and employees. They meet monthly to discuss the review of accident and occupational disease statistics, analysis of occupational accidents, and strategies for promoting accident risk prevention, among other related topics. These committees have an occupational health and safety work plan in which the cross-cutting and branch-specific focuses are defined.

Training

Regarding prevention, the Bank provides all employees with a mandatory e-learning course, which comprises 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.

Employee safety training

Category	2019	2020	2021	2022
Number of trainees	2,089	10,278	3,738	1,616
Percentage of trained staff	18.75	98.22%	38.15%	17.45%
Average hours of training per person	2	2.3	4.9	5.2

Integral Well-being

(GRI 403-3, 403-6)

Banco Santander is committed to facilitating its employees' access to non-work related medical and healthcare services. Accordingly, it provides a service composed of a doctor, a nurse and a paramedical technician, who provide care and referrals for people who consult for different pathologies, whether of occupational or external origin.

Moreover, it has a comprehensive health plan with three main focuses: preventive check-ups and physical and mental health. This plan promotes and facilitates people to use leave days for preventive medical examinations, increasing its usability rate from 14% in 2021 to 57% in 2022.

The Plan also promotes healthy eating, physical activity and mental health care. Among the initiatives are the prevention of cardiovascular risk factors, preventive breast cancer screening promotion and a free annual vaccination plan against influenza.

Focusing on the well-being of employees

From December 2022 and throughout 2023, the Nutritional and Wellness Programme with UC will be carried out, in which nearly 500 people are participating and which aims to promote healthy living and eating habits, raising awareness of the importance of self-care and control of cardiovascular risk factors.

Currently, 53 employees have already started their programme and have attended onsite check-ups, while 29 are in the process of scheduling their pre-assessment check-ups and exams, which kick-start their programme.

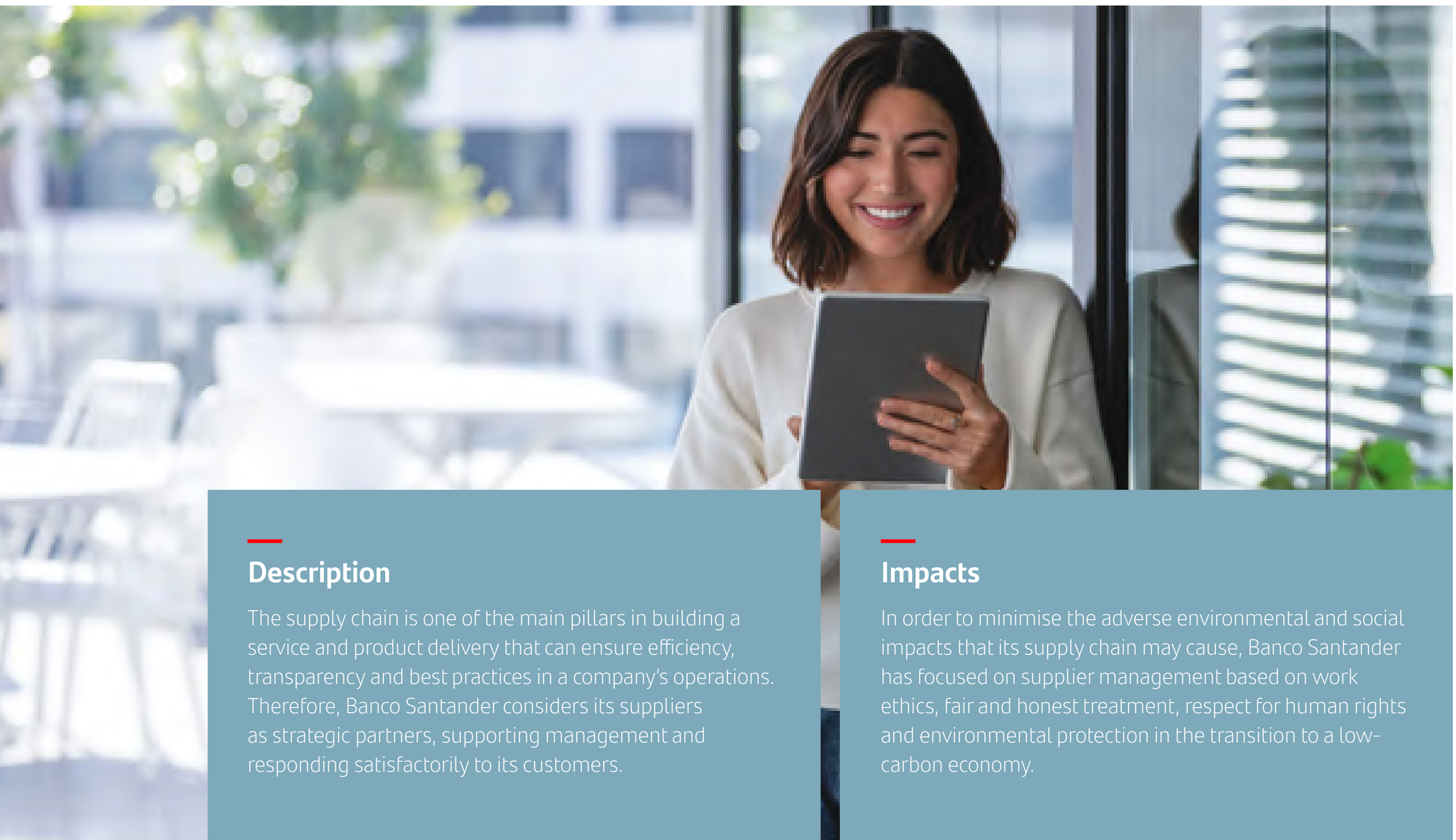
Additionally, the Bank has developed a Global Guideline on Mental Health and Emotional Well-being that aims to lay the groundwork for programmes being developed locally. The key elements of this guide are fostering open environments for discussion, training leaders able to manage and support their teams, supporting programmes for employees and assessing psychosocial risks within the application of the CEAL-SUSESO SM survey.

The "Santander Contigo" programme offers employees and their families free psychological and emotional support and legal advice.

Relevant material issue

Responsible supply chain

(GRI 3-3)



Description

The supply chain is one of the main pillars in building a service and product delivery that can ensure efficiency, transparency and best practices in a company's operations. Therefore, Banco Santander considers its suppliers as strategic partners, supporting management and responding satisfactorily to its customers.

Impacts

In order to minimise the adverse environmental and social impacts that its supply chain may cause, Banco Santander has focused on supplier management based on work ethics, fair and honest treatment, respect for human rights and environmental protection in the transition to a low-carbon economy.

Regulatory framework

- Framework for Outsourcing and Agreements with Third Parties
- Outsourcing and Supplier Management Model
- Supplier Homologation Policy
- Strategy Outsourcing Policy
- Migration Plan
- Chilean Standard 3262 - Supplier Awareness
- Criteria for the Approval and Review of Services and Incidents in Supplier Management

Goals and objectives

- Maintaining suppliers informed of ESG changes following corporate guidelines, being at the forefront of a sustainable bank

Progress and actions

- An ESG survey was conducted on a universe of 594 suppliers with a response rate of 64%
- The Compliance area sent a presentation to 3,148 suppliers, reminding them of the General Code of Conduct, seeking to mitigate the risk of conduct and potential reputational risk

Suppliers

The Santander Group bases its supplier management on the Homologation Policy. It states that suppliers must comply with national laws and regulations and establishes minimum principles of behaviour in social, environmental and ethical matters, which are aligned with the ten principles of the UN Global Compact.

- **Ethics and conduct:** business transactions should generate favourable economic conditions for all practices involved, and relationships should be based on the principle of fair and honest dealings.
- **Social:** Suppliers must work to support and respect human rights, comply with health and safety requirements necessary to provide a safe and appropriate environment and treat their employees fairly and equally without discrimination of any kind.
- **Environment:** Santander invites its suppliers to have a sustainability policy, implement environmental management systems and set targets for reducing emissions and consumption.

Supply chain
(GRI 204-1)

Banco Santander contemplates six major stages in its supply chain, both for the acquisition of goods and services:

Decision and planning → Negotiation → Homologation → Recruitment → Tracking → Completion

It has 3,304 suppliers at the end of 2022. The main categories of purchases of these goods and services are technology, real estate, operations, advertising and marketing and decentralised spending. There are 327 suppliers of critical relevance to the Bank, considering their higher level of risk.

The volume of suppliers is constantly under review, both by the specialised functions (cybersecurity, business continuity, data protection, facilities and physical security) and by the Supplier Committee.

Types of suppliers

Critical suppliers	They provide services, perform work or supply goods and facilities, the cessation of which could lead to a disruption of essential services to the economy or financial stability[5].
Local suppliers	National entity providing services, carrying out work or supplying goods and facilities.
SME Suppliers	Entity that provides services carries out work, supplies goods and facilities, and is included in the Internal Revenue Service (SII) list of SMEs.

5. As referred to in Article 2(1)(35) of Directive 2014/59/EU (Bank Recovery and Resolution Directive, BRRD).

Breakdown of suppliers

Indicator	2019	2020	2021	2022
Total number of suppliers	4.108	3.358	2.364	3.304
Number of critical suppliers (tier 1)	178	224	311	327
Number of local suppliers	4.018	3.323	2.345	3.148
Total expenditure on suppliers (Ch$)	517.276	582.142	508.879	681.057
Critical supplier expenditure (Ch$)	144.715	265.171	254.577	253.350
Local supplier expenditure (Ch$)	438.323	523.518	354.484	606.565
Percentage of expenditure on local suppliers (%)	85%	90%	70%	89%

Note 1: Tier 1 includes relevant suppliers, according to the Risk Calculator, which is performed for all services.

Supplier risk management

Banco Santander has a model that assigns operational risk levels to suppliers, classifying them into critical, high, medium and low relevance criteria, which is defined by a set of qualitative questions on cybersecurity, data protection, physical security, physical infrastructure and business continuity.

All suppliers are segmented based on relevance, and non-relevant suppliers with turnover over €150,000 receive an anti-money laundering and terrorist financing prevention assessment.

In 2022, 17% of critical suppliers were assessed against ESG criteria.

Supplier Evaluation

(CMF 7.2)

In 2022, Santander Chile strengthened the inclusion of ESG criteria in its supplier evaluation processes in line with its commitment to this area. For this purpose, a survey was carried out with all relevant suppliers in the homologation process 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:

- CeISO 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 3.267 that leads to the recognition of the Inclusive Chile Seal and Law No 21,015 on people with disabilities.
- Policies and/or procedures relating to the Code of Conduct, prevention and combating money laundering and terrorist financing.

Banco Santander Chile is currently planning at the corporate level how it will assess the ESG issues that its suppliers must adopt.

Payment to suppliers

(CMF 7.1, 7.1.i, 71.ii, 71.iii, 7.1.iv, 7.1.v)

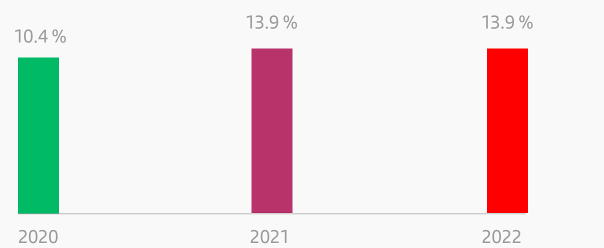
Banco Santander is governed by Law 21,131, which establishes a maximum payment to its suppliers in 30 days. Nevertheless, the Bank's average payment period is 13.9 days.

Payments to suppliers

	National				Foreign			
Categories	Less than 30 days	Between 31 and 60 days	More than 60 days	Total	Less than 30 days	Between 31 and 60 days	More than 60 days	Total
Invoices committed to payment	31,280	369	217	31,866	796	369	217	1.382
Number of paid invoices	31,280	369	217	31,866	796	369	217	1.382
Total Amount (Ch$ million)	380,323	15,702	6,385	401,410	20,220	14,676	12,541	47,437

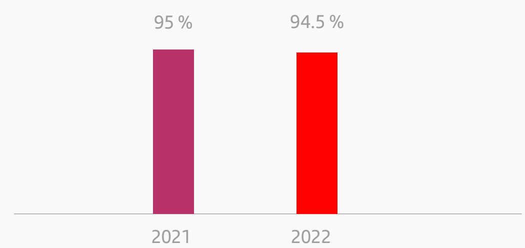
Note: Santander has no suppliers with interest due to late payment of invoices.

Average days for payment



Note: The average payment days are the same for large suppliers and MSMEs.

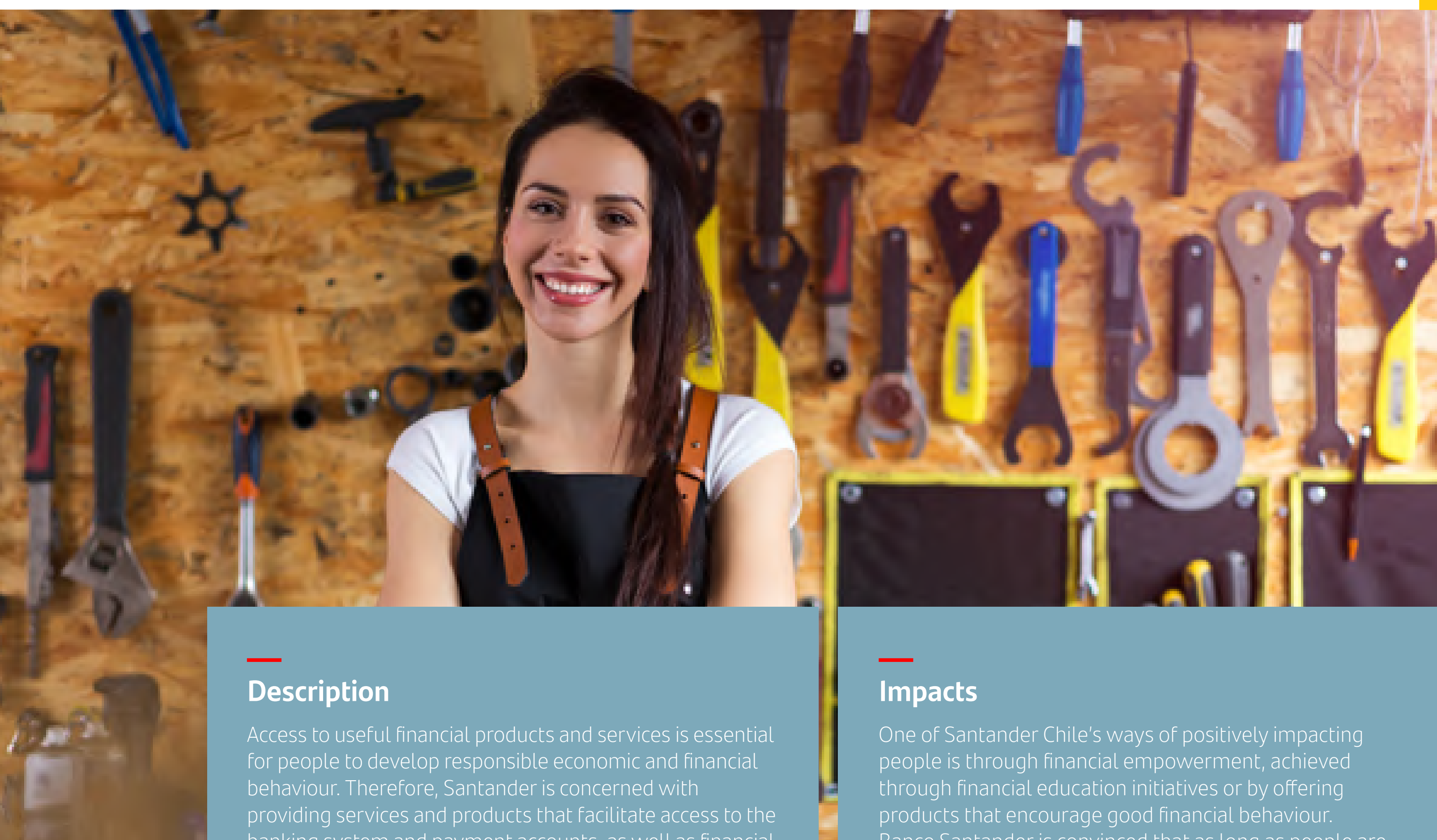
Percentage of invoices paid in less than 30 days



Main material issue l

Financial empowerment

(GRI 3-3)



Description

Access to useful financial products and services is essential for people to develop responsible economic and financial behaviour. Therefore, Santander is concerned with providing services and products that facilitate access to the banking system and payment accounts, as well as financial education programmes, to provide the necessary tools and resources so that people can develop their economy in an informed, responsible and sustainable way.

Impacts

One of Santander Chile's ways of positively impacting people is through financial empowerment, achieved through financial education initiatives or by offering products that encourage good financial behaviour. Banco Santander is convinced that as long as people are financially empowered, they will be able to make better decisions and have a better quality of life.

Regulatory framework

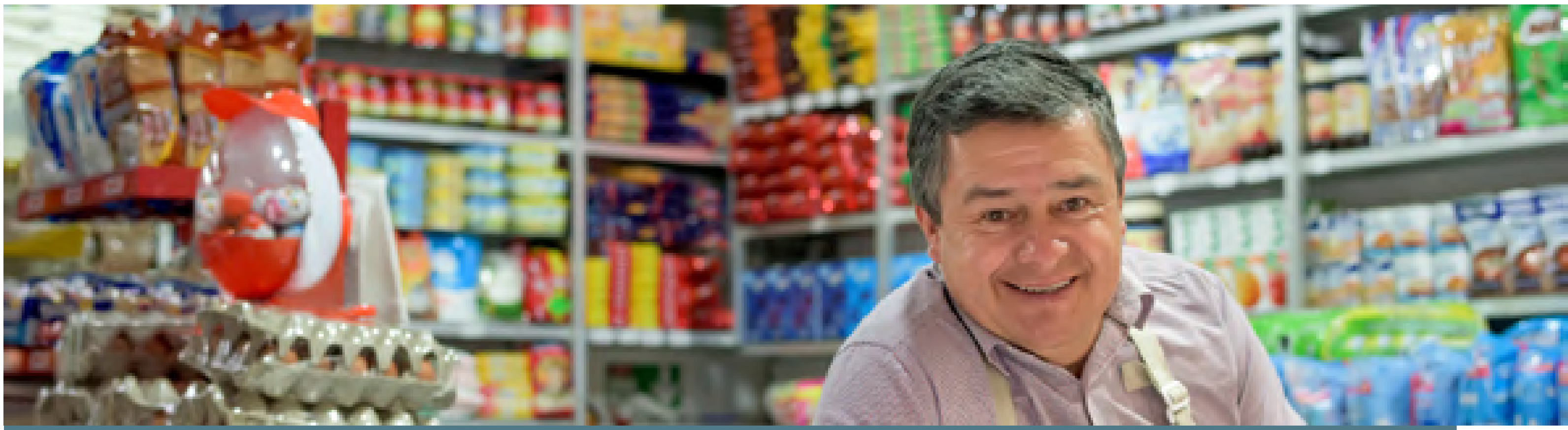
- The signing of the Principles of Responsible Banking
- Sustainability Policy

Goals and objectives

- To empower four million people between 2019 and 2025

Progress and actions

- A new alliance with the Universidad de los Andes to train professionals through project-based learning focused on financial education



Financial inclusion

Santander has two value offers aimed at financial inclusion: Santander Life and 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 and financial education for income customers below Ch$ 800,000.

1 **Life Account:** Designed for non-banked people, this is a 100% digital current account that does not require a minimum income to open and does not have an associated credit line or chequebook. This makes it possible to complement financial inclusion with financial education in its first stage.

2 **Life Plan:** Traditional branch account opening with a focus on financial education. Like the Life account, it does not have a credit line associated with it, but unlike the Life account, it does require income accreditation, as it is a product that allows a first approach to credit. Through the Meritolife recognition programme, good payment behaviour is valued through merits, which, when accumulated, allow customers to move through the different levels of the programme and qualify for a series of exclusive financial rewards.

3 **Life Latam Plan:** This is a traditional branch account. It focuses on higher-income customers. It requires income accreditation, has an associated line of credit, and connects customer appreciation through the Meritolife programme with the mileage accumulation programme.

Santander Chile is the first commercial bank with 100% digital current account opening through Santander Life. This achieved a significant difference over its competitors in terms of market shares of current accounts.

During 2022, the Meritolife programme diversified its use of cash back to other items, leveraging fuel purchases. Furthermore, a new recognition was added that allows customers to defer the instalment of their next loan.

In 2022, new digital tools were incorporated to automate processes and address customers through digital and remote channels, with special customer service models for the Bank's digital customers. Furthermore, communication was strongly increased through different sources and media, mainly focused on the differentiating benefits of the Life Current Account. In addition, digital onboarding added the option for young and university customers between 18 and 24 years of age to sign up for a digital current account at zero cost without the need to see an account executive.

Since 2019 Banco Santander has delivered 965,120 no-cost or low-cost accounts to unbanked and underbanked customers.

What is Meritolife?

It is a financial behavioural assessment programme. It awards merits for good payment behaviour, savings habits and use of electronic channels and aims to encourage customers' financial education. This is done through a digital platform on the client's private site.

Customers belonging to Meritolife have achieved the highest satisfaction rate in the Bank. This reaffirmed the organisation's focus on working on a large scale with mass segments, based on digitalisation, with the pillars of the value offer based on financial inclusion and education.

Life account indicators	2020	2021	2022
Open current accounts	324,821	378,063	212,257
Clients with 100% digital accounts	484,992	724,406	855,282
Balance in debit products (MCh$)	495,529	866,445	888,804

Superdigital

It is a prepaid Mastercard and provision-of-funds account that delivers a financially inclusive solution for people who do not have a minimum wage or have a financial background that prevents them from opening another bank account.

Registration to 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.

The account does not allow for customer indebtedness. It allows for any amount to be paid in, as well as transfers, ATM withdrawals, bill payments, mobile phone recharges, and online purchases without additional fees.

In 2022 Superdigital increased its customer base by 51% over the previous year, delivering almost 400,000 customers a digital payments solution.

We also worked on improving the product's value offer, which now includes over 100 benefits in different stores if this payment method is used and keeping Superdigital between 1st and 2nd place in NPS, according to the monthly Fintech report carried out by the Corporate Quality area.

Concerning new functions, work was carried out to develop the BIP (Metro) Card Recharge with Superdigital and Payroll projects, which will be launched to the public in the first quarter of 2023.

Superdigital indicators

2020	2021	2022
129,991	263,752	397,582

Financial Education

The financial education initiatives include three major projects: Sanodelucas, the alliance with the Public Policy Centre of the UC and the alliance with the Universidad de los Andes.

1,438,999 people have benefited from financial education initiatives since 2019.

Sanodelucas
Digital platform offering financial information for individuals and entrepreneurs. It aims to promote financial tools and counteract information gaps in society. In addition, the platform helps build long-term relationships between users and financial institutions based on trust and transparency.

→ **456,217 participants**

Partnership with the Public Policy Centre of the Pontificia Universidad Católica de Chile

This alliance promotes financial education throughout the school community and society to contribute to forming informed and responsible citizens and economic agents. To this end, three initiatives have been developed:

Finanzas para la Vida Diaria (Finance for Everyday Life): Financial education course for Chilean residents over 18 years of age. The course consists of 10 videos covering savings, credit and interest rates, among other topics. Upon successful completion, participants receive a certificate from the Pontificia Universidad Católica de Chile.

→ **1,359 participants**

El Futuro es Ahorra (The Future is Saving): A digital initiative that seeks to facilitate the learning process of financial topics for secondary school students through gamification. During the course, the students take a diagnostic and a final test to measure the knowledge they acquire.

→ **886 participants**

Financial Education Course at the University: Aimed at students of the AIEP Professional Institute, it provides digital and employability tools for effective insertion into the world of work.

→ **29,054 participants**

Alliance with Universidad de Los Andes

In 2022, a new alliance on financial education and empowerment was added to Banco Santander in partnership with the Universidad de los Andes. The main objective of the project was the training of pedagogical professionals.

CCourse based on the Project Based Learning (PBL) methodology: The course aims to provide tools and material in training for teachers so they can bring financial education to their students through the PBL methodology.

→ **139 participants**

Main material issue

Commitment to social development

(GRI 3-3)

Description

Contribuir al desarrollo de la sociedad es trabajo de todos. Banco Santander se ha encargado de formar una cultura que fomenta la innovación, el emprendimiento y la educación, ofreciendo distintos espacios, oportunidades y herramientas para hacer los proyectos de las personas realidad.

Impacts

Santander fomenta el crecimiento inclusivo y sostenible en la sociedad mediante el aporte a la educación y el apoyo al emprendimiento. Entregando espacios de educación y capacitación, instancias para construir redes de contactos, oportunidades de asesoramiento y ayuda financiera a emprendimientos e ideas innovadoras, busca contribuir al desarrollo, a la vez que promueve la economía local.

Regulatory framework

- Sustainability Policy
- Policy for Contributions with social purposes

Goals and objectives

- 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

Progress and actions

- Santander Chile and Fundación Elige Educar begin an alliance to contribute to the country's education

Social development

A pillar of the Responsible Banking strategy is the commitment to communities' progress and social development. Accordingly, the action focuses on contributing to education, social inclusion, financial empowerment, and entrepreneurship support.

Belén Educa → **14,653 beneficiaries**

The partnership with Belén Educa is framed within the framework of supporting primary and secondary education. Its objective is to promote quality education in vulnerable sectors through community investment programmes in Belén Educa schools.

For more than 20 years, Santander has supported cross-cutting academic programmes that impact children and adolescents belonging to the foundation.

Initiative	Description
Internship	The Bank receives interns from Belén Educa's fourth-grade secondary schools in the field of administration, who support different areas for two months. With this milestone, they can graduate from their vocational-technical education.
Mentoring	Bank employees from different areas assist students in their senior high school year in choosing a career and continuing into higher education. This 100% online programme allows 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, with the main objective of preventing students from dropping out of higher education.
Letra Libre (Free writing)	Bank collaborators from different areas accompany first and second-grade students in learning how to read and write. The support is online, and parents and guardians also participate.

TECHO Chile → **30,293 beneficiaries**

Santander's partnership with TECHO Chile, which has been in place for 25 years, seeks to generate more opportunities for children, adolescents and adults living in Chile's encampments and villages.

Initiative	Description
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, and highlighting coexistence values. It should be noted that these centres are self-managed by the community through trained education managers.
Santander Oficios Scholarships	Banco Santander provides training in an online format in order 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 participants' search for new social and economic opportunities. In addition, the programme helps to increase self-confidence and self-esteem by delivering labour and transversal competencies, favouring self-employment, entrepreneurship and collaborative work. As a result, 37 courses were held that had 680 beneficiaries.

Study levelling programmes → **2,306 beneficiaries**

The main objective of this initiative is to support the reduction of the high number of adults who still need to complete their schooling. Several organisations participate with Santander, carrying out programmes focused on helping these people complete their schooling.

Initiative	Description
Santander Presente (Santander Present)	Its purpose is to help people who have not completed their schooling understand the role education can play in people's lives. The Bank's employees worked with people older than 18 for two months to help them prepare to take their final school exams for employment purposes. In 2022, 55 people were supported by 31 Bank volunteers.
Aprende Mayor (Older learning)	This programme focuses on supporting people over 60 years of age to complete their elementary schooling. In 2022, in alliance with the Cruzando Foundation, digital literacy was included for all enrolled students to facilitate their learning through video call platforms. Part of the programme included students from the Municipality of Maipú, who had face-to-face classes with tutors.
Cumpliendo un Sueño (Fulfilling a dream)	The programme focuses on supporting women to complete their studies in order for them to access more job opportunities. This initiative is carried out together with Prodemu and Good Neighbors. They assisted the participants through WhatsApp classes, where a teacher was in charge of the course and shared materials for greater understanding.

Elige Educar (Choose to educate)

Santander's partnership with Elige Educar began in 2022 and is aimed to continue supporting the community to progress through education.

Unlike the initiatives mentioned above, this action reinforces the key to quality education systems: teachers. In this way, Santander seeks to contribute to ensuring that Chile's children and adolescents have great teachers and early childhood educators by promoting and supporting careers in education.

Beneficiaries of community support initiatives 2022	2021	2022
Community support programmes	108,476	113,144
Higher education programmes (Santander Universities)	5,569	6,218
Total amount invested in community support initiatives (Ch$ million)	3,843	4,626

Note: The methodology for calculating these indicators was changed in 2021, increasing programmes and investment.

Santander Universities

The Programa de Apoyo a la Educación Superior (Higher Education Support Programme, PAES) consists of fostering projects in the field of higher education, promoting youth entrepreneurship, forming collaboration agreements with higher education institutions, providing study grants, and international mobility, among others.

The main objective is to contribute to preparing future professionals in the context of globalisation, generating international experiences that allow them to broaden their world vision and acquire new tools.

In 2022, a new edition of the International Mobility Scholarships for undergraduate students and professors was launched. A total of 501 students and professors were benefited, with almost 7,000 applicants from 46 different higher education institutions. In addition, a call for applications was made for 100 virtual pre-university scholarships to prepare for the Higher Education Entrance Examination (Prueba de Acceso a la Educación Superior), to which 1,800 students in their senior school year applied. Finally, in 2022, nine calls were made with different institutions to support connectivity, residency, internationalisation and other scholarships.

PAES Support programme	2021	2022
International Mobility Scholarships	473	501
Job Skills Scholarships	12	1
Scholarships for English Practitioners	15	0
Connectivity Scholarships	2,872	1,718
University Scholarships	356	425
Pre-University Scholarships		100
Total	**5,569**	**2,745**

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 worldwide. In Chile, 60 public and private universities participate in the programme.

Its objective is to give students access to information about higher education institutions, national and international university studies, scholarships, courses, employment options and news from the university world. On the other hand, it is a collaborative network of higher education institutions at the Ibero-American level.

The Financial Education Course 2022 was attended by 200 higher education teachers from 116 educational institutions.

In addition, the **Punto de Encuentro (Meeting Point)** programme was held, which brings together higher education institutions through meetings, webinars and discussions. Furthermore, two active Ibero-American networks participated: MetaRed TIC (digital transformation) and MetaRed X (entrepreneurship). At the end of the meeting, the launch of MetaRed ESG was announced, and two digital magazines were designed, edited and disseminated in preparation for the new PAES.

Meeting point	
Chilean higher education institutions	56
International higher education institutions	35
Participants	1,163

Support for entrepreneurship

Banco Santander promotes innovation and entrepreneurship so that people can develop their projects and create value. It currently has five programmes:

→ Santander X

3,145 beneficiaries

A global community of university entrepreneurship that allows the connection between young entrepreneurs and the main actors of the entrepreneurship ecosystem: universities, companies, teachers, and 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 contents of interest. In 2022, 38 calls were launched, and 3,871 applications were received.

→ Santander X Award Chile

134 beneficiaries

The fourth version of the Ideas X entrepreneurship competition was launched, aimed at the entire university community in the country, which seeks to increase training opportunities and strengthen business linkages to improve their chances of development and financing.

Participants receive technical and financial support and personalised project advice during the different stages. On top of that, the three category winners automatically enter the Santander X Global Award.

→ Brain Chile

160 beneficiaries

Santander promotes the Brain Chile programme jointly with the Pontificia Universidad Católica de Chile through the School of Engineering, the UC Innovation Centre and the Transfer and Development Department.

The programme aims to accelerate science and technology-based ventures in national and international higher education institutions. The Bank supports the prototyping and packaging phase, as well as the development and validation of the business model.

→ Impulso X

80 beneficiaries

The programme develops skills and competencies in digitalisation, innovation and sustainability for companies, the Work/Café community and the Bank's customers and non-customers through training spaces.

→ My Big Sustainable Pitch

41 beneficiaries

Pitch Academy is aimed at entrepreneurs to deliver specific classes in storytelling and presentation design, as well as pitch coaching and rehearsal sessions.

Social contribution

(GRI 415-1)

Santander has a social purpose policy that sets 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. Santander has three strategic priorities:

1 **Education and social inclusion:** People's progress is Banco Santander'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..

113,144 eneficiaries in 2022

2 **Promoting entrepreneurship:** Santander Chile supports and promotes innovation and entrepreneurship so that people can develop their projects and generate value. Initially focused on SMEs, the programme has moved on to support young 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.

3,465 beneficiaries in 2022

3 **Financial empowerment:** One of Santander Chile's ways of positively impacting people is by means of financial empowerment. This is achieved through financial education initiatives that help them make responsible decisions regarding managing their finances or by offering products and services that encourage good financial behaviour.

714,104 beneficiaries in 2022

It should be noted that the Bank does not donate to political campaigns. Still, it does contribute to certain think tanks as a way to promote critical thinking and the development of the country's human capital. It also supports various trade unions to the same end.

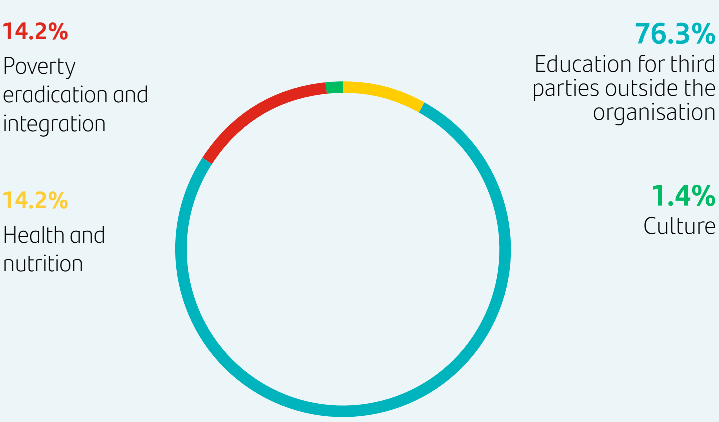
Public contributions (Ch$)	**2018**	**2019**	**2020**	**2021**	**2022**
Contributions to lobbying institutions	0	0	0	0	0
Contributions or donations to local, regional and national political campaigns	0	0	0	0	0
Contributions to trade unions, think tanks and/or other tax-exempt organisations	580,990,000	495,458,610	605,599,297	523,687,970	823,219,708
Total contributions and other expenses	**580,990,000**	**495,458,610**	**605,599,297**	**523,687,970**	**823,219,708**

Type of contribution (Ch$)	2020	2021	2022
Cash contributions	5,191,866,863	3,493,785,063	4,626,170,772
Time: corporate volunteering during working hours	54,717,754	67,046,060	33,908,905
Donations of goods	86,967,417	2,908,730	0
General administrative/management costs	255,500,000	115,831,909	128,625,153
Total	**5,589,052,034**	**3,679,571,762**	**4,788,704,830**

Social investment by category (Ch$)	2021	2022
Charitable donations	136,809,341	351,000,000
Community investment	3,356,975,722	4,275,170,772
Commercial initiatives	648,004,001	279,405,885
Total contributions	**4,141,789,064**	**4,905,576,657**
Percentage of donations (%)	3%	7%
Percentage of investment in the community (%)	81%	87%
Percentage of commercial initiatives (%)	16%	6%

Note: The investment amount in communities in 2021 was modified as the total amount of Santander Universities had not been accounted for.

Social cash contribution by type of programme



The most important issues Santander's social contribution addressed were the financial industry's support to the economic development of the country and the promotion of sustainability in organisations.

Association of Banks and Financial Institutions (ABIF)
Banco Santander Chile's mission is to help people and companies progress. To this end, Santander is a member of the Association of Banks and Financial Institutions (ABIF). This organisation seeks to make the financial industry contribute more effectively to the country's economic development. This is done by promoting collaboration between financial institutions through various committees.

The priority issues ABIF supports are cybersecurity, financial education, financial portability and green finance.

Acción Empresas and the Global Compact Network
Santander is committed to developing its business responsibly and sustainably. To this end, it is part of organisations that aim to promote sustainability in companies.

Volunteering

The Bank's contribution to social initiatives is also promoted by its own employees, who participate every year in various activities, thus materialising the organisation's commitment to society.

Projects 2022

Keynote talks

12 bank executives voluntarily gave talks on cross-cutting issues to the Belén Educa community. There were 463 attendees.

Betterfly Challenge

1,108 employees made 51,732 contributions to TECHO-Chile through their healthy habits.

Letra Libre (Free writing)

17 collaborators mentored students in first and second grade, accompanying them personally in the process of learning to read and write.

Santander Presente (Santander Present)

For two months, 31 employees accompanied and motivated 55 adults in their studies to take the secondary school leaving exam.

Kiri 2022

64 collaborators helped in the dream festivals, in activities focused on children in robotics, skateboarding, choir and tennis workshops.

Pro Bono

Through the Pro Bono Foundation, 12 collaborators of the Public Prosecutor's Office work voluntarily on assigned cases, accompanying the client free of charge.

Belén Educa Mentoring

36 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.

Santander Volunteering 2022

Indicator	2019	2020	2021	2022
Number of initiatives	24	31	28	7
Number of volunteers	2,411	646	417	172
Number of beneficiaries	11,554	26,641	4,059	898
Volunteer hours	4,917	6,287	5,468.8	2,812
Working hours	2,807	3,572	3,402.2	1,499
Non-working hours	2,110	2,715	2,066.6	1,313
Valuation of volunteer hours (Ch$)	37,402,701	54,717,754	67,046,060	33,908,905

Note: Volunteer hours include all current collaborators for the period.

Volunteer hours per position

Position	2020	2021	2022
Directors	0	0	293
Managers	227	277	0
Assistant Managers	303	214	0
Supervisors	1,725	1,533	310
Professionals	3,712	3,125	1,719
Administrative Staff	320	320	346
Total	**6,287**	**5,469**	**2,668**

Note: Volunteer hours include collaborators at the end of 2022.

7
Management Commentary

Relevant information

pwc

INFORME DE REVISIÓN DEL PROFESIONAL INDEPENDIENTE

Santiago, 22 de febrero de 2023

Señores Accionistas y Directores
Banco Santander Chile

Hemos revisado la presentación del informe financiero de "Comentarios de la Gerencia" adjunto correspondiente al ejercicio anual 2022 de Banco Santander Chile y afiliadas, tomado como un todo. En conjunto con esta revisión, hemos efectuado una auditoría, de acuerdo con Normas de Auditoría Generalmente Aceptadas en Chile, de los estados financieros consolidados anuales de Banco Santander Chile y afiliadas al 31 de diciembre de 2022 y 2021 y por los ejercicios terminados en esas fechas y las correspondientes notas a los estados financieros consolidados anuales. En nuestro informe del auditor de fecha 22 de febrero de 2023, expresamos nuestra opinión sin modificaciones sobre tales estados financieros consolidados anuales y que incluyó un párrafo de énfasis referido al alcance de nuestra revisión sobre la información financiera comparativa.

Responsabilidad de la Administración

La Administración es responsable por la preparación y presentación de los "Comentarios de la Gerencia" de Banco Santander Chile y afiliadas de acuerdo con normas e instrucciones de la Comisión para el Mercado Financiero (CMF), establecidos en el Capítulo C-1 del Compendio de Normas Contables para Bancos.

Responsabilidad del profesional

Nuestra revisión fue efectuada de acuerdo con Normas de Atestiguación establecidas por el Colegio de Contadores de Chile A.G. Una revisión, consiste, principalmente, en la aplicación de procedimientos analíticos, realizar indagaciones con aquellas personas responsables por asuntos financieros y contables. Esta revisión es significativamente menor en alcance que el de un examen, cuyo objetivo sería expresar una opinión sobre los "Comentarios de la Gerencia". En consecuencia, no expresamos tal tipo de opinión.

Los "Comentarios de la Gerencia" contienen información no financiera, tales como información operacional, comercial, indicadores de sustentabilidad, proyecciones macroeconómicas y otros. Si bien esta información puede proporcionar otros elementos adicionales para el análisis de la situación financiera y resultados de las operaciones de Banco Santander Chile y afiliadas, nuestra revisión no se extiende a tal tipo de información.

PwC Chile, Av. Andrés Bello 2711 - piso 5, Las Condes – Santiago, Chile
RUT: 81.513.400-1 | Teléfono: (56 2) 29400000 | www.pwc.cl

pwc

Santiago, 22 de febrero de 2023
Banco Santander Chile
2

Conclusión

A base de nuestra revisión, no tenemos conocimiento de cualquier modificación significativa que debiera realizarse a la presentación de los "Comentarios de la Gerencia" de Banco Santander Chile y afiliadas para que tal presentación: i) Esté de acuerdo con los elementos requeridos por las normas e instrucciones de la Comisión para el Mercado Financiero (CMF); ii) los montos financieros históricos incluidos en la presentación hayan sido correctamente derivados de los estados financieros consolidados de Banco Santander Chile y afiliadas y iii) la información, determinaciones, estimaciones y supuestos subyacentes de Banco Santander Chile y afiliadas sean consistentes con las bases utilizadas para la preparación de la información financiera contenida en dicha presentación.

DocuSigned by:
7206FED3381745D...
Fernando Orihuela B.
RUT: 22.216.857-0

PricewaterhouseCoopers

Relevant information

Banco Santander Chile ("Santander") cautions that this presentation may contain forward-looking forecasts and estimates within the definition of the US Private Securities Litigation Reform Act of 1995. These forecasts and estimates appear in several places in the presentation and include, among others, comments on future business development and profitability. These forecasts and estimates represent our current judgement about future business expectations, but certain risks, uncertainties and other relevant factors could cause results to be materially different from those expected. These factors include (1) market conditions, macroeconomic factors, regulatory and governmental directives; (2) movements in domestic and international stock markets, exchange rates and interest rates; (3) competitive pressures; (4) technological developments; and (5) changes in the financial position or creditworthiness of our customers, debtors or counterparties. In addition, the risk factors and other fundamental factors that we have discussed in our past or future reports, including those filed with regulators and supervisory bodies, including the Securities and Exchange Commission of the United States of America (the "SEC"), could adversely affect our business and the performance and results described above. Other unknown or unpredictable factors may cause results to differ materially from those described in the forecasts and estimates.

Note: This document has been approved for disclosure by the Directors and Audit Committee of Banco Santander on February 22, 2023. The information is presented under the accounting standards and instructions issued by the Financial Market Commission for banks in Chile. This document is similar to IFRS, but there are some differences. Please refer to our 2002 20-F submission to the SEC for an explanation of the main differences between the accounting standards and instructions issued by the Financial Market Commission and IFRS. However, consolidated accounts are prepared based on accounting principles generally accepted in Chile. All figures presented are in nominal terms. Historical figures are not adjusted for inflation. Please note that this information, provided for comparative purposes only, may undergo further changes during the year; therefore, historical figures, including financial ratios, presented in this report may not be fully comparable with future figures presented by the Bank.

Highlighted information

Summary of results

Net income attributable to owners of the Bank in 12M22 increased 3.8% YoY to an all-time high of MCh$ 809,000 ($4.29 per share and $2.01 per ADR) with the Bank's ROAE in 12M22 of 21.6%, in line with the outlook. A strong increase in the net contribution from our business segments drove these solid annual results. The net contribution from our Retail Banking unit increased 6.2% YoY, with total revenues up 10.1% YoY. The Net Contribution of the Corporate and Institutional Banking (Middle Market) segment increased by 30.6% YoY, with total revenues up 20.4%. Finally, the net contribution from our Corporate and Investment Banking (SCIB) unit grew 49.3% YoY, driven by a 43.1% increase in total revenues.

The Bank also ended the year with solid book value growth, with equity and per share growth of 13.6%. As a result, the Bank's CET1 ratio increased by 189 basis points to 11.1% at the end of the year.

Net income attributable to owners of the Bank grew 3.8% YoY in 12M22[1], with ROAE of 21.6%. Book value increased 13.6% YoY.

Financial Information

Balance (MCh$)	Dec-22	Dec-21	% Change
Total assets	68,164,604	63,635,077	7.1%
Total gross loans[1]	38,871,707	36,628,714	6.1%
Demand deposits	14,086,226	17,900,938	(21.3%)
Time deposits	12,978,790	10,131,055	28.1%
Equity attributable to owners of the Bank	4,128,808	3,634,917	13.6%
Results (YTD)	**Dec-22**	**Dec-21**	**% Change**
Interest and adjustment net income	1.598.345	1.797.981	(11,1%)
Net commission income	407.269	351.116	16,0%
Net financial result	217.653	115.871	87,8%
Total operating income[2]	2.245.340	2.267.693	(1,0%)
Operational expenditure[3]	(961.326)	(899.700)	6,8%
Operating result before credit losses	1.284.014	1.367.993	(6,1%)
Credit loss expense	(370.727)	(382.951)	(3,2%)
Operating profit before tax	913.287	985.042	(7,3%)
Net income attributable to owners of the Bank	808.651	778.933	3,8%

1. Loans (including due from banks) at amortised cost and loans at fair value through other comprehensive income.
2. Total operating income: Net interest income + net adjustment income + net fee and commission income + net financial result + result from investments in companies + result from non-current assets and disposal groups not eligible for discontinued operations + other operating income.
3. Operating expenses: Expenses for employee benefit obligations + administrative expenses + depreciation and amortisation + other operating expenses + impairment of non-financial assets.

Main Indicators (non-accounting financial information)

Profitability and efficiency	Dec-22	Dec-21	Variation (bps)
Net Interest Margin (NIM)[1]	3.3%	4.2%	(83)
Efficiency ratio[2]	42.8%	39.7%	314
Return on average equity[3]	21.6%	22.5%	(82)
Return on average assets[4]	1.2%	1.3%	(12)
Return on risk-weighted assets (RWA)[5]	2.1%	2.3%	(13)
Asset Quality Ratios (%)	**Dec-22**	**Dec-21**	**Variation (bps)**
Non-performing loans ratio[6]	1.8%	1.2%	62
Non-performing loans coverage ratio[7]	185.3%	270.5%	(8,516)
Cost of credit[8]	1.0%	1.1%	(11)
Capital indicators	**Dec-22**	**Dec-21**	**Variation (bps)**
Risk-weighted assets	37,950,107	37,936,312	0.0%
Core capital ratio[9]	11.1%	9.2%	189
Tier I Ratio[10]	2.1%	2.6%	(51)
Tier II Ratio[11]	4.7%	3.5%	120
Ratio BIS[12]	17.8%	15.2%	258
Customers and service channels (#)	**Dec-22**	**Dec-21**	**% Change**
Total clients	3,910,094	4,116,301	(5.0%)
Active customers	2,195,847	2,036,893	7.8%
Current accounts (including Superdigital)	2,580,051	2,184,012	18.1%
Loyal customers[13]	855,156	832,405	2.7%
Digital customers[14]	1,981,540	2,016,947	(1.8%)
Branches	286	326	(12.3%)
Employees	9,389	9,988	(6.0%)
Market capitalisation (YTD)	**Dec-22**	**Dec-21**	**% Change**
Net income per share (Ch$)	4.29	4.13	3.8%
Net income per ADR (US$)	2.01	1.93	3.8%
Share price (Ch$ per share)	33.95	34.25	(0.9%)
ADR price (US$ per ADR)	15.84	16.29	(2.8%)
Market capitalisation (US$ million)	7,462	7,674	(2.8%)
Number of shares (MCh$)	188,446.1	188,446.1	--%
ADRs (1 ADR = 400 shares) (MCh$)	471.1	471.1	--%

1. NIM = (Net Interest Margin) Annualised net interest and revaluation income divided by interest-bearing assets.
2. Efficiency ratio: operating expenses, including impairment and other operating expenses, divided by operating income.
3. Cumulative and annualised net income attributable to owners of the Bank divided by average annual equity attributable to equity holders.
4. Net income attributable to owners of the Bank cumulative and annualised divided by average annual total assets
5. Annualised net income attributable to owners of the Bank divided by risk-weighted assets.
6. Capital + future interest on all loans with a maturity of 90 days or more divided by total loans.
7. Total credit risk provisions divided by Capital + future interest for all loans 90 days or more past due. Adjusted to include additional provisions established for a total of MCh$ 293,000.
8. Annualised provisioning expense divided by average total loans.
9. Core capital divided by risk-weighted assets, as defined by the FMC's BIS III.
10. Tier I capital divided by risk-weighted assets, as defined by the FMC's BIS III.
11. Tier II capital divided by risk-weighted assets, as defined by the FMC's BIS III.
12. Regulatory capital divided by risk-weighted assets, as defined by the FMC's BIS III.
13. Individual customers who have 4 or more products with a minimum level of profitability and usage. Companies with minimal product use and profitability.
14. Customers who use our digital channels at least once a month.

Nature of the business

Competitive position

Santander is the largest bank in the Chilean market in terms of total loans (excluding loans held by subsidiaries of Chilean banks abroad) and the second largest bank in terms of total deposits (excluding deposits held by subsidiaries of Chilean banks abroad). The Bank has a leading presence in all the main business segments in Chile and an extensive distribution network with national coverage throughout the country. It also offers unique transaction capabilities to customers through our 286 branches and digital platforms. Banco Santander's head office is located in Santiago and operates in all the main regions of Chile.

Santander Chile provides a wide range of banking services to its customers, including commercial, consumer and mortgage loans, as well as current accounts, time deposits, savings accounts and other transactional products. In addition to its traditional banking operations, it offers financial services, including leasing, factoring, foreign trade services, financial advisory services, mutual fund acquisition and brokerage, securities and insurance.

Banco Santander Chile is one of the highest-rated companies in Latin America with an A2 rating from Moody's, A- from Standard and Poor's, A+ from Japan Credit Rating Agency, AA- from HR Ratings and A from KBRA. In addition, all our ratings as of the date this report was issued have a Stable Outlook. As of December 31, 2022, the Bank employed 9,389 people.

As of December 31, 2022, Santander Chile had total assets of MCh$ 68,164,604 (US$ 79,725 million), outstanding loans (including due from banks) at amortised cost, net of provisions for credit risks of MCh$ 37,692,840 (US$ 44,085 million), total deposits of MCh$ 27,065,016 (US$ 31,655 million) and shareholders' equity of MCh$ 4,128,808 (US$ 4,829 million). As of December 31, 2022, the BIS capital ratio was 17.45%, with a core capital ratio of 11.10%.

Market shares[1]	Santander	Ranking against peers
Total loans	17.3%	1
Commercial loans	14.8%	2
Mortgage loans	21.0%	1
Consumer loans	19.0%	1
Demand deposits	18.0%	2
Time deposits	13.1%	4
Current accounts (#)	28.4%	1
Credit card purchases ($)	25.6%	1
Branches (#)	18.1%	2
Employees (#)	16.1%	3

Indicators	As of Dec 2022	
Efficiency ratio	42.8%	4
ROAE	21.6%	3
ROAA	1.2%	3

1. Fuente: CMF a diciembre de 2022, cuentas corrientes a octubre de 2022 y compras TC son los últimos 12 meses a octubre 2022. Sucursales y empleados a noviembre de 2022.
2. Pares: Banco de Chile, BCI, Banco Estado, Itaú and Scotiabank.

For more information on the constitution of the business, please look at Section 2 of our Management Commentary for 1Q22 or in the Bank's Integrated Report.

Operational environment

All the Bank's operations and substantially all its customers are located in Chile. As a result, its operations' financial condition and results depend substantially on the economic conditions prevailing in the country.

GDP is estimated to grow by around 2.5% in 2022, a slight upward adjustment of expectations in the third quarter. However, activity levels are decelerating more gradually than anticipated, but activity is expected to contract in 2023. Therefore, GDP expectations for 2023 remain at -1.2%.

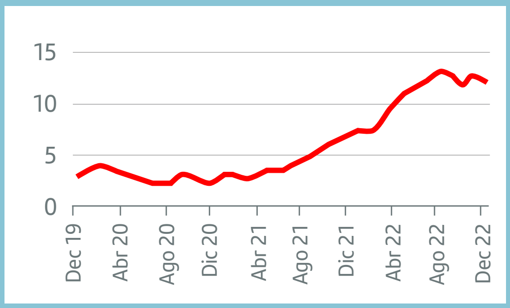
After a strong start in 2022, employment figures started to weaken in the second half, especially in the formal labour market. Unemployment destroyed formal jobs while labour demand remained weak.

The variation of the UF in 2022 reached 13.3%, and the CPI ended the year at 12.8%. A sharp fall is expected in the coming year, bringing the CPI to around 5%.

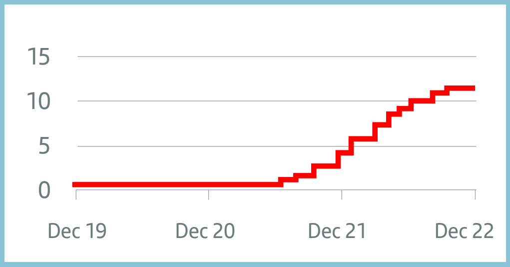
The exchange rate also strengthened during the year to around $855. This figure has been influenced by global factors, such as the weakening of the dollar and the recovery of copper prices due to the reopening of China, as well as by some local factors, such as the reduction of political uncertainty. Nevertheless, the downward trajectory has not been without fluctuations.

The monetary policy rate (MPR) started an upward trend that took it to 4% in December 2021 and is currently at 11.25%, with the last 50bp increase on October 12, 2022. The Central Bank gave a clear signal of bias neutrality, mentioning that this would be its last hike in the monetary policy tightening cycle. At the same time, the Government has imposed fiscal discipline, with a fiscal surplus of 1.3% expected this year. High monetary policy, lower growth and fiscal austerity should reduce inflation and rates in 2023.

IPC (12 month)



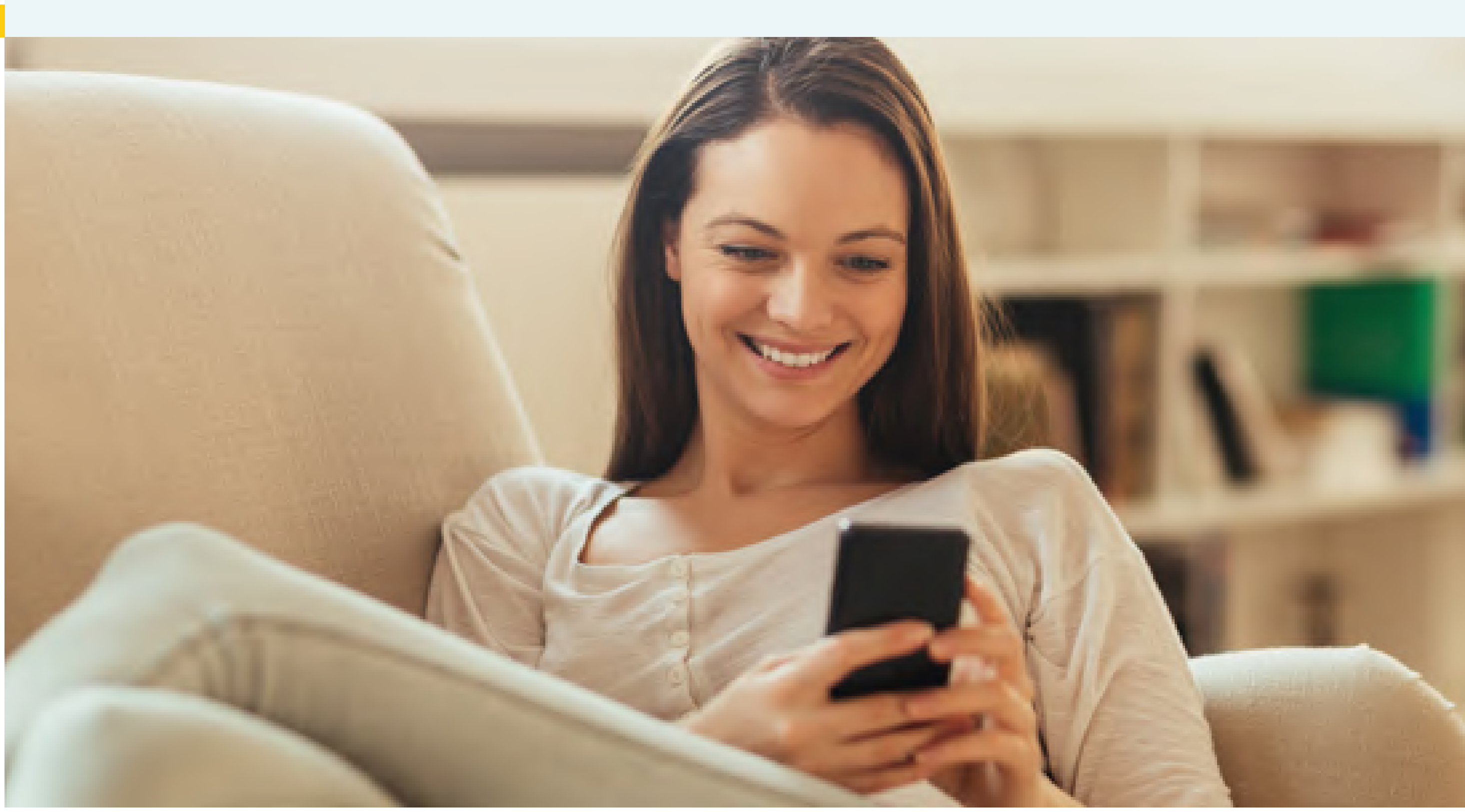
MPR



Summary of estimated economic data:

	2020	2021	2022 (E)	2023 (E)
National Accounts				
GDP (real var. % YoY)	-6.0%	11.7%	2.7%	-1.25%
Internal demand (real var. % YoY)	-9.3%	21.6%	2.4%	-4.9%
Total consumption (real var. % YoY)	-7.2%	18.2%	3.4%	-3.3%
Private consumption (real var. % YoY)	-8.0%	20.3%	2.8%	-4.7%
Public consumption (real var. % YoY)	-4.0%	10.3%	5.8%	3.2%
Gross fixed capital formation. (Real var. % YoY)	-9.3%	17.6%	3.0%	-5.0%
Exports (real var. % YoY)	-1.1%	-1.5%	1.1%	0.9%
Imports (real var. % YoY)	-12.7%	31.3%	0.7%	-9.1%
Money and Exchange Market				
CPI Inflation	3.0%	7.2%	12.8%	4.75%
UF Inflation	2.7%	6.6%	13.3%	5.25%
Ch$/US$ exchange rate (year's exercise)	711	852	850	850
Monetary policy rate (year's exercise)	0.5%	4.0%	11.25%	6.5%
Labour Market				
Unemployment (%)	10.3%	7.2%	7.9%	8.5%
Fiscal Policy				
Public expenditure	11.0%	31,6%	-23.1%	5.0%
Central Government balance (% GDP)	-7.3%	-7.7%	1.1%	-2.5%

(E) Banco Santander Chile Research Department estimates.



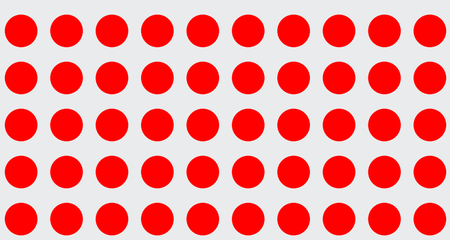
Constitutional Convention

Following the referendum in September 2022, which the voters rejected, a new political agreement was announced in December 2022 to initiate a new constitutional process, which was approved in January 2023. This has helped to moderate domestic political uncertainty.

The new constitutional agreement, which the different political parties signed, involves drafting a new constitution with a defined framework of main ideas that should be included. There will be a Constitutional Council of 50 people plus indigenous representatives, as well as a 24-person expert commission and a 14-person technical commission. The Senate and the Chamber of Deputies appointed both commissions. The timetable for the new constituent process will begin in January 2023, with the appointment of experts. The council will be elected on May 7, and the new text will be ready by November 2023. Finally, a referendum with mandatory participation will be held on December 17, 2023, to accept or reject this new draft.

Constitutional Agreement

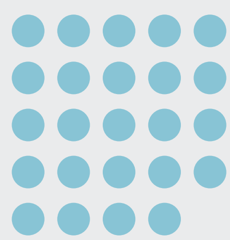
Constitutional Council



50 + Indigenous Representatives

- Parity between men and women
- Indigenous representation proportional to their vote
- Elected by direct and mandatory vote

Constitutional Council



24

- 12 appointed by the Senate and 12 by the lower house in proportion to the representation of each party.
- Approved by 4/7

Technical Commission

14

- Appointed by the Senate based on the lower house proposal
- Approved by 4/7

January 2023 →

- Expert appointment
- Prepare constitutional proposal

May 2023 →

- Council Election
- Expert committee proposals are approved by 3/5 or rejected by 2/3
- Otherwise: mixed commission

November 2023 →

- Delivery of the constitutional draft

December 2023

- Exit plebiscite with mandatory vote

Technical commission endorses that proposals are consistent with main ideas

Tax Reform

The Chilean Ministry of Finance presented a tax reform proposal that will be discussed in four legislative initiatives: (i) Restructuring the income tax system: introducing a semi-dual system for corporate income tax to further disintegrate corporate taxation from shareholder taxation; increasing tax rates for higher income earners; introducing a new wealth tax and a new capital income regime; (ii) Reducing tax exemptions: eliminating loopholes that facilitate tax avoidance and strengthening capacity to combat tax evasion; (iii) Mining royalty: a two-component tax that considers a basic ad valorem tax and a profitability tax with higher sliding scale rates for copper producers; and (iv) Corrective taxes: to encourage ESG programmes and regional development. The first three proposals were submitted to Congress in July and the last in 4Q22.

With this reform to finance social spending, the Government expects to raise US$ 12,000 million (4.1% of GDP). As of the date this report was issued, the first reform proposal has been rejected by Congress.

Pension Reform

In November 2022, the Chilean government submitted a new pension reform bill to Congress. The new proposal creates a Mixed Pension System, maintains the individually funded system and complements it with a contributory pillar with a social security logic. The additional 6% employer's contribution is earmarked for social security, the benefits of which are distributed among pensioners on a social security basis, better diversifying idiosyncratic risks among individuals. In addition, a new institutional structure is created where public and private entities coexist.

The Government proposed the creation of an Autonomous Pension Administrator to oversee collecting individual and social security contributions, paying pensions and other operational functions. Additionally, there will be a public institution which, together with private institutions, will be responsible for the financial management of pension funds. Individuals will have the right to choose in which type of institution they invest their individually funded savings. Furthermore, all pensions will be paid in the form of annuities, and the programmed retirement option will be eliminated. Finally, the Guaranteed Universal Monthly Pension (PGU) increased to Ch$ 250,000 per month (US$ 300). Congress has not yet passed this bill.

Fintech Law

The new Fintech Law was published in the Official Journal on January 4, 2023. To summarise, this new law brings the regulation of the financial industry up to date by recognising the existence of new technology-based business models. The project incorporates new technological players such as crowdfunding, alternative transaction systems, credit or investment advisory services and the intermediation of financial instruments, among others, into the regulatory perimeter of the FMC. The rules of the open finance system are also established. Consumers will be the owners of their financial information, and financial institutions will be obliged to share this data - with the customer's consent - in an expeditious, standardised and secure manner, multiplying the possibilities for developing new products and services tailored to each individual.

Fintech companies must permanently have a minimum net worth equal to or greater than:

a) UF 5,000 or

b) 3% of the institution's financial and operational risk-weighted assets, calculated under the method to be established by the FMC through a general rule. In the case of institutions with deficiencies in their risk management, this percentage may be increased by up to 6% by the Commission, depending on its assessment of the quality of risk management.

Regulation and supervision

In Chile, only banks can hold current accounts for their customers, carry out foreign trade transactions and, together with regulated non-bank financial institutions, such as cooperatives and compensation funds, accept time deposits. Chile's leading authorities regulating financial institutions are the Financial Market Commission (FMC) and the Central Bank. Chilean banks are subject primarily to the General Banking Law and, secondarily, to the extent not inconsistent with this statute, to the provisions of the Chilean Corporations Law governing corporations, except for certain provisions which expressly exclude them..

For more information on the regulation and supervision of our Bank, please refer to Section 2 of our 1Q22 Management Commentary.

For more information on the General Banking Act, click here.

For more information on the FMC, please visit the following website: www.cmfchile.cl

For more information on the Central Bank, please visit the following website: www.bcentral.cl

Segment reporting

Segment reporting is based on the financial information presented to Senior Management and the Board of Directors. The Bank has aligned segment reporting in a manner consistent with the underlying information used internally for management reporting purposes and with that presented in other public documents of the Bank. The Bank's Senior Management has been designated as the Bank's chief operating decision-maker. The Bank's operating segments reflect the organisational and management structures. Senior Management reviews internal reporting against these segments to assess performance and allocate resources.

Segment description

Retail Banking (Individuals and SMEs)

It comprises individuals and small companies with annual sales of less than MCh$ 3,000. This segment offers customers various services, including consumer loans, credit cards, auto credit, commercial loans, foreign trade, mortgage loans, debit cards, current accounts, savings products, securities brokerage, securities and insurance. SME customers are also offered state-guaranteed loans, leasing and factoring.

Middle Market

It comprises companies and large enterprises with annual sales over MCh$ 3,000, institutional organisations such as universities, government agencies, municipalities and regional governments and companies in the real estate sector that execute projects for sale to third parties and all construction companies with annual sales over MCh$ 800 with no cap. A wide range of products are offered to this segment, including commercial lending, leasing, factoring, trade finance, credit cards, mortgage loans, current accounts, transactional services, treasury services, financial consulting, savings products, securities brokerage and insurance. In addition to companies in the real estate sector, specialised services are offered to finance mainly residential projects, with the intention of increasing the sale of mortgage loans.

70%
of Loans

57%
of Results

23%
of Loans

31%
of Results

Corporate & Investment Banking (CIB)

This segment comprises foreign multinational companies or Chilean multinational companies with sales above MCh$ 10,000. This segment offers a wide range of products, including commercial lending, leasing, factoring, trade finance, credit cards, mortgage loans, current accounts, transactional services, treasury services, financial consulting, investment banking, savings products, securities brokerage and insurance. It has a Treasury Division, which provides sophisticated financial products mainly to companies in the Wholesale and Corporate Banking area. This includes products such as derivatives, securitisation and other products designed according to customers' needs. The treasury area also manages the intermediation of positions as well as the own investment portfolio.

Corporate Activities ('Other')

This segment mainly includes the Executive Vice-Presidency of Financial Management, which performs global management functions, including the management of interest rate and inflation risk, foreign currency gaps, liquidity risk and capital levels. Liquidity risk is managed mainly through the Bank's wholesale deposits, debt issues and available-for-sale portfolio. This segment also manages the allocation of capital per unit. These activities, with the exception of our inflation gap, generally result in a negative contribution to revenues. In addition, Corporate Activities incorporate all intra-segment results, all activities not assigned to a segment or product with customer.

Results by segment

Financial accounting information:

As of December 31, 2022

	Retail	Middle Market	Corporate & Investment Banking (CIB)	Total segments
Net interest income and readjustments[1]	1,129,553	389,297	143,575	1,662,426
Change YoY	9.2%	19.0%	49.1%	14.0%
Net commission income	312,706	62,644	37,300	412,651
Change YoY	15.1%	25.6%	19.8%	17.0%
Net financial result	34,721	22,979	158,268	215,968
Change YoY	(1.7%)	31.1%	44.4%	33.0%
Total income	1,476,980	474,920	339,143	2,291,044
Change YoY	10.1%	20.4%	43.1%	16.1%
Provisions for credit risk	(270,454)	(63,988)	(11,297)	(345,739)
Change YoY	43.9%	(2.6%)	472.3%	35.3%
Net operating income of business segments	1,206,526	410,933	327,846	1,945,305
Change YoY	4.6%	24.9%	39.5%	13.3%
Operating expenses[2]	(635,991)	(105,160)	(91,926)	(833,077)
Change YoY	3.2%	11.0%	19.3%	5.7%
Net contribution of business segments	570,535	305,773	235,920	1,112,228
Change YoY	6.2%	30.6%	49.3%	19.7%

1. Includes net results of interest and readjustments.
2. Includes staff, administration and depreciation costs.

Retail Banking

Financial accounting information:

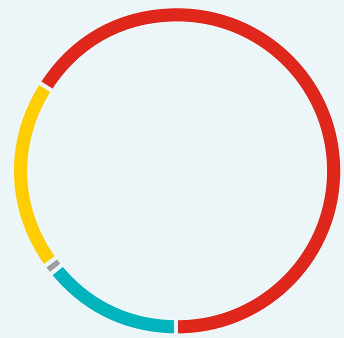
ACTIVITY

MCh$	**Dec-22**	**Dec-22/Dec-21**
Loans	27,212,078	5.5%
Deposits	13,553,898	-8.3%

RESULTS

MCh$	**Dec-22**	**YoY**
Net interest income and read-justments	1,129,553	9.2%
Commissions	312,706	15.1%
Trx finance	34,721	-1.7%
Total income	**1,476,980**	**10.1%**
Provisions	-270,454	43.9%
Net operating income	**1,206,526**	**4.6%**
Expenditure	-635.991	3.2%
Net contribution	**570,535**	**6.2%**

Composición de Colocaciones



Commercial activity:

Santander seeks to grow in retail banking responsibly, focusing on sustainability for our customers, with the highest levels of customer service and through a phygital distribution strategy that is efficient and productive. 85% of lending to individuals goes to upper-middle-income individuals; however, the Bank has an innovative strategy for mass incomes.

Santander Life continued to be the main contributor to the growth in new customers due to the success of the Meritolife Programme for this product and the digital onboarding process for opening a current account. Life's total number of clients as of December 2022 increased 22.0% YoY, reaching 1,097,966 clients. Santander Life clients are quickly monetising while achieving a high Net Promoter Score (NPS) for onboarding.

The total number of customers declined in the year, but more importantly, active and loyal customers grew 7.8% YoY and 2.7% YoY, respectively. Total customers are declining because the Bank is actively closing accounts that are not being used, following regulatory guidelines to minimise cyber fraud.

Retail Banking loans grew 5.5% compared to December 31, 2021. Mortgage lending continued to increase 13.4% YoY, driven by the rise in the value of the UF, while new mortgage issuance is declining due to high rates and high inflation. Auto loans continue to grow, up 22.7% YoY and credit card lending volumes start to pick up further towards the last quarter, up 20.6% YoY after several quarters of declines due to high household liquidity. This is offset by lower dynamism in the rest of consumer products and a fall in SME lending.

On the other hand, deposits in this segment decreased by 8.3% compared to December 31, 2021. Demand deposits fall during 2022 due to a shift to higher-yielding time deposits and the consumption of excess liquidity after the strong inflow during the pandemic due to state aid and withdrawals from pension funds.

Results:

The net contribution from retail banking increased by 6.2% YoY. The margin increased 9.2% YoY due to a better funding mix and growth in lending. Fees in this segment rose sharply in the fourth quarter, by 15.1% YoY, led by card fees due to higher usage, an increased client base, and fees generated by Getnet. Provisions increased 43.9% YoY, excluding additional provisions, due to portfolio growth in the year, slower economic growth and the normalisation of the asset quality of retail loans after historically low levels of non-performing loans due to the increased liquidity of our customers in recent periods. Operating costs rose a controlled 3.2% YoY as the Bank continued its digital transformation, generating greater operational efficiencies, such as reducing branches and creating new Work/Cafés.

Corporate and Institutional Banking (Middle Market)

IFinancial accounting information:

ACTIVITY

MCh$	Dec-22	Dec-22/Dec-21
Loans	8,828,324	3.7%
Deposits	6,110,529	-2.0%

RESULTS

MCh$	Dec-22	YoY
Net interest income and read-justments	389,297	19.0%
Commissions	62,644	25.6%
Trx finance	22,979	31.1%
Total income	**474,920**	**20.4%**
Provisions	(63,988)	-2.6%
Net operating income	**410,933**	**24.9%**
Expenditure	(105,160)	11.0%
Net contribution	**305,773**	**30.6%**

Commercial activity:

The segment's loan portfolio grew 3.7% as of December 31, 2021, driven by higher economic activity and positive translation gains on UF and US$-denominated loans. In the last quarter of the year, these trends changed with a slowdown in activity and an appreciation of the Peso. Demand and time deposits decreased by 2.0% compared to December 31, 2021, due to these customers' high liquidity levels in 2021. The main strategic objective of this segment is to focus on total customer profitability in both lending and non-lending activities. Green finance has also been a focus, with MCh$ 47,000 in green loans disbursed as of September 2022.

Results:

Middle Market's net contribution increased 30.6% YoY, with total revenues up 20.4% due to a 19.0% increase in net interest and repricing income due to better spreads on loans and deposits and volume growth. Furthermore, fees and commissions increased by 25.7%, in line with higher client activity in payments and foreign trade and leasing, factoring and structuring transactions. Provisions in this segment fell 2.6% YoY due to the release of provisions for individual customers who have reduced their risk or paid off their debt and the recovery of written-off debt despite an increase in risk in sectors such as construction. Expenses grew by 11.0%, mainly due to higher technology expenses which are affected by the depreciation of the Chilean Peso.

Corporate Investment Banking (CIB)

Financial accounting information:

ACTIVITY

MCh$	Dec-22	Dec-22/Dec-21
Loans	2,991,262	32.4%
Deposits	6,636,113	10.4%

RESULTS

MCh$	Dec-22	YoY
Net interest income and read-justments	143,575	49.1%
Commissions	37,300	19.8%
Trx finance	158,268	44.4%
Total income	**339,143**	**43.1%**
Provisions	(11,297)	472.3%
Net operating income	**327,846**	**39.5%**
Expenditure	(91,926)	19.3%
Net contribution	**235,920**	**49.3%**

Commercial activity:

Demand for credit continues to grow despite trends of an early economic contraction, mainly due to a local fixed-income market that remains more illiquid than pre-pandemic levels. The depreciation of the Peso and the higher inflation rate also boosted credit growth due to translation gains. With this, the portfolio has grown 32.4% since December 31. Deposits increased by 10.4% since December 31, 2021, due to higher demand for UF term deposits considering higher rates and the value of the UF. Still, in the last quarter, this trend started to reverse, where deposits, mainly time deposits, fell as the Bank focused on controlling funding costs while raising longer-term funding as the yield curve inverted.

Results:

Total revenues in this segment increased 49.3% YoY, driven by overall growth in this segment's business. Net interest income and adjustments rose 49.1% YoY due to higher lending, particularly in foreign trade, and a better margin in funding sources. Of note was the year-on-year increase of 44.4% in customer cash revenues and 19.8% in fees and commissions, in line with this segment's focus on non-lending revenues. Provisions rebounded 427.3% YoY due to abnormally low levels in 2021, and the increase in loan volumes was offset by a better payment behaviour of one particular client and the sale of some loans that released provisions. Expenses increased 19.3% YoY due to higher investment in the technologies that serve this segment and increased commercial activity, coupled with a year of very high inflation.

Corporate activities

Financial accounting information:

RESULTS

MCh$	Dec-22	YoY	4Q22	QoQ
Net interest income and readjustments	(64,074)	(118.8%)	(140,441)	163.6%
Commissions	(5,381)	225.0%	9,369	-175.0%
Trx finance	1,683	(103.6%)	2,974	21.7%
Total income	**(67,774)**	**(123.2%)**	**(128,099)**	**102.3%**
Provisions	(24,988)	(80.4%)	(16,367)	-2.6%
Net operating income	**(92,761)**	**(156.3%)**	**(144,465)**	**80.3%**
Expenditure	(21,943)	85.9%	(6,689)	-4.0%
Net contribution	**(114,706)**	**--%**	**(151,155)**	**73.5%**

Results:

The results of the Bank's corporate activities and ALM contributed a loss of MCh$ 114,704 to the cumulative results as of December 31, 2022. This was mainly due to a lower margin, as lower interest and indexation income was received during the period due to an increase in the cost of funding managed by ALCO due to higher short-term rates and lower carry on the held-to-maturity portfolio.

The held-to-maturity portfolio primarily includes Central Bank bonds held as collateral by the Central Bank against FCIC funding lines provided to banks during the pandemic to maintain loan growth. Both the collateral and the FCIC lines will mature in 2024.

In 4Q22, the net loss from corporate activities reached MCh$ 151,200, mainly due to negative net interest income. This was caused by lower inflation than the previous quarter and a higher interest rate environment, leading to lower realignment income and higher market funding costs.

Balance sheet and results

Loan growth led by corporate business and credit cards

Total loans decreased by 0.1% QoQ and grew by 5.5% as of December 31, 2021. The slight decline in loans in the quarter was mainly due to the translation loss from the appreciation of the Chilean Peso against the US dollar (-11.8% QoQ) for loans denominated in foreign currency. Approximately 20% of our commercial loan portfolio is in foreign currency, mainly US dollars, especially in the Corporate and Institutional Banking (Middle Market) segment. On the other hand, high-yielding credit card loans increased by 15.1% QoQ.

Financial accounting information:

Loans by segment

	Change %		
(MCh$)	**Dec-22**	**Dec-21**	**Dec-22/Dec-22**
Consumption	**5,282,812**	**4,999,247**	**5.7%**
Santander Consumer (auto loans)	887,555	723,075	22.7%
Credit Card	1,544,176	1,280,324	20.6%
Other consumer loans	2,851,081	2,995,848	(4.83%)
Mortgage	15,729,010	13,876,175	13.4%
SMEs	**3,688,979**	**4,645,806**	**(20.6%)**
Retail Banking[1]	**27,212,078**	**25,784,719**	**5.5%**
Corporate and Institutional Banking (Middle Market)	8,828,324	8,511,500	3.7%
Corporate & Investment Banking (CIB)	2,991,262	2,260,031	32.4%
Other[2]	-159,955	293,438	(154.5%)
Total[3 4]	**38,871,708**	**36,849,688**	**5.5%**

1. Includes consumer, mortgage and other commercial loans to individuals and loans at fair value through other comprehensive income. See Note 13 of the Financial Statements.
2. Others include other non-segmented and interbank loans. See Note 6 of the Financial Statements.
3. Total loans gross of provisions. It includes loans at fair value through other comprehensive income. See Notes 11 and 13 of the Financial Statements.
4. Customers included in each business segment are constantly reviewed and reclassified if a customer fails to meet the segment criteria. Therefore, variations in business volumes and results may reflect business trends and customer migration effects.

The CIB segment has grown 32.4% since December 31, 2021, due to several large transactions and large companies continuing to fund themselves short-term through corporate loans as the local fixed-income market remains illiquid following pension fund withdrawals. In addition, translation gains also influenced this growth due to the high inflation of the year and the depreciation of the Peso during the year.

Credit growth in the Middle Market segment was 3.7% since December 31, 2021, but was offset by a decline in the last quarter, with the segment being most affected by the translation loss on US dollar-denominated loans as described above due to the appreciation of the Peso in the last quarter of the year. The strategy with these segments continues to focus on the overall profitability of these customers, concentrating on non-lending activities such as cash management and treasury products.

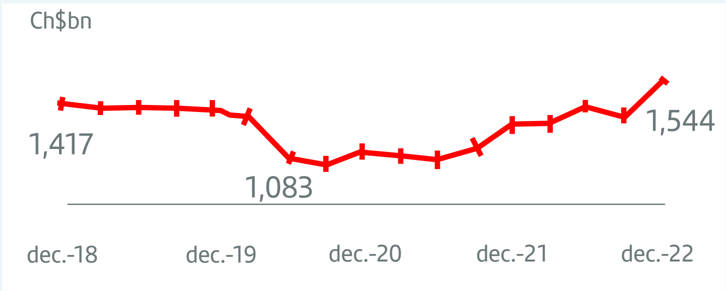
Retail bank loans grew 5.5% as of December 31, 2021. Consumer loans increased by 5.7% compared to the end of 2021. This was driven by a 22.7% year-on-year increase in Santander Consumer, a subsidiary that sells auto loans, and a 20.6% rise in credit cards.

Between the end of 2019 and 2021, credit card borrowing declined by 7.1% as customers cut back on large purchases, such as travel and hotels, which fuels credit card borrowing. At the same time, many customers paid off credit card debt with liquidity from government transfers and pension fund withdrawals.

However, in the last quarter of the year, as household liquidity levels returned to normal and holiday travel resumed, credit card borrowing began to grow again.

New mortgage loan originations have declined as inflation and rates remain high. As for SMEs, the demand for new loans remains moderate after a strong increase in 2020 and 2021 of the Fogape and Fogape Reactiva credit programmes. Consequently, the SME segment's loan portfolio declined 20.6% in the year as SMEs repaid their Fogape loans.

Credit card loans



Financial investments

Financial accounting information:

Financial investments

(MCh$)	Dec-22	Dec-21	Change % Dec-22/ Dec-22
Negotiation	154,046	73,347	110.0%
Available for sale	6,023,039	5,900,796	2.1%
Held to maturity	4,867,591	4,691,730	3.7%
Total	**11,044,677**	**10,665,873**	**3.6%**

During the quarter, the Bank purchased notes from the Central Bank, taking advantage of the high rates to improve the profitability of the investment portfolio. It is important to note that Santander's financial investment portfolio consists solely of high-quality liquid assets such as Central Bank bonds and notes, Chilean sovereign bonds and US Treasury bonds.

Furthermore, using the Central Bank's credit lines also obliges Santander to hold collateral. The instruments used as collateral for Central Bank lines have been high-quality loans and Central Bank bonds. As a result of these factors, in 2021, under Chilean GAAP and IAS 39, the Bank reclassified MCh$ 4,700 of available-for-sale (AFS) assets to the held-to-maturity (HTM) portfolio. The instruments included as HTM are being used as collateral for Central Bank Credit Lines of similar maturity. As these lines approach maturity, the Central Bank requires banks to gradually replace the loans designated as collateral with Central Bank bonds. Currently, the Bank has about two-thirds of the required collateral in Central Bank bonds, higher than the industry average of 45%.

Total deposits decreased by 4.3% in the quarter. Bank takes advantage of the inverted yield curve

Financial accounting information:

Funding

(MCh$)	Dec-22	Dec-21	Change % Dec-22/Dec-22
Demand deposits	14,086,226	17,900,938	(21.3%)
Time deposits	12,978,790	10,131,055	28.1%
Total deposits	**27,065,015**	**28,031,993**	**(3.4%)**
Mutual fund brokerage[1]	8,162,924	7,891,967	3.4%
Bonds[2]	9,490,009	8,989,528	5.6%
Central Bank lines	5,584,090	5,611,439	(0.5%)
Liquidity Coverage Ratio (LCR)[3]	175.2%	148.9%	
Net stable funding ratio (NSFR)[3]	116.0%	110.8%	

1. Banco Santander Chile is the exclusive intermediary for mutual funds managed by Santander Asset Management SA Administradora General de Fondos, a SAM Investment Holdings Limited subsidiary. This figure does not form part of the Bank's consolidated financial statements.
2. It includes regulatory capital financial instruments (AT1 and Tier 2).
3. Calculated under Chilean regulations.

Monetary Policy Rate

The Central Bank in October 2022 increased the Monetary Policy Rate (MPR) from 10.75% to 11.25%. Santander estimates that the MPR hike cycle is over.

This increase in rates had a direct impact on the funding mix. The Bank's total deposits decreased by 3.4% as of December 31, 2021. Demand deposits declined 21.3% from December 31, 2021, as higher rates prompted Santander's customers to shift their demand balances to more attractive time deposits, which grew by 28.1% from December 31, 2021. In the last quarter, the Bank actively sought to reduce the cost of term deposits and increase other sources of longer-term funding as the yield curve is currently negatively sloped. This situation mainly affected time deposits which declined by 5.8% QoQ in the SCIB segment and other wholesale time deposits.

Bonds increased by 5.6% compared to December 31, 2021. In 2022, the Bank issued current bonds for UF 13 million, US$ 30 million, $ 182.2 billion and JPY 3 billion, taking advantage of attractive opportunities in the domestic and international markets.

The Bank's Liquidity Coverage Ratio (LCR), which measures the percentage of Liquid Assets over Net Cash Outflows as of December 31, 2022, was 175.2%, above the minimum. On the same date, the Bank's Net Stable Funding Ratio (NSFR), which measures the percentage of illiquid assets financed through stable funding sources, reached 116.0%, well above the legal minimum established for this ratio.

BIS ratio at 17.8%. Core capital reaches 11.1% and ROE 21.6% as of December 2022

Equity totalled MCh$ 4,238,372 as of December 31, 2022, an increase of 13.7% from December 31, 2021, mainly due to higher net income and a lower loss from valuation accounts, decreasing by 52.8% in the year due to an improved inflation hedging result as inflation breakeven levels decreased. Cumulative ROAE for the year was 21.6% compared to 22.5% in 2021.

Financial accounting information::

Equity

(MCh$)	Change % Dec-22	Dec-21	Dec-22/Dec-22
Capital	891,303	891,303	--%
Reserves	2,815,170	2,557,816	10.1%
Valuation accounts	(167,147)	(354,364)	(52.8%)
Retained earnings:			
Retained earnings from prior periods	28,339	0	--%
Profit for the period	808,651	778,933	3.8%
Provision for dividends, interest payments and repricing of issued regulatory capital financial instruments.	(247,508)	(238,771)	3.7%
Equity attributable to equity holders	**4,128,808**	**3,634,917**	**13.6%**
Non-controlling interest	109,564	94,360	16.1%
Total equity	**4,238,372**	**3,729,277**	**13.7%**

CET1 increases 20.6% YoY

Risk-weighted assets (RWA) remained stable compared to December 31, 2021. Market risk reduction is actively pursued through netting and novation of the derivatives portfolio, resulting in a 67.5% YoY decrease in market risk-weighted assets. At the same time, core capital increased 20.6% YoY due to higher earnings and improved valuation adjustments. As a result, the CET1 ratio reached 11.1%, and the total Basel III ratio reached 17.8% at the end of December 2022.

Non-accounting financial information:

Capital adequacy and ROAE (MCh$)	Change % Dec-22	Dec-21	Dec-22/Dec-22
Core capital	4,212,916	3,494,580	20.6%
AT1	779,997	956,730	(18.5%)
Tier I	4,992,914	4,451,310	12.2%
Tier II	1,766,133	1,310,419	34.8%
Regulatory capital	6,759,047	5,776,831	17.0%
Market risk-weighted assets	5,554,604	3,316,895	67.5%
Operational risk-weighted assets	4,070,594	29,019,932	(86.0%)
Credit risk-weighted assets	28,324,909	5,599,484	405.8%
Risk-weighted assets	37,950,107	37,936,312	0.0%
Core capital ratio	11.1%	9.2%	
Tier I Ratio	13.2%	11.8%	
Tier II Ratio	4.7%	3.5%	
BIS ratio	17.8%	15.2%	
Leverage[1]	6.9%	5.7%	
Quarterly ROAE	10.1%	26.7%	
Accumulated ROAE	21.6%	22.5%	

1 Leverage: Core Capital / Total Regulatory Assets, as calculated by the FMC.

Interest and adjustment income in 12M22 decreased 11.1% YoY

Financial accounting information:

Interest income and readjustments

	Accumulated		Change %
(MCh$)	**Dec-22**	**Dec-21**	**Dec-22/Dec-21**
Net interest income[1]	602,367	1,404,056	(57.1%)
Net adjustment income[2]	995,979	393,925	152.8%
Total interest and adjustment net income	1,598,346	1,797,981	(11.1%)

1. Net income from interest-bearing assets and liabilities plus the financial cost of cash flow hedges.
2. Net income from inflation-linked assets and liabilities (UF) plus the financial cost of inflation-related cash flow hedges.

Non-accounting financial information:

Margin Indicators

	Accumulated		Change %
(MCh$)	**Dec-22**	**Dec-21**	**Dec-22/Dec-21**
Average earning assets	48,005,535	43,178,746	11.2%
Average loans	37,996,831	35,121,516	8.2%
GAP UF average[1]	7,849,329	6,266,901	25.3%
Rate of generating assets[2]	8.5%	5.5%	
Cost of funds[3]	5.4%	0.9%	
NIM [4]	**3.3%**	**4.2%**	
Change UF[5]	13.3%	6.6%	
MPR	11.3%	4.0%	

1. The average gap between assets and liabilities indexed to the Unidad de Fomento (UF), an inflation-indexed unit.
2. Interest income divided by average earning assets.
3. Interest expense divided by the sum of interest-bearing liabilities and demand deposits.
4. Net Income Margin. Net interest income divided by average earning assets.
5. Inflation measured as the change in the Unidad de Fomento over the period.

Cumulative net interest and indexation income (NII) as of December 2022 decreased by 11.1% compared to the same period in 2021. This drop in NII was mainly due to a higher funding cost caused by the higher MPR and a lower drag on fixed-rate financial investments. However, this has been partially offset by a higher rate earned on average earning assets due to higher inflation and a higher spread earned on demand deposits.

For the twelve months that ended December 31, 2022, the change in the UF reached 13.3% compared to 6.6% for the same period in 2021. Given these conditions, the Bank actively increased the difference between UF-indexed interest-bearing assets and UF-indexed liabilities to an average of MCh$ 7,849,329 as of December 2022. This boosts net adjustment income, up 152.8% at the end of December 2022 compared to the same period of the previous year.

This was partially offset by the higher interest rate environment. In the fourth quarter of 2022, the Central Bank continued to tighten monetary policy, raising the MPR from 10.75% to 11.25% in October 2022, compared to 4.0% in December 2021. The Bank has a shorter duration of interest-bearing liabilities than interest-earning assets, and therefore, when rates rise sharply, liabilities appreciate faster than assets, pushing margins down. Net interest income, which excludes the portion of assets and liabilities indexed to inflation, decreased by 57.1% in 12M22 compared to 12M21. As a result, the net interest margin reached 3.3%, down from 4.2% in December 2021.

Inflation is expected to decelerate in the coming quarters, and consequently, the Central Bank will start to lower the MPR during 2023. For this reason, the expected net interest margin for 2023 is 2.8%, starting this year below this level and rebounding when short rates start to fall..

Cost of credit at 1.0% and coverage at 185.3% as asset quality begins to normalise

Financial accounting information:

Provisions

	Accumulated		
(MCh$)	**Dec-22**	**Dec-21**	**Dec-22/Dec-21**
Provisions for credit risk due from banks and loans and receivables from customers[1]	(418,066)	(321,824)	29.9%
Special provisions for credit risk[2]	(42,717)	(137,389)	(68.9%)
Gross provisions	**(460,783)**	**(459,213)**	**0.3%**
Recovery of impaired loans	90,577	76,999	17.6%
Impairment of the credit risk of other financial assets at amortised cost and financial assets at fair value in other comprehensive income	(521)	(737)	(29.4%)
Credit loss expense	**(370,727)**	**(382,951)**	**(3.2%)**

1. Includes write-offs

2. Includes additional provisions and provisions for contingent claims.

Información financiera no contable:

Indicators of asset quality and cost of credit

	Accumulated	
	Dec-22	**Dec-21**
Cost of credit[1]	0.98%	1.09%
Expected loss ratio (LLA / total loans)	2.7%	2.6%
Non-performing loans ratio (Non-performing loans over 90 days / total loans)	1.8%	1.2%
Impaired portfolio ratio (impaired portfolio / total loans)	4.8%	4.5%
Non-performing loans coverage[2]	185.3%	270.5%

1. Annualised credit loss expense divided by average loans.
2. On-balance sheet provisions, including additional provisions on non-performing loans

During the Covid-19 pandemic, asset quality benefited from state aid and pension fund withdrawals, leading to positive asset quality developments. As the economy slows and excess household liquidity returns to normal levels, asset quality should gradually return to pre-pandemic levels.

Provisions for credit risks totalled MCh$ 370,727 in the twelve months up to December 31, 2022, a decrease of 3.2% from the same period in 2021. The cost of credit decreased slightly from 1.1% in 12M21 to 1.0% in 12M22. This decrease is explained by lower additional voluntary provisions from MCh$ 132,000 in 12M21 compared to MCh$ 35,000 in the same period of 2022.

Financial accounting information:

Credit risk provisions by product

	Accumulated		Change %
(MCh$)	**Dec-22**	**Dec-21**	**Dec-22/Dec-21**
Consumption	(301,682)	(80,409)	275.2%
Commercial	(16,172)	(283,682)	(94.3%)
Mortgage	(52,872)	(18,861)	180.3%
Provisions for credit risk	**(370,727)**	**(382,952)**	**(3.2%)**

Credit risk provisions for consumer loans increased 275.2% in 12M22 compared to the same period in 2021. The consumer non-performing loans ratio increased from 0.9% in December 2021 to 1.6% in December 2022, decreasing coverage from 666.6% to 514.7%. The rise in consumer loan delinquencies is mainly related to household liquidity gradually returning to post-pandemic levels and a weaker economy. This situation has mainly affected clients who were already impaired before the pandemic. Meanwhile, the total impaired consumer portfolio reached 3.4% in December 2022, higher than the 3.1% figure in December 2021, as more customers are asking for credit restructuring.

With the Board's approval, MCh$ 8,000 of voluntary provisions were established in 2022 to increase the coverage of the consumer portfolio considering expectations of weaker economic trends in 2023. Furthermore, in September 2022, the Board approved the transfer of MCh$ 120,000 from voluntary provisions in the commercial portfolio to voluntary provisions in the consumer portfolio in four equal instalments of MCh$ 30,000, the first instalment during that month. This move was made to cover the expected increase in consumer provisions due to the new standardised provisioning model being developed by the FMC, which should be effective in the second half of 2023.

Commercial loan provision expense decreased 94.3% in the twelve months that ended as of December 31 2022, compared to the same period in 2021, with the commercial NPL ratio increasing from 1.7% in 12M21 to 2.5% in 12M22 and the impaired commercial loan ratio increasing from 6.2% in 12M21 to 7.0% in 12M22. Furthermore, in 12M21, MCh$ 132,000 in voluntary provisions were made, while in 12M22, there was a net transfer of MCh$ 120,000 to voluntary provisions to the consumer portfolio, which is reflected in the net provisioning expenses of the commercial portfolio. This brought the non-performing loan coverage of this portfolio to 173.6% as of December 2022.

Net provisions in the mortgage portfolio increased 180.3% in 12M22 compared to the same period in 2021. Compared to 4Q21, net provisions for mortgage loans increased 93.6% in 4Q22. As households' liquidity levels have normalised, the mortgage delinquency rate increased from 0.8% in 12M21 to 1.2% in 12M22. On the other hand, the impairment ratio of mortgage loans improved from 2.8% in 12M21 to 2.7% in 12M22. In 3Q22, the Board approved MCh$ 7,000 in voluntary provisions for this portfolio, given the expected slowdown in economic activity in 2023. The mortgage delinquency coverage ratio stood at 64.4% as of December 2022.

For more information on credit risk and asset quality, please see Section 6: Risks.

Fees increased by 16.0% compared to the same period in 2021, driven by a larger client base and product usage.

Fee and commission income increased 16.0% in the twelve months ended December 31, 2022, compared to the same period in 2021, showing healthy signs of growth driven by increased customers and higher product usage.

By product, the evolution of fees and commissions was as follows:

Financial accounting information:

Commissions by product

	Accumulated		Change %
(MCh$)	**Dec-22**	**Dec-21**	**Dec-22/Dec-21**
Cards	105,695	92,738	14.0%
Mutual fund brokerage	56,543	49,178	15.0%
Insurance brokerage	52,568	43,815	20.0%
Guarantees	35,935	29,426	22.1%
Collections	54,060	46,234	16.9%
Current accounts	52,226	39,513	32.2%
Getnet	27,060	7,119	280.1%
Pre-payment of loans	11,348	16,266	(30.2%)
Other	11,834	26,827	(55.9%)
Total commissions	**407,269**	**351,116**	**16.0%**

Credit and debit card fees increased 14.0% in 12M22 compared to the same period in 2021 due to the growth in Life and Superdigital cards and higher use of all card-using customers. It is important to note that in February, the new maximum interchange fees were published: 1.48% for credit cards, 0.6% for debit cards and 1.04% for prepaid cards. The Bank estimated that implementing these maximum rates impacted negatively this fee line of approximately MCh$ 29,000 in 2022; however, this is being mitigated by the increase in cards and card usage.

Getnet, an acquisitions business launched in 1Q21, has continued to grow, reaching more than 157,641 POS machines and delivering MCh$ 27,060 in fee income by 2022. In the second quarter, Getnet was already generating net profits.

Current account fees increased 32.2% in 12M22 compared to the same period in 2021. The opening of accounts continued to grow strongly. As of October 2022 (latest available data), Santander Chile had 452,912 net account openings in the last 12 months, compared to 1,259,007 net openings in the rest of the banking system. This means that until October 2022, Santander Chile accounted for 26.5% of all account openings in Chile.

The overall market share of current accounts increased to 28.4%. This figure includes a strong increase in customer demand for US dollar current accounts. Customers can now digitally open a current account in US dollars through the Santander Life platform in a few simple steps. Some 126,218 accounts have been opened in the last 12 months to reach a total of 188,108 current accounts in dollars, reaching a total market share of 39.9% in these accounts.

Collection fees grew 16.9% in 12M22 compared to the same period of the previous year due to higher fees for transfers, customer payments, and collection orders. Insurance brokerage increased 20.0% in the twelve months that ended December 31, 2022, compared to the same period in 2021. This growth was driven by an increase in the sale of auto insurance and life insurance, mainly due to digital platforms that make it easier for customers to search and purchase these products online in an easier way.

Loan prepayment fees decreased by 30.2% in 12M22 over this period in 2021. This decrease was caused by lower prepayments due to less household liquidity.

Solid cash inflows from customers with net financial results increasing 87.8% in 12M22

Financial accounting information:

Net financial result

	Accumulated		
MCh$	**Dec-22**	**Dec-21**	**Dec-22/Dec-21**
Financial assets and liabilities held for trading	78,191	(28,602)	-%
Gain or loss on derecognition of financial assets and liabilities at amortised cost and financial assets at fair value through other comprehensive income	(1,628)	22,199	--%
Foreign exchange, readjustments and hedge accounting of foreign currencies	141,090	122,274	15.4%
Net financial result	**217,652**	**115,871**	**87.8%**

Net financial results recorded a gain of MCh$ 217,652 in 12M22, an increase of 87.8% over 12M21, mainly due to higher gains on foreign currency restatements and accounting hedges and gains on financial assets and liabilities held for trading. For a better understanding of these lines, they are presented by business area in the following table:

Non-accounting financial information:

Financial result, net by business

	Accumulated		Change %
(MCh$)	**Dec-22**	**Dec-21**	**Dec-22/ Dec-21**
Client	219,112	183,980	19.1%
Non-client[1]	(1,460)	(68,109)	(97.9%)
Total net financial transactions	**217,652**	**115,871**	**87.8%**

1. Non-client revenue. These results include interest and mark-to-market effects from the Bank's trading portfolio, realised gains from the available-for-sale portfolio and other results from our Finance Division.

Revenues from customer treasury services amounted to MCh$ 219,112 in 12M22, an increase of 19.1% YoY. These improved results reflect increased customer demand for treasury products such as spot FX purchases, forward contracts and derivatives due to high market volatility, Peso depreciation, and monetary policy rate increases. Non-customer treasury totalled a loss of MCh$ 1,460 in 12M22 compared to an MCh$ 68,109 loss in 12M21 due to higher gains from hedge management and lower operating losses from liability management.

Operating expenses increased 6.8% in 12M22, below inflation and with an efficiency ratio of 42.8%

Operating expenses increased 6.8% in 12M22 compared to the same period in 2021, reflecting the effect of sustained high inflation as the Bank seeks to improve its productivity. The Bank's efficiency ratio remained largely stable at 42.8% in 12M22 as revenue growth was below that of expenses. On the other hand, the cost-to-asset ratio improved from 1.4% in 2021 to 1.3% in 2022. The Bank continues to make progress in the execution of its US$ 260 million investment plan for the years 2022-2024 with a focus on front and back-end digital initiatives.

Financial accounting information:

Operational costs

	Accumulated		Change %
(MCh$)	**Dec-22**	**Dec-21**	**Dec-22/Dec-21**
Remuneration and staff costs	(414,808)	(397,675)	4.3%
Administrative expenses	(310,219)	(280,134)	10.7%
Depreciation and amortisation	(129,993)	(122,055)	6.5%
Other operational expenses	(106,305)	(99,836)	6.5%
Impairment	-	-	--%
Operational costs	**(961,326)**	**(899,700)**	**6.8%**

Non-accounting financial information:

Productivity and efficiency indicators

	Accumulated		Change %
(MCh$)	**Dec-22**	**Dec-21**	**Dec-22/Dec-21**
Branches	**286**	**326**	**(12.3%)**
Traditional	182	220	(17.3%)
Work/Café	74	63	17.5%
Business centres	7	7	-%
Select	6	14	(57.1%)
Collaborators	**9,389**	**9,988**	**(6.0%)**
Efficiency ratio1	**42.8%**	**39.7%**	**-315bp**
Volume per branch (MCh$)2	230,548	198,346	16.2%
Volume per employee (MCh$)3	7,023	6,474	8.5%
Costos / Activos[4]	1.4%	1.5%	+10bp

1. Operating expenses divided by operating income.

2. Loans + deposits divided by branches (points of sale).

3. Loans + deposits divided by employees.

4. Annualised operating costs / average total assets.

Personnel expenses increased 4.3% in 12M22 compared to the same period in 2021. These increases are mainly due to the impact of higher inflation on fixed wages. This growth has been mitigated by higher productivity and fewer employees. The total number of collaborators fell by 6.0% YoY. Volumes (loans plus deposits) per branch increased 16.2% YoY, and volumes per employee grew 8.5% YoY. This increase in productivity reflects the strength of digital channels and a higher level of automation in the different cost centres.

Administrative expenses increased 10.7% in 12M22 compared to the same period in 2021. During the year, the Bank had higher expenses related to short-term leases. It increased spending on IT, communications, and advertising, focusing on enhancing digital platforms for customers and employees. The strong growth in the client base also influenced the rise in administrative expenses, alongside the higher inflation and the volatility of the Chilean Peso, with the exchange rate fluctuating between $777.10 and $1,042.97 per dollar. This affected a significant percentage of IT, communications and outsourced data processing expenses denominated in dollars.

Depreciation expenses grew 6.5% in 12M22 compared to the same period in 2021. This growth is explained by higher software amortisation due to digital banking developments as part of the plan to improve productivity.

Other operating expenses rose 6.5% in 12M22 compared to the same period in 2021. This increase was mainly due to higher spending on cybersecurity insurance as the Bank increased its customer base.

Other operating income, investment income and taxes

Of note in these items was the higher result from company investments due to Transbank's better results in the quarter. As a reminder, the Bank has a 25% stake in Transbank, which is in the process of being sold. Santander's investment in Transbank was recognised as a discontinued operation from June 2019. Still, because the sale was delayed, in 2022, the Bank re-recognised the results of Transbank as Income from investments in associates.

Financial accounting information:

Other operating income, net and taxes

	Accumulated		Change %
(MCh$)	**Dec-22**	**Dec-21**	**Dec-22/Dec-21**
Other operating income	5,539	1,662	233.3%
Results from investments in companies	10,310	(475)	(2270.6%)
Results from non-current assets and non-continued operations	6,223	1,538	304.6%
Tax expenditure	(89,430)	(196,148)	(54.4%)
Effective rate	9.8%	19.9%	

Income tax expense in 12M22 totalled MCh$ 89,430, a decrease of 54.4% compared to the same period in 2021. For tax purposes, the Bank's capital must be updated by the CPI, so the effective tax rate tends to be lower when the CPI is high

Non-accounting financial information:

Accumulated Taxes[1]

(MCh$)	Dec-22	Dec-21	Change % Dec-22/Dec-21
Income before taxes	913,287	985,042	(7.3%)
Currency correction of capital	(630,904)	(324,797)	94.2%
Other permanent differences, deferred taxes	48,838	66,230	(26.3%)
Net income before tax adjusted by price level restatement	331,221	726,475	(54.4%)
Tax rate	27.0%	27.0%	
Taxes payable	(89,430)	(196,148)	(54.4%)
Effective tax rate	**9.8%**	**19.9%**	**-1,012bp**

1. For tax purposes, the capital is indexed to CPI inflation. Statutory tax is applied on pre-tax profits after adjustments for monetary correction of tax equity capital. See further details in note 18 of the Interim Consolidated Financial Statements.

Expectations

The Bank's expectations for volume and earnings growth by 2023 are as follows:

Indicator	Expectation	Key factor
Loans	Approximate growth 5%	Economic growth
NIM	Net interest margin of 2.8% under the current macro environment assumptions for rates and inflation. The first half of the year underperforming, then recovering in the second half of the year	Inflation control and speed of MPR reduction, combination of assets and liabilities
Other financial income	Growing 15%.	Customer and product usage growth
Costs	Below inflation, about 2%.	Inflation, total contributors, exchange rate, productivity and investment plans
Credit cost	A cost of risk of 1.1 - 1.2% asset quality normalised to pandemic levels.	Increase in provisions and credit growth. Economic developments and unemployment
ROE	ROE of approximately 18%.	Profit and equity growth, dividend policy
CET1	Ending the year > 10.5%.	ROE, growth in equity and risk-weighted assets and dividend policy

Risks

(CMF 3.6.i, 3.6.ii, 3.6.iii, 3.6.iv, 3.6.v, 3.6.vi, 3.6.viii)

Risk management

Banco Santander Chile, in its position of leadership in the local banking industry, has placed risk management at the centre of its activity to ensure that the entire organisation acts responsibly in the new social context, economic changes, customer demands and the business environment, always aligned with the strong corporate culture and the legal regulations in force.

The risk management and control model is underpinned by a set of common principles, a risk culture embedded throughout the Bank, a strong governance structure, and advanced risk management processes and tools.

I. Risk principles and risk culture

Banco Santander's risk management and control principles are mandatory, must always be applied, and comprise the regulatory requirements and best market practices. They are:

1. A strong risk culture (Risk Pro) that all employees follow covers all risks and promotes socially responsible management, contributing to the Bank's long-term sustainability.
2. All employees are responsible for risk management and must know and understand the risks generated by their daily activities. They must avoid risks whose impact is unknown or exceeds the Bank's risk appetite limits.
3. Involvement of Senior Management in ensuring consistent risk management and control through their conduct, actions, and communications. This body promotes the risk culture, assessing its degree of implementation and monitoring that the profile remains within the levels defined in Banco Santander Chile's risk appetite.
4. Independence of risk management and control functions.
5. Proactive and comprehensive risk management and control approach across all businesses and risk types.

6. Adequate and comprehensive information management enables risks to be identified, assessed, managed and communicated appropriately at the correct levels.

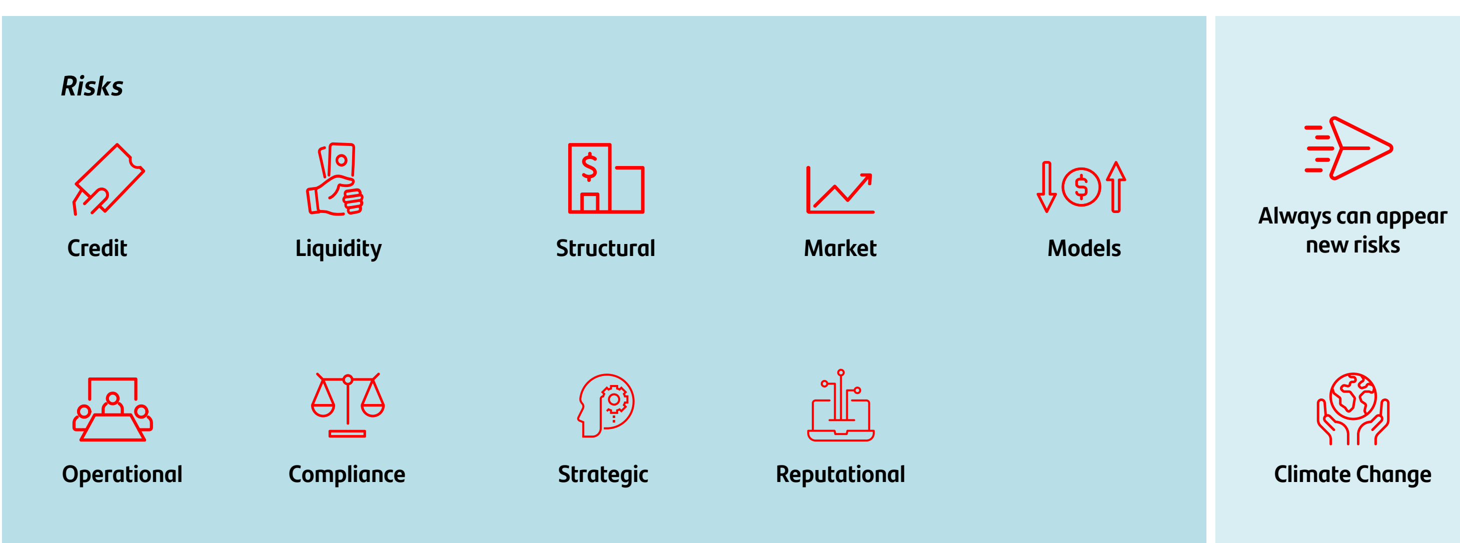
These Santander principles, together with several interrelated tools and processes that are part of its strategic planning, such as the risk appetite statement, risk profile assessment, scenario analysis and risk reporting structure, as well as the annual budget processes, form a holistic control structure for the entire Bank.

I.1 Risk culture - Risk Pro

Banco Santander Chile has a solid risk culture known as Risk Pro, which defines how risks are understood and managed daily based on the principle that all employees are responsible for risk management. Therefore, their classification is fundamental for effective management and control. All identified risks are to be linked to their according risk category to organise their management, control and related information.

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

1. **Credit risk** is the risk posed by financial loss arising from the default or deterioration in the credit quality of a customer or counterparty to which Banco Santander Chile has provided financing or has assumed a contractual obligation.
2. **Market risk** is the risk arising from changes in market factors such as interest rates, inflation and exchange rates and their potential impact on results or capital.
3. **Liquidity risk** is the risk that liquid financial resources will not be available to meet obligations as they fall due or can only be obtained at a high cost.
4. **Structural risk** is the risk posed by the change in value or margin generation of banking book assets or liabilities due to market factors and balance sheet performance changes. It also includes the risk that the Bank does not have sufficient quantity or quality capital to meet its internal business objectives, regulatory requirements or market expectations.
5. **Operational risk** is the risk of loss due to inadequate or failed internal processes, employees and systems or due to external events. It includes legal risk and conduct risk.
6. **Regulatory compliance risk** is the risk of non-compliance with legal and regulatory requirements and supervisory expectations, which may result in legal or regulatory sanctions, including fines or other financial consequences.
7. **Model risk** is the risk of loss arising from inaccurate predictions, which may result in suboptimal decisions or the inappropriate use or implementation of models.
8. **Reputational risk** is the risk of actual or potential negative economic impact due to an impairment in the perception of the bank by employees, customers, shareholders/ investors and society at large.
9. **Strategic risk** is the loss or damage risk resulting from strategic decisions or their poor implementation, affecting our key stakeholders' medium and long-term interests, or an inability to adapt to the changing environment.



Climate change has also been recognised as a risk that could aggravate existing risks in the medium and long term. The Bank has therefore incorporated several initiatives into its management to reduce its environmental impact.

I. 2. Risk governance

The Bank has a robust risk governance structure that pursues effective control of the risk profile, following the appetite defined by the Board and based on the distribution of roles among the three lines of defence and a strong committee structure, which is reinforced by the Risk Pro culture that applies throughout the organisation.

a. Lines of defence

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

First line

Business lines and all other risk-creating functions are the first line of defence, ensuring the risks they generate align with the approved risk appetite and limits. Any unit that originates a risk has primary responsibility for managing said risk.

Second line

Business lines and all other risk-creating functions are the first lines of defence. These functions must ensure their risks align with the approved risk appetite and corresponding limits. Any unit that originates risk has primary responsibility for managing said risk.

Third line

The Internal Audit function regularly assesses that policies, methodologies, and procedures are adequate and effectively implemented in managing and controlling all risks.

b. Risk committee structure

The Board of Directors is the body responsible for establishing and monitoring the Bank's risk management structure. It has a corporate governance system aligned with local regulations and international best practices.

Furthermore, it has several high-level committees that are key to risk management, each of which is composed of directors and executive members of Santander's management and are described in detail in the Corporate Governance section of this Report:

1. The Board's Comprehensive Risk Committee (CIR) is responsible for defining the business areas' risk appetite and reviewing and monitoring all risks that may affect the Bank.
2. The Directors and Audit Committee oversees the internal control and audit systems.
3. The Asset and Liability Committee (ALCO) monitors and controls structural balance sheet risks such as sensitivity, liquidity and capital risks.
4. The Analysis and Resolution Committee monitors the risks associated with money laundering.
5. The Market Committee oversees the market risks produced by the Bank's Treasury.

Board of Directors

Assets and liabilities	Integral risk	Analisis and resolution	Market	Directors & Audit

Type 1 Committees Top management	Risk executives	Risk control	Global compliance

Type 2 Committees Risk management	Decision making subcommittees	Characterized risks		
	Control committees	Model	Non financial risks	Commercialization

Risk Central Areas	Credit and zone segments	CIB client folow-up	Portfolio manager	Methodology
	Business continuity	Technological risk	Cybersecurity	

The Risk and Internal Audit functions have the appropriate separation and independence level and direct access to the Board and its committees. The Board delegates the identification, measurement and control of the various risks faced by the Bank to the Risk Division, which is led by the Chief Risk Officer (CRO), and reports directly to the CEO. The Chief Risk Officer (CRO) is responsible for monitoring all risks and reviewing and advising the business lines on managing these risks. This division is responsible for credit, market, non-financial, compliance, and reputational risks. The Director of Internal Audit reports directly to the Chairman of the Board of Directors to ensure independence from Senior Management and thus be an effective third line of defence in risk management and internal control.

c. Risk governance assessment

Risk governance also has several internal and external assessment processes to verify that the governance and approach are adequate. According to Article 59 of the General Banking Law, the FMC shall permanently maintain banks' management and solvency rating. Banks will be classified into one of the following categories:

Category I: Includes institutions classified as level A for solvency and level A for management.

Category II: Includes institutions classified as solvency level A and management level B, solvency level B and management level A, or solvency level B and management level B.

Category III: Includes institutions classified in solvency level B and for two or more consecutive times in level B for management. Moreover, banks classified at solvency level A and management level C, or solvency level B and management level C, will also be in this category.

Category IV: Includes institutions classified in solvency level A or B and for two or more consecutive times in level C of management.

Category V: Includes institutions classified in solvency level C, whatever their management level.

Banco Santander Chile is classified under Category 1 as it was graded as Level A in both solvency and management. This also meant that the FMC had established a Pillar 2 requirement of 0% to calculate its regulatory capital ratios under BIS III in Chile, revalued under the FMC's annual periodic solvency and management reviews.

A. Credit risk

Expected loss estimate:

The estimation of provisions is based on expected loss models, following Chapter B1 of the FMC Accounting Standards Compendium. The loan portfolio is divided into group and individually analysed loans. Each group has different provisioning models for consumer, mortgage, and commercial loans. In simplified form, provisions for most loans are determined by the following expected loss formula:

Risk management in 2022 focused on preparing the risk structure in light of an expected slowdown in the economic activity in 2023.

Provisions	=	Total	x	Probability of non-compliance	x	Severity
		Loan value		Probability of the debtor's non-performance. This probability is determined depending on the type of client and historical behaviour, among other variables.		Loss incurred once the client is already in default, determined using historical data.

Allowances for individual assessments

According to the FMC, individual assessment of trade debtors is necessary for companies which, due to their size, complexity or level of exposure, need to be analysed in detail. The debtor analysis is mainly focused on their credit quality, and they are assigned to one of the following portfolio categories: performing, sub-standard or non-performing. Several risk factors are considered for this allocation: the industry or economic sector, its activity, the situation of owners and managers, financial indicators, payment capacity and payment performance. Accordingly, the portfolio is classified as follows:

- Normal portfolio: considers debtors whose ability to pay enables them to meet their obligations and commitments and where there is no foreseeable change in their economic and financial situation. The ratings assigned to this portfolio are categories A1 to A6.
- Sub-standard portfolio: includes debtors with financial difficulties or significant deterioration in their ability to pay and for which there is reasonable doubt about their future repayment of principal and interest within the contractual terms, showing a limited capacity to meet short-term financial obligations. The ratings assigned to this portfolio are categories B1 to B4.
- Non-performing portfolio: includes debtors and related loans whose recovery is considered remote, as they have little or no capacity to pay. This portfolio includes debtors who have defaulted on their loans or show clear signs that they will default, as well as those who require a forced debt restructuring, reducing the overdue obligation or delaying payment of principal or interest and any other debtor who is more than 90 days overdue on interest or principal. The ratings assigned to this portfolio are categories C1 to C6.

As part of the individual assessment of debtors classified as Standard or Substandard, the Bank classifies them into the following categories, assigning them a percentage of probability of default and loss given default (LGD), resulting in expected loss percentages.

Portfolio	Debtor's Category	Probability of Default (%)	Loss Given Default (%)	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 Portfolior	B1	15.00	92.5	13.87500
	B2	22.00	95.5	20.35000
	B3	33.00	97,5	32.17500
	B4	45.00	97,5	43.87500

All debtors' loans should be held in the impaired portfolio until the debtor's ability to pay or performance is normalised, regardless of the sanctioning procedures for each loan, particularly those that meet the conditions of Title II of Chapter B-2 of the FMC's Compendium of Accounting Standards Bank (CASB).

For calculating provisions to cover a debtor classified as non-performing, first, an expected loss rate is determined by calculating the amounts recoverable through collateral and deducting the present value of recoveries obtained through collection services after related expenses. Once the expected loss range is determined, the corresponding provisioning percentage is applied to the exposure amount, comprising loans and contingent loans of the same obligor. The provisioning rates applied to the calculated exposure are as follows:

Classification	Estimated range of loss	Allowance
C1	Up to 3%	2%
C2	Between 3% and 20%	10%
C3	Between 20% and 30%	25%
C4	Between 30% and 50%	40%
C5	Between 50% and 80%	65%
C6	More than 80%	90%

Allowances for group assessments

Group assessments are appropriate for dealing with a large volume of loans that have small individual balances, mainly disbursed to individuals or small businesses. Group assessments require the grouping of debtors with similar characteristics in terms of debtor type and credit commitments to determine both the payment behaviour of the group and the recovery of non-performing loans, using technically sound estimates and prudential criteria. The model is based on the debtor's characteristics, payment history, outstanding loans and defaults, among other relevant factors.

The Bank uses credit risk methodologies based on internal and/or standard models to estimate the group's assessment portfolio provisions. In addition, it considers commercial loans for not individually assessed debtors, mortgage and consumer loans (including instalment loans, credit cards and overdrafts). This methodology allows the Bank to independently identify the portfolio's performance in the year and thus determine the provision required to cover losses arising within one year of the balance sheet date.

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 profiling method, which is based on a statistically constructed model that, through logistic regression, establishes relationships between variables - such as delinquency, external performance, and socio-demographic data, among others - and a response variable that determines the customer's risk, in this case, a default equal to or greater than 90 days. Common profiles are then defined and assigned a Probability of Non-Default (PND) and a recovery rate based on a historical analysis known as Severity (SEV).

Once customers have been profiled and assigned a PND and SEV based on their credit profile, the default exposure is calculated. This estimate includes the customer's loan portfolio, including contingent claims, less any amount recoverable through enforceable collateral (for non-consumer loans).

Notwithstanding the above, to set up provisions for commercial and residential mortgage loans, the Bank must set up minimum provisions following the standard method established by the FMC for this type of loan. While this 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 to protect the credit risk of this portfolio.

The impaired portfolio comprises all outstanding and contingent loans of those debtors who are more than 90 days past due for payment of any interest or principal. It also includes debtors who have been granted a loan to refinance a loan over 60 days overdue and debtors who have undergone a forced debt restructuring or partial debt forgiveness.

As of April 27, 2022, in the latest amendment to the Compendium of Accounting Standards for Banks (CASB), it was established that, in the creation of the group portfolio, commercial exposures, other than student loans, associated with the same counterparty, should not exceed a threshold of 20,000 UF and 0.2% of the group portfolio. The Bank has implemented this modification generating a net impact of MCh$ 2,344 in higher provisions for credit risk.

The FMC published a draft for a new standardised model for bank consumer loan provisioning in 2022. Although the final version has yet to be published, it is expected to be implemented in the second half of 2023. The initial estimate was a single expense of between MCh$ 100,000 and MCh$ 150,000, which can be covered by the voluntary provisions already established in previous periods.

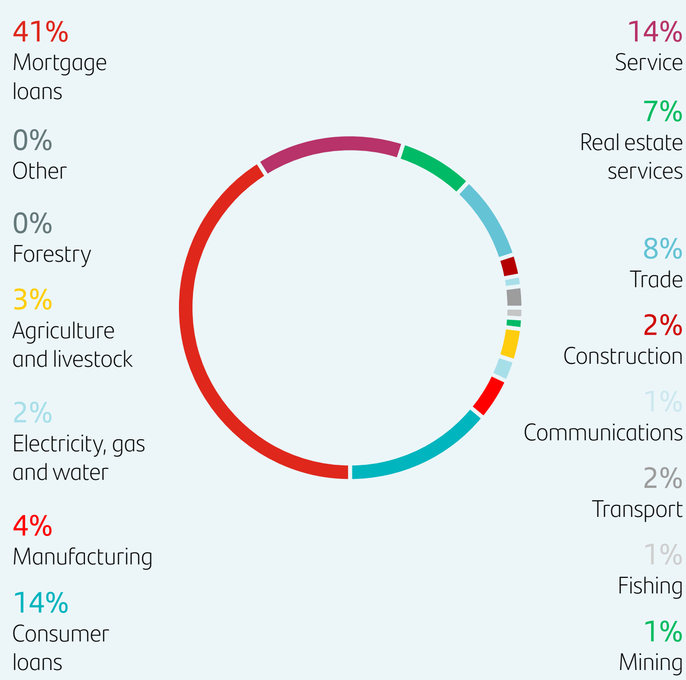
Loans and receivables to customers As of December 31, 2022 (MCh$)	Financial assets before provisions						Established provisions								
	Normal portfolio		Substandard Portfolio	Non-performing portfolio		Total	Normal portfolio		Substandard Portfolio	Non-performing portfolio		Subtotal	Deductible FOGAPE Covid-19 guarantees	Total	Net financial assets
	Evaluation		Evaluation	Evaluation			Evaluation		Evaluation	Evaluation					
	Individual	Group	Individual	Individual	Group		Individual	Group	Individual	Individual	Group				
Commercial loans															
Commercial loans	7,627,519	3,866,928	885,271	585,601	327,078	13,292,397	56,668	65,883	26,801	184,998	161,386	495,736	19,387	515,123	12,777,274
Foreign trade credits Chilean exports	685,220	8,382	50,006	7,297	1,731	752,636	12,438	212	3,936	5,293	1,432	23,311	-	23,311	729,325
Foreign trade credits Chilean imports	790,431	41,652	10,309	14,476	1,689	858,557	15,062	1,133	1,049	8,549	1,322	27,115	-	27,115	831,442
Foreign trade credits between third countries	1,315	-	-	-	-	1,315	17	-	-	-	-	17	-	17	1,298
Current account debtors	72,152	38,402	12,368	2,501	6,838	132,261	1,190	1,237	1,209	1,325	5,098	10,059	-	10,059	122,202
Credit card debtors	29,402	91,021	3,430	1,145	7,679	132,677	754	3,001	400	565	5,610	10,330	-	10,330	122,347
Factoring transactions	819,243	41,255	12,170	3,089	2,633	878,390	7,121	981	690	1,827	1,242	11,861	-	11,861	866,529
Commercial leasing transactions	922,770	203,517	136,773	73,144	9,773	1,345,977	3,767	4,429	2,242	9,416	6,778	26,632	37	26,669	1,319,308
Student loans	-	44,877	-	-	7,956	52,833	-	1,472	-	-	2,078	3,550	-	3,550	49,283
Other loans and accounts receivable	4,188	218,106	390	11,537	3,325	237,546	53	2,833	93	8,116	1,884	12,979	-	12,979	224,567
Subtotal	**10,952,240**	**4,554,140**	**1,110,717**	**698,790**	**368,702**	**17,684,589**	**97,070**	**81,181**	**36,420**	**220,089**	**186,830**	**621,590**	**19,424**	**641,014**	**17,043,575**
Mortgage loans															
Loans with mortgage finance	-	1,809	-	-	104	1,913	-	3	-	-	28	31		31	1,882
Endorsable mortgage mutual loans	-	2,000	-	-	238	2,238	-	4	-	-	80	84		84	2,154
Mortgage bond-financed loans	-	85,395	-	-	2,226	87,621	-	139	-	-	241	380		380	87,241
Other mutual mortgage loans	-	15,141,159	-	-	416,536	15,557,695	-	29,302	-	-	75,640	104,942		104,942	15,452,753
Financial leasing transaction for housing	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Other loans and accounts receivable	-	76,582	-	-	2,960	79,542		145	-	-	1,009	1,154		1,154	78,388
Subtotal	**-**	**15,306,945**	**-**	**-**	**422,064**	**15,729,009**	**-**	**29,593**	**-**	**-**	**76,998**	**106,591**		**106,591**	**15,622,418**
Consumer loans															
Consumer loans in instalments	-	3,429,217	-	-	150,143	3,579,360	-	119,050	-	-	97,598	216,648	-	216,648	3,362,712
Current account debtors	-	149,167	-	-	6,489	155,656	-	8,402	-	-	5,107	13,509	-	13,509	142,147
Credit card debtors	-	1,521,922	-	-	22,254	1,544,176	-	40,587	-	-	17,536	58,123	-	58,123	1,486,053
Consumer finance leasing transactions	-	2,652	-	-	0	2,652	-	34	-	-	0	34	-	34	2,618
Other loans and accounts receivable	-	261	-	-	707	968	-	46	-	-	560	606	-	606	362
Subtotal	**-**	**5,103,219**	**-**	**-**	**179,593**	**5,282,812**	**-**	**168,119**	**-**	**-**	**120,801**	**288,920**	**-**	**288,920**	**4,993,892**
TOTAL	**10,952,240**	**24,964,304**	**1,110,717**	**698,790**	**970,359**	**38,696,410**	**97,070**	**278,893**	**36,420**	**220,089**	**384,629**	**1,017,101**	**19,424**	**1,036,525**	**37,659,885**

Credit quality of debtors

At the end of December 2022, the non-performing loan ratio continued to increase from historically low levels of 1.2% as of December 2021 to 1.8% as of December 2022. At the same time, the impairment ratio ended at 4.8% in December 2022, up from 4.5% in December 2021, due to a more favourable evolution of customers who had refinanced their obligation in the past. As household liquidity normalises following pension fund withdrawals and emergency household income in 2021 and the economy begins to slow, asset quality is expected to return to pre-pandemic levels. The coverage ratio, including additional provisions, reached 185.3% in December 2022, and the expected loss ratio (credit risk provisions divided by total loans) remained stable at 2.7%.

Distribution by economic sector

Por sector económico, la cartera del Banco se encuentra altamente diversificada, no presentando un porcentaje significativo expuesto a una industria en particular, aumentando la posibilidad de contar con una cartera estable en el tiempo.



Credit quality of assets (MCh$)	Dec-22	Dec-21	Change % Dec-22/Dec-21
Total loans[1]	38,729,401	36,529,286	6.0%
Loan Loss Allowance (LLA)[2]	(1,036,561)	(958,761)	8.1%
Non-Performing Portfolio[3] (NPLs)	707,642	449,835	59.5%
Consumer NPLs	85,418	43,626	97.2%
Commercial NPLs	431,103	301,984	45.5%
Mortgage NPLs	191,121	104,225	84.1%
Impaired portfolio[4]	1,847,333	1,652,788	11.8%
Consumer impaired	179,593	154,722	16.1%
Deteriorated impaired	1,245,676	1,105,110	12.7%
Deteriorated mortgage	422,064	392,956	7.4%
Expected loss ratio[5] (LLA / total loans)	2.7%	2.6%	
Non-performing loans ratio (NPLs/total loans)	1.8%	1.2%	
Consumer non-performing loans ratio	1.6%	0.9%	
Commercial non-performing loans ratio	2.4%	1.7%	
Mortgage non-performing loans ratio	1.2%	0.8%	
Impaired portfolio ratio (impaired/total loans and advances)	4.8%	4.5%	
Impaired consumer portfolio ratio	3.4%	3.1%	
Impaired commercial portfolio ratio	7.0%	6.2%	
Impaired mortgage portfolio ratio	2.7%	2.8%	
Non-performing loans coverage[6]	185.3%	270.5%	
Non-mortgage NPL coverage[7]	229.5%	327.8%	
Consumer NPLs coverage[8]	514.7%	666.6%	
Commercial NPLs coverage[9]	173.6%	278.8%	
Mortgage NPLs coverage[10]	64.4%	80.6%	

1. Includes interbank lending.
2. Adjusted to include MCh$ 293,000 of additional provisions.
3. Total gross loan amount with at least one over 90 days overdue instalment.
4. Includes: (a) for loans individually assessed for impairment: (i) the amount of all loans of customers classified between C1 to C6 and (ii) the amount of all customers with at least one non-performing loan (and other than a mortgage less than 90 days past due), regardless of category; and (b) for loans collectively assessed for impairment, the amount of all loans of a customer where the customer is past due on at least one loan or has been renegotiated.
5. LLA / total loans. Measures the percentage of loans the Bank will provide given its internal model and FMC regulations. Adjusted to include MCh$ 293,000 of additional provisions.
6. LLA/NPLs. Adjusted to include MCh$ 293,000 of additional provisions.
7. Commercial and consumer LLAs / Commercial and consumer NPLs. Adjusted to include the MCh$ 122,000 of additional provisions for the commercial portfolio and MCh$ 154,000 of additional provisions for the consumer portfolio.
8. Consumer LLA/consumer NPLs. Adjusted to include the MCh$ 154,000 of additional provisions for the consumer portfolio.
9. Commercial LLA/commercial NPLs. Adjusted to include the MCh$ 122,000 of additional provisions for the commercial portfolio.
10. Mortgage LLA/mortgage NPLs. Adjusted to include the additional provisions of MCh$ 17,000 for the mortgage portfolio.

B. Market risk

Four main market risks can affect the Bank: exchange rate, inflation, interest rate and liquidity risks. Its measurement and control are the responsibility of Market Risk Management, which is part of EVP Risk Solutions. The various committees in charge approve the limits, with responsibility mainly falling on the Market Committee and the Assets and Liabilities Committee (ALCO). The Comprehensive Risk Committee also reviews the main market risks.

The Financial and Capital Management areas, as part of the Financial Executive Vice-Presidency, have the following functions, which are supervised and controlled by ALCO and Risk Management:

- Optimising liabilities' costs, seeking the most efficient financing strategies, including issuing bonds and bank lines.
- Management of short- and long-term regulatory liquidity limits.
- Inflation risk management and exposure.
- Manage local and foreign exchange rate risk.
- Capital adequacy and requirements.

Liquidity risk

The Financial Management area manages liquidity risk by using a portfolio of liquid assets to ensure that the Bank always maintains sufficient liquidity to cover short-term fluctuations and long-term funding while complying with internal liquidity regulatory requirements. The Financial Management Department receives information from all business units on the liquidity profile of their financial assets and liabilities, as well as a breakdown of other projected cash flows from future business. Based on this information, the area maintains a portfolio of short-term liquid assets, mainly liquid investments, loans and advances to other banks, to ensure that the Bank has sufficient liquidity. The liquidity needs of the business units are covered by short-term transfers from Financial Management to cover short-term fluctuations and long-term funding to meet all structural liquidity needs.

The Bank daily monitors its liquidity position, determining the future flows of its inflows and outflows. Furthermore, stress tests are performed at the end of each month using a variety of scenarios covering both normal and fluctuating market conditions. The liquidity policy and procedures are subject to review and approval by the Bank's Board of Directors. In addition, periodic reports are generated by the Market Risk Department detailing the liquidity position of the Bank and its subsidiaries, including exceptions and corrective actions taken, which are periodically submitted to ALCO for review.

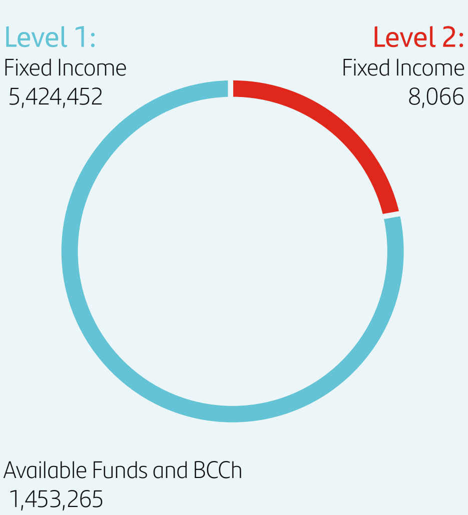
The Bank obtains demand and time deposits from Retail Banking, Middle Market and Corporate. In addition, the Finance Department obtains funding from correspondent banks, debt instruments, commercial paper and wholesale term deposits. While most obligations to banks and debt instruments mature in more than one year, customer and wholesale 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 Bank's liquidity risk; therefore, the Bank actively manages this risk by continuously monitoring market trends and price management.

High-quality liquid assets

High-quality liquid assets (HQLA) are an essential component of liquidity risk management. They consist of balance sheet assets, mainly composed of financial investments not pledged as collateral, with low credit risk and a deep secondary market. According to Basel III standards, these assets are divided into three tiers, with Tier 1 assets being the most liquid and Tier 3 the least liquid.

As of December 31, 2022, the Bank's HQLA amounted to MCh$ 6,885,783 and corresponded mainly to Level 1 liquid assets, comprising mainly bonds of the Republic of Chile, the Central Bank of Chile and the US Treasury.

Liquid Assets (Consolidated MCh$)



The main liquidity metrics managed by the Bank's Executive Financial Vice-Presidency are as follows:

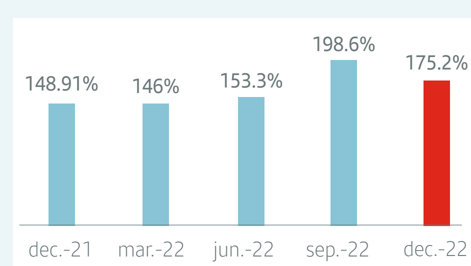
1. Liquidity Coverage Ratio (LCR).
2. Net stable funding ratio (NSFR).

LCR

Liquidity Coverage Ratio (LCR) measures the percentage of Liquid Assets over Net Cash Outflows. As of April 2019, Chilean banks started reporting their local LCR figures with a minimum level of 60% in 2020, 80% in 2021 and 100% in 2022. Basel III standards require this indicator and provide a sustainable maturity structure for assets and liabilities, allowing banks to maintain a stable funding profile concerning their activities.

As of December 31, 2022, this indicator for Banco Santander Chile was 175.2% above the minimum. This figure reflects the conservative liquidity requirements set by the Board through the ALCO committee.

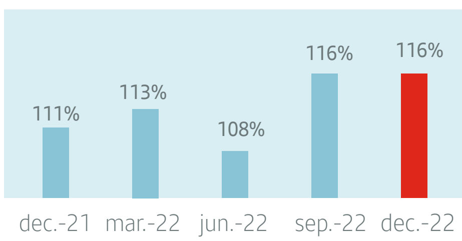
RCL evolution



NSFR

This indicator is a local regulatory version of the NSFR required by Basel III. It provides a sustainable maturity structure of assets and liabilities so that banks maintain a stable funding profile for their activities. As of December 31, 2022, the NSFR was 116.0%. The limit for this indicator in 2022 was set at 60%.

NSFR evolution



Interest rate risk: banking book

For the financial management portfolio (banking book), the Bank has more liabilities than assets exposed to short-term rates, and hence mismatches occur when there are rate adjustments. Banco Santander performs a sensitivity analysis of the local and foreign currencies to manage this risk. Through simulations, limits are set on the maximum loss that rate movements can have on capital and net financial income budgeted for the year.

VAR	December 31, 2022	
	Effect on financial income	Effect on capital
Financial management portfolio - local currency (in MCh$)		
Loss limit	33,550	95,710
High	23,982	57,176
Low	15,459	39,957
Average	21,366	49,580
Financial management portfolio - foreign currency (in US$ million)		
Loss limit 32	38,231	43,329
High	9,713	33,388
Low	255	20,371
Average	3,173	26,310
Financial management portfolio - consolidated (in MCh$)		
Loss limit	33,550	95,710
High	28,699	76,738
Low	16,515	66,098
Average	23,438	71,003

VaR trading portfolio

In the case of the trading portfolio, risk is estimated and managed through Value at Risk (VaR) limits, where it is kept within the established risk limits.

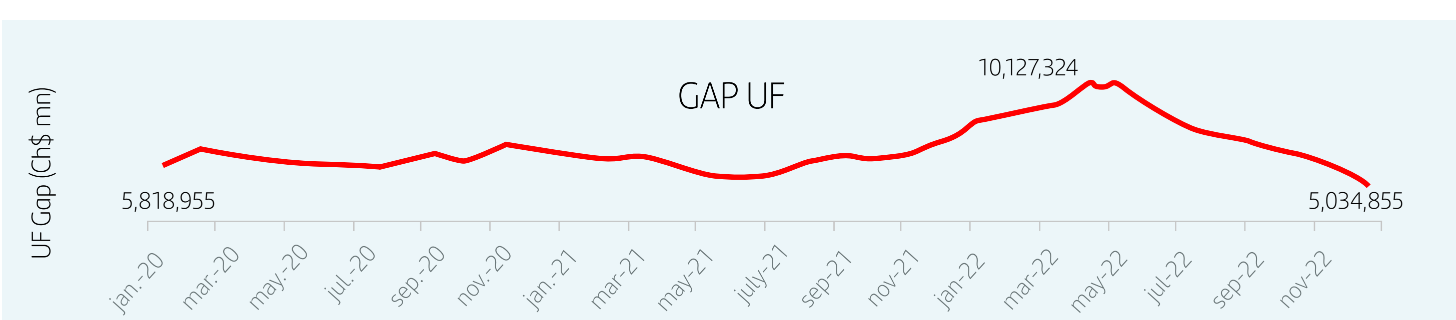
Due to the rules established by the Asset and Liability Committee (ALCO) and the Markets Committee, the Bank is not required to have significant exposure to foreign currencies; therefore, all foreign exchange risk is included in the trading portfolio and is measured and controlled with Value at Risk (VaR) limits.

The table below shows the evolution of the Bank's consolidated VaR of the trading portfolio, including the exchange rate risk and the interest rate risk of the trading portfolio.

VAR	As of December 31, 2022 US$ million
Consolidated:	
High	6.23
Low	2.73
Average	4.41
Fixed income in-vestments:	
High	5.78
Low	2.75
Average	4.20
Variable income investments:	
High	-
Low	-
Average	-
Foreign currency investments	
High	4.82
Low	0.17
Average	1.14

Inflation risk

The Bank's assets and liabilities are indexed according to the Unidad de Fomento (UF) variation. In general, it has more assets than liabilities in UF. Therefore, moderate inflation rises have a positive effect on repricing income. Likewise, a fall in the value of the UF negatively affects the Bank's margin. To manage this risk, ALCO limits the difference between UF-denominated assets and liabilities as a percentage of interest-bearing assets.



C. Operational risk

In general, operational risk indicators on operational results have remained stable and below the system average. As of December 31, 2022, the operating loss increased by 34.4% compared to the same period of the previous year, explained by an increase in fraud and work-related. One focus has been on the rising costs of cyber fraud as the current account base grows.

Operational losses:	Dec-22	Dec-21	Dec-22/Dec-21
Fraud	6,409	977	556.0%
Labour	6,704	3,215	108.5%
Clients and products	116	13	794.3%
Fixed assets	221	228	(3.1%)
Business/systems continuity	979	144	579.8%
Processing	2,815	8,251	(65.9%)
Total	**17,245**	**12,828**	**34.4%**

Reputational risk

This is a risk of negative economic impact, either current or potential, due to a decline in the perception of the Bank by employees, customers, shareholders/investors, and society in general.

Reputational risk management is generally responsibility of the front line, with control and supervision residing in the Compliance Management.

This risk refers in particular to the negative economic impacts associated with a deterioration in the perception that different stakeholders have of the Bank.

Reputational risk can have various sources of origin and in many cases be associated with other types of risks. Considering this, it requires a unique approach and control oriented towards preventing a deterioration in the bank's image as an institution that could affect the decisions or perceptions of customers, investors, and society in general.

During the year 2022, there were no reputational events that were relevant to our institution.

Considering this, we are focusing our efforts on continuing with the current model for mitigating Reputational Risk, focusing on strengthening certain procedures such as the Defense Sector and the Sensitive Sectors Policy, as there are industries or sectors with which the Bank operates that present a higher inherent risk than others. Additionally, we have the Social Contribution Policy, which aims to delimit and regulate the process of proposal, evaluation, decision-making, control and monitoring of those free contributions that Banco Santander Chile considers making for social purposes.

Among the main milestones of 2022 are the following:

1. ESG Panel

Creation of a local ESG operations panel. Reputational Risk is a permanent member of this panel. Here, the eligibility of operations to be classified as green or social according to the Banco Santander Sustainable Finance Classification System is evaluated.

The purpose of this panel is to align our portfolio with our climate ambition to meet the Paris Agreement and achieve our net zero CO2 emissions commitment by 2050; this applies to group operations and emissions from our loan, advisory, and investment services. Risk management and defining commercial opportunities are essential.

2. Donation Validation Process

During the Best Practices for Reputational Risk event held in Madrid, the Donation Validation Process was presented and our area was recognized by different geographies of the Santander Group as a model to follow in these matters..

3. Implementation of the Influencer validation process

During 2022, a review and validation process was implemented for influencers working with Banco Santander Chile in the various campaigns to promote financial products.

Risk classifications

The Bank has the following credit ratings:

International ratings

Moody's	Rating
Bank Deposit	A2/P-1
Baseline Credit Assessment	Baa1
Adjusted Baseline Credit Assessment	Baa1
Senior Unsecured	A2
Outlook	Stable

JCR	Rating
Foreign Currency Long-term Debt	A+
Outlook	Stable

Standard and Poor's	Rating
Long term Foreign Issuer Credit	A-
Long-term Local Issuer Credit	A-
Short-term Foreign Issuer Credit	A-2
Short-term Local Issuer Credit	A-2
Outlook	Stable

HR Ratings	Rating
HR	AA-
Outlook	Stable

KBRA	Rating
Senior Unsecured Debt	A
Outlook	Stable

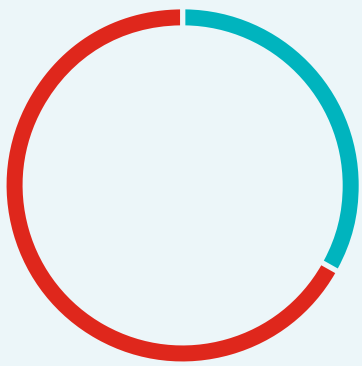
Local ratings

Local ratings	Feller Rate	ICR
Shares	Nivel 1	1CN1
Short-term deposits	N1+	N1+
Long-term deposits	AAA	AAA
Mortgage finance bonds	AAA	AAA
Senior bonds	AAA	AAA
Subordinated bonds	AA+	AA+

Share performance

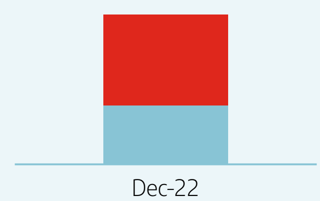
As of December 31, 2022

Shareholding structure



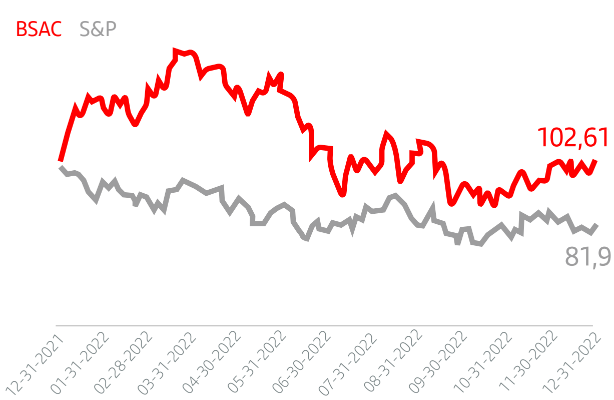
Traded volume (average)

US$ million, latest twelve months as of December 31, 2022



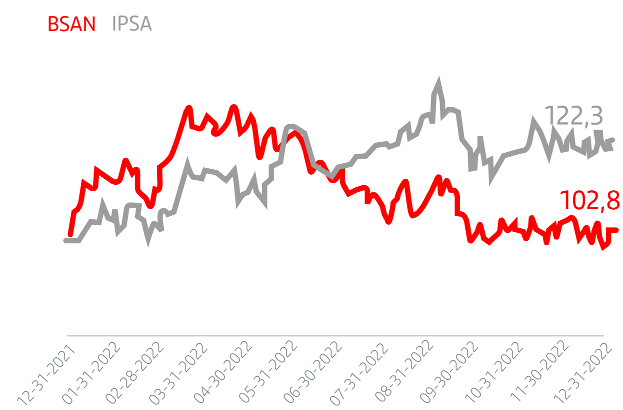
Total return

Santander ADR vs. SP500 (Base 100 = 12/31/2021)



Total return

Santander vs. IPSA Index (Base 100 = 12/31/2021)



Share price

ADR price (US$) 12M22

12/31/2022: **15.84**

Maximum (12M22): **22.72**

Minimum (12M22): **13.51**

Local share price (Ch$) 12M22

12/31/2022: **33.95**

Maximum (12M22): **45.43**

Minimum (12M22): **31.85**

Share information

Market capitalisation: US$ 7,462 million

P/E last 12 months *: **6.8x**

P/BV (12/31/2022) **: **1.52**

Dividend yield ***: **5.5%**

Dividends

Year paid	Ch$/ share	% of the previous year's profit
2019	1,88	60%
Abr & Nov 2020	1,76	60%
2021	1,65	60%
2022	2,47	60%

* Price as of December 31, 2022 / last 12 months' profits / ** Price/book value as of December 31, 2022 / *** Based on the closing price of the record date of the last dividend paid.

Strategy and responsible banking

Our strategy

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

Companies with a strong internal culture attract and retain talent and perform better. Behaviours have, therefore, "evolved" in The Santander Way, enabling us to face the challenges of the future, marked by customer service.

Our success is based on a clear purpose, mission and way of doing things.

We are building a more responsible bank.

Our purpose

To help people and businesses to thrive.

Our mission

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

Personal

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

Fair

To play fair, respecting and enforcing the rules. It is Fairplay. Santander must be transparent in its relations with its stakeholders and fulfil its promises, contributing to the community.

Our seal

Excellence in execution.

T

Think Customer (pienso en el cliente)

- I care for the relationship with my clients and 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.

E

Embrace Change (impulso el cambio)

- 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 them with an opportunity-focused mindset.

A

Act Now (actúo con rapidez)

- I take the initiative with responsibility and keep things simple.
- Growing companies move as an agile collective without bureaucracy and complicated processes. That is the way we should be.

M

Move together (trabajo en equipo)

- 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.

S

Speak up (hablo abiertamente):

- I express my ideas and concerns with respect and no strings attached. I feel comfortable receiving and giving feedback.
- We all have to express ourselves. Things will never improve if problems, ideas, and solutions are not shared.

Responsible Banking

Santander defines two major challenges associated with Responsible Banking:

Challenge 1: New business environment

The development of responsible banking requires an established and strong culture that can respond to the new demands of an increasingly competitive and changing business environment, generating trust and support from stakeholders. Santander has been able to combine all these aspects in a working culture that can be summed up in three words: Simple, Personal and Fair.

Challenge 2: Inclusive and sustainable growth

Santander recognises that inclusive growth is more than meeting customers' needs and has always been willing to help entrepreneurs create businesses and jobs, strengthen local economies, advance financial inclusion, help educate people for individual and collective progress and develop social investment programmes. Sustainable growth also contributes to environmental care and climate change mitigation, promoting sustainable finance by considering environmental risks and opportunities.

During 2022 the most important milestones in the field of Responsible Banking are:

Publication of the 2021 Annual Report

Publication of the Integrated Annual Report 2021 that complies with both GRI and SASB standards. There is a constant effort to publish more financial and non-financial information relevant to investment decisions. Many of these indicators were externally verified by Ernst & Young (EY). .

The latest report can be found at https://santandercl.gcs-web.com/financials/annual-reports

Top Employer 2022 Certification

In the first quarter of 2022, Santander obtained the Top Employer distinction from the Top Employer Institute for the third consecutive year, which recognises companies that have stood out for their value proposition for their employees and the conditions for the development of their teams.

Principles of Responsible Banking

Alignment

To align business strategy to be coherent with individuals' needs and society's objectives.

Impact

To increase the positive impacts and, at the same time, reduce the negative effects of the organisation's activities, products and services.

Clients

To work responsibly with clients to promote sustainable practices and enable economic activities that generate shared prosperity.

Transparency and accountability

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

Corporate governance and target setting

Effective corporate governance and a culture of responsible banking.

Stakeholders

To consult, engage and collaborate proactively and responsibly with stakeholders.

10 responsible commitments

In addition, since 2019, Santander has set goals associated with responsible banking, aligned with people and the community.

Challenge	Targets	Progress
New business environment	**1.** To be the best company to work for in Chile. Maintaining this leading position.	Santander obtained the Top Employer certification for the fourth consecutive year in 2022.
	2. To increase the percentage of women in management positions: Achieving 30% of female staff in managerial positions.	Currently, 31% of the staff in managerial positions are women.
	3. To eliminate the gender pay gap: Our goal is to eliminate the gender pay gap by 2025. The Iguala Conciliation Seal, awarded by the Ministry of Women and Gender Equality, provides a path and an official commitment to making progress on this issue.	The gender pay gap is 2.4%.
Inclusive and sustainable growth	**4.** To work to empower people financially: Through financial products such as Life, we aim to increase this to more than four million people by 2025.	Between 2019 and December 2022, 2,715,999 people have been helped to become financially empowered.
	5. To provide sustainable financing to customers: A 2025 target has been defined to finance own and Santander customers' projects for at least US$ 1,500 million through the ESG framework.	As of September 30 2022, there is US$ 684.8 million in sustainable financing. In the second quarter of 2022, Santander Group published the ESG framework, facilitating the issuance of ESG bonds in the future.
	6. To increase energy from renewable sources: Santander is also committed to 100% of our electricity usage coming from renewable sources.	This year the Bank will 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 Metropolitan regions. 28% of energy came from such sources in 2022.
	7. To be carbon neutral: Banco Santander joins the Group's goal of becoming carbon neutral by 2050. The goal of the Bank's operations is to be carbon neutral by 2025, without the need to offset the footprint by purchasing carbon credits.	Since 2019, 100% of the carbon footprint has been mitigated. Santander is currently implementing a classification process for its portfolio to measure its clients' entire carbon footprint.
	8. Eliminate single-use plastic in the Bank's operations.	In 2021, 100% of single-use plastics were eliminated.
	9. Deliver scholarships, internships and entrepreneurship programmes: Santander aims to deliver 13,500 scholarships, internships and entrepreneurship programmes between 2019 and 2024.	From 2019 to December 2022, 15,881 education and entrepreneurship grants were awarded locally.
	10. Supporting people through community contribution programmes: In social issues between 2019 and 2024, we aim to help more than 500,000 people through our community programmes.	From 2019 to December 2022, 394,356 people were supported through our education programmes and other support measures to benefit people in vulnerable situations.

ESG Indicators

As a result of Santander's firm commitment to the progress of people, respect for the environment and good corporate governance, which is also reflected in its adherence to the main sustainable development and responsible banking initiatives, Santander achieved the following ESG indicators:

Dow Jones Sustainability Indexes

Included in Chile, MILA and Emerging Markets

International benchmark index that assesses the sustainable performance of companies in the economic, social and environmental spheres. We currently have a score of 78 points and are in the 96th percentile of companies participating in this index.

vigeo eiris

62/100 Advanced

MSCI

MSCI rating

A

CCC | B | BB | A | AA | AAA

SUSTAINALYTICS

ESG Risk rating

15,0 Low Risk

Neglible	Low	Med.	High	Severe
0-10	10-20	20-30	30-40	40+

FTSE4Good

Included in Emerging Latam and Emerging Global

Positive assessments in the environmental and social dimensions, compared to other banks in the index.

S&P IPSA ESG

SAM Now a Part of S&P Global

In early 2021, the Santiago Stock Exchange launched a new S&P IPSA ESG index. Chile is the third Latin American country with an index incorporating these dimensions and using the same methodology as the DJSI. Of the 30 companies that make up the IPSA, 26 companies were included in this index and Santander has the third best ranking.

Strategic Objectives by stakeholder group

Clientes

We want to provide purposeful, sustainable and excellent financial solutions with the best customer experience and customer loyalty.

Focuses: Expertise | Consulting | Digital | Scale

Main KPIs

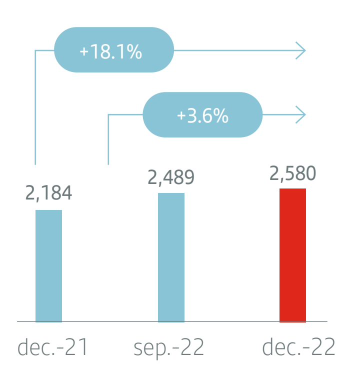
		Results 2020	Results 2021	Results as of December 2022
Clients	**NPS**	51% Top 1 (Gap of 3 with the second place)	60% Top 1 (Gap of 7 with the second place)	57% Top 2 (Gap of 1 with the second place)
	Total clients	3,607,609 (+5.5%)	4,116,301 (+14.1%)	3,910,094 (-5.0% YOY)
	Loyal customers	764,407 (+8.6%)	832,405 (+8.9%)	855,156 (+2.7% YOY)
	Digital clients	1,546,524 (+24.0%)	2,016,947 (+30.4%)	1,981,540 (-1.8% YoY)

Note: Comparison and growth are year-on-year.

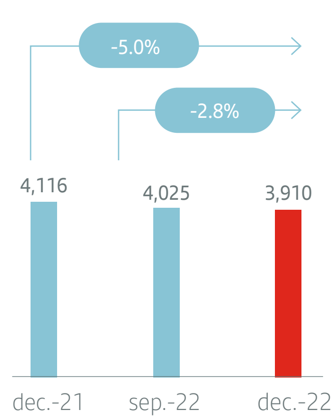
During the year, current account customers (including Superdigital accounts) continued to grow by 18.1% YoY, attracted by our digital product offering. Loyal customers (individual customers with four or more products with a minimum level of profitability and usage and companies with a minimum level of profitability and usage of products) grew by 2.7% YoY. Total clients are declining as the Bank is actively closing unused accounts.

Current accounts

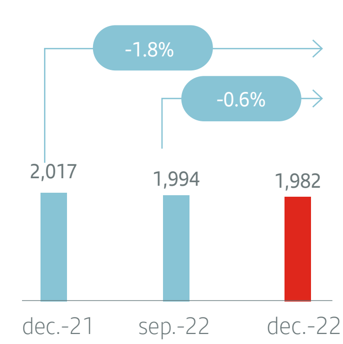
Includes Superdigital



Total clients



Digital clients



Figures in thousands of clients

Launch of Prospera and Cuenta Pyme Life, our bankarisation initiative for SMEs and support for micro-entrepreneurs.

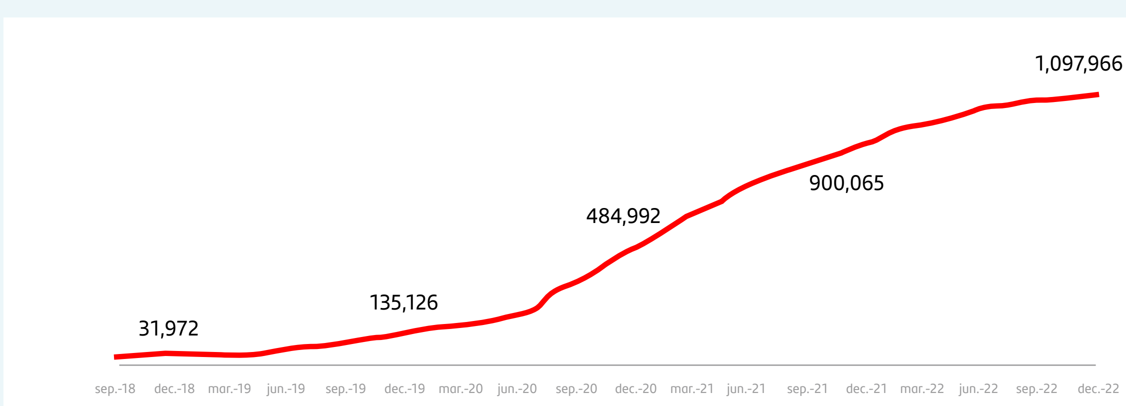
According to a study by the National Institute of Statistics (INE), there were about 745,000 formal micro-entrepreneurs in 2019. The first quarter of 2022 saw the launch of Prospera and Cuenta Pyme Life; both initiatives focused on promoting the banking integration of SMEs and supporting micro-entrepreneurs. Prospera is a simple-to-open current account with no minimum sales requirements for individuals, letting them make business transactions easily. For a one-time fee of Ch$ 19,990, they receive a mobile POS, which allows them to receive same-day sales deposits and payments directly to their phone. Cuenta Pyme Life is for people who have an open company. In Chile, a government platform is designed so anyone can open a business in one day without hassle or tedious paperwork. These same companies that open quickly and digitally are also looking to open an account in the same way, just like the Cuenta Pyme Life, which is 100% digital. The first six months are free, and these new businesses gain access to a current account and debit card, as well as Office Banking, the business transaction platform. Both alternatives are unique in the market, targeting micro-entrepreneurs who quickly cross-sell via current account, debit account and Getnet. In the future, these customers will also have access to loans.

Life and Superdigital boosting digital account opening

Santander Life continued to be the main contributor to the growth in new customers due to the success of the Meritolife Programme for this product and the digital onboarding process for opening a current account. Life's total number of clients as of December 2022 increased 22.0% YoY, reaching 1,097,966 clients. Santander Life customers are quickly monetising while achieving a high Net Promoter Score (NPS) for the onboarding process.

Superdigital continues its acceleration of customer acquisition, reaching a total of 397,582 customers. This digital prepaid account is an attractive alternative for those with little access to the banking system, especially during the pandemic when through Superdigital,

Life Clients



they could receive and manage the money received from government initiatives during the COVID-19 crisis. Furthermore, Superdigital has secured important partnerships with companies such as Uber and Cornershop, attracting new customers.

Market share in current accounts rises to 28.4%.

As a result of these efforts, the Bank's market share in current accounts remains strong. According to the latest publicly available information, as of October 2022, our market share is 28.4% in current accounts. These figures do not include Superdigital, as these accounts are categorised as debit cards. Moreover, due to exchange rate volatility, there has been increasing customer demand for US dollar current accounts. As of October 2022, Santander Chile had a market share of 39.9% and opened about 126,218 current accounts in dollars during the year[1].

Getnet's success continues

Getnet's entry into the Chilean procurement market continues to show good results. Reception has been high, with more than 157,641 points of sale installed for more than 134,897 customers, of which 91% are SMEs. Additionally, the sale of mPOS, more compact devices that can be sold through Prospera, began with more than 1,400 mPOS sold.

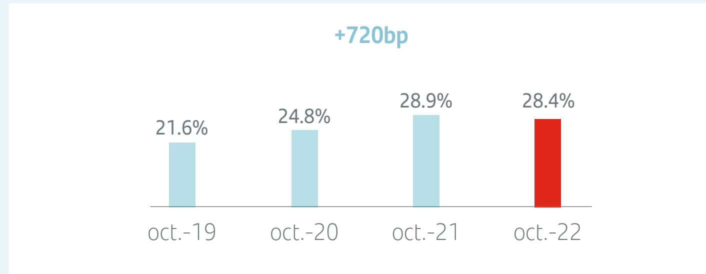
Furthermore, in 2Q22, Getnet launched e-commerce, attracting about 8,500 businesses with some MCh$ 5,122 in sales in December. Getnet has more than MCh$ 580,000 in monthly sales through our POS. A key feature has been receiving the sales deposit up to five times daily, including weekends. As a result, Getnet generated fees of approximately MCh$ 27,060 in 2022.

Work/Café branches continue to grow

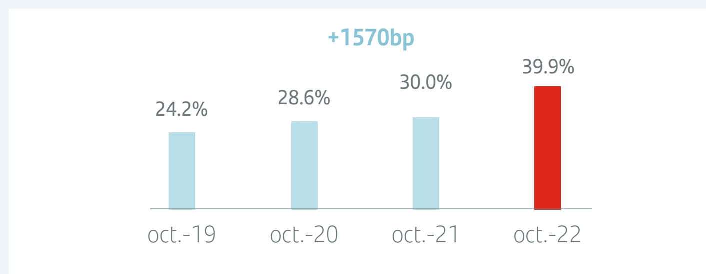
The transformation from branches to Work/Café continued during the pandemic. Over the past year, we have opened 11 Work/Café offices. In addition, we closed 38 branches, including Select branches which were for the high client segment. We currently have 286 branches, 12.3% less than the previous year.

In the last quarter of 2022, we launched Work/Café StartUp. This initiative aims to offer a comprehensive solution to all the needs of entrepreneurs, particularly to increase banking integration, pilot programmes with the Bank and even offer financing. It is aimed at companies that have three main characteristics: (i) they are start-ups with accelerated growth, (ii) technology is part of their value proposition, and (iii) their proposals are scalable to a real problem.

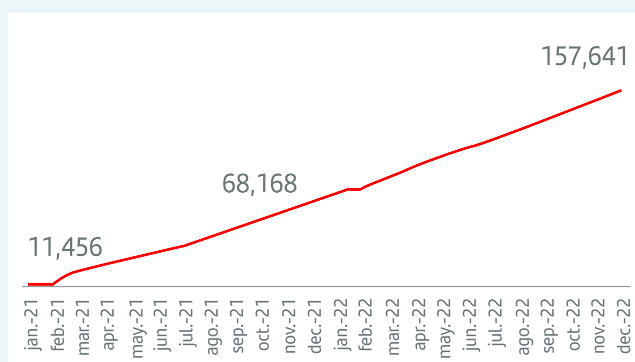
Market rates Current accounts
Santander Chile



Market share Current accounts in US dollars
Santander Chile



Total POS



1 Source: FMC, latest available information as of July 2022.

Individuals

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

Focus: Empathetic, committed and flexible culture | Leadership in service of culture | Cultivating the vocation of learning

Main KPIs

		Results 2020	Results 2021	Results December 2022
Collaborators	**Commitment rate**	87% in 2019. During 2020, due to the pandemic the survey was not conducted	94%	It is now measured through a new survey during the year to have more timely information. By 2022 this new measurement was eNPS 82.
	SPF Index	87% in 2019. During 2020, due to the pandemic, the survey was not conducted.	95%	It is now measured through a new survey during the year to have more timely information. For 2022 this new measurement was 8.9/10.
	Diversity	21.5% of women in management positions 1.2% with disabilities	28% of women in management positions 1.32% with disabilities	31% of women in management positions 1.7% with disabilities
	Wage gap		2.5%	2.4%

→ For more indicators regarding people, see the 10 Responsible Banking Commitments.

Shareholders

We want to be the most profitable and sustainable bank, with strong capital levels and optimal management of all risks.

Focus: Profitability and Sustainability | Risk and Capital

Main KPIs

		Results 2020	Results 2021	Results as of December 2022
Shareholders	**ROE**	14.5%	22.7%	21.75
	Efficiency	40% (Top 1)	40.1 % (Top 1)[1]	42.8%[1]
	Delinquency	Delinquency 1.4% (17 bps gap over Peer Group)	Delinquency 1.2% (17 bps gap over Peer Group)	1.8%
	Solvency	10.7%	9.2%	11.1% (Minimum 10% at the end of the year)

Meetings with investors

The Bank is in constant communication with its analysts and investors. Around 190 meetings were held in the quarter, bringing the total number of meetings so far this year to approximately 1,060. In addition, attendance at face-to-face meetings and conferences has resumed.

1. Results for 2021 and 2022, the efficiency ratio is calculated as operating expenses, including impairment and other operating expenses, divided by operating income.

Community

We want to be recognised as a responsible bank committed to the well-being of our community and promoting environmental care and socially sustainable development.

Focus: Environment | Social | Corporate Governance

Main KPIs

		Results 2020	Results 2021	Results as of December 2022
Community	**Financial empowerment**	921,779	1,693,277	2,715,999
	To support people through community contribution programmes	103,792	281,212	394,356
	Sustainable financing	-	US$267.3 million	US$684.8 million as of September 2022
	Sustainability index	90th percentile DJSI Chile, MILA, and Emerging Markets	91st percentile DJSI Chile, MILA, and Emerging Markets	96th percentile DJSI Chile, MILA, and Emerging Markets
	BitSight Index	810	800	The index for 2022 has not yet been released

Note: The three first categories in the table shows data accumulated since 2019.

→ For more indicators regarding the community, see the 10 Responsible Banking Commitments.

Corporate Governance

For more information on our corporate governance, please refer to Section 3 of our 1Q22 Management Commentary Financial Report.

Further information on the composition of our Board of Directors, organisational structure and Senior Management can be found on our IR website under "Management".

Latest events and essential facts

In 2022 Santander Chile received the following awards:

- Euromoney awarded it as Best Bank in Chile 2022.
- Santander was recognised as the best bank in treasury and cash management in Chile by Global Finance.
- Global Finance awarded a Sustainable Finance Award for Chile 2022.
- Best digital bank in Chile 2022 by Global Banking and Finance.
- Best SME Bank in Chile by Global Finance.
- Bank of the Year for Financial Inclusion in Chile by The Banker.
- Bank of the Year in Chile by Latin Finance.
- First place in Ranking C3 of Creativity and Innovation by Brinca Global and Universidad de Desarrollo.
- Recognised by La Voz del Mercado by Ernst & Young (EY), the Santiago Stock Exchange and the Chilean Institute of Directors.

Santander Group has also announced a new corporate building for Santander Chile to be ready in 2026, involving an investment of US$ 350 million. The building will meet the highest standards of sustainability and energy efficiency.

During 2023 Santander received the Top Employer certification for the fifth consecutive year, highlighting the excellent working conditions offered to employees.

Shareholders' Meeting

At the Ordinary Shareholders' Meeting of Banco Santander-Chile held on April 27, 2022, in addition to approving the Consolidated Financial Statements for 2021, it was approved to distribute 60% of the net profit for the year (referred to in the financial statements as "Profit attributable to equity holders of the Bank"), which amounted to MCh$ 774,959. These profits correspond to a dividend of Ch$ 2.46741747 per share. In addition, the remaining 40% of the profits were used to increase the Bank's reserves. At the meeting, it was also stated that shareholders had the option to receive all or part of the dividend to which they were entitled under the transitional and optional tax regime provided for in transitional article 25 of Law No 21,210 modernising the Tax Legislation, considering the payment of a tax in lieu of final taxes at a rate of 30%.

The following is also proposed:

- Determination of the remuneration of the Board of Directors.
- Appointment of external auditors: The appointment of PricewaterhouseCoopers Consultores Auditores y Compañía Limitada as external auditors for 2022 is approved.
- Approval by local risk rating agencies Feller and ICR
- Report of the Audit Committee and determination of remuneration and expenses of this committee for 2022.
- To be aware of related party transactions.

Board of Directors

As of March 22, 2022, at a Directors Board meeting, it was agreed to summon an Ordinary Shareholders' Meeting for April 27, 2022, to propose a profit distribution and dividend payments, taken from 60% of retained earnings on December 31, 2021, equivalent to Ch$ 2.46741747 per share and to propose that the remaining 40% of profits for 2021 be used to increase the Bank's reserves.

As of July 27, 2022, at an extraordinary meeting of the Bank's Board of Directors, it was approved the appointment of Mr Román Blanco Reinosa as Chief Executive Officer of the Bank as of August 1, 2022, replacing Mr Miguel Mata Huerta.

At an extraordinary Board meeting held on September 8, 2022, the Board of Directors approved the reclassification of MCh$ 56,602 from reserves to retained earnings of the Bank to meet future payments on the perpetual bond issued in October 2021 and thus comply with the FMC. As a reminder, this perpetual bond was issued for US$ 700 million with no fixed maturity and is not redeemable earlier than five years from the issue date. The bond is convertible into shares if the banks' CET1 ratio falls below 5.125%, in line with the FMC's conditions and requirements for issuing perpetual bonds and preferred shares.

At the Board meeting on October 27, 2022, it was approved to transfer the amount of MCh$ 120,000 from voluntary provisions in the commercial portfolio to voluntary provisions in the consumer portfolio in four equal instalments of MCh$ 30,000, the first instalment starting with the financial statements of September 30, 2022.

Group

As of July 25, 2022, at an Extraordinary Shareholders' Meeting of Santander SA Sociedad Securitizadora, the shareholders approved an increase in the share capital currently amounting to Ch$1,216,769,815, increasing it to Ch$1,726,769,815, divided into 280 ordinary, registered shares of the same series and without nominal value. The proposed capital increase, which amounts to Ch$ 510,000,000, does not involve an issue of shares.

Bond issuance

During 2022 the Bank has issued bonds for UF 13,000,000, USD 30,000,000, JPY 3,000,000,000 and Ch$ 182,200,000,000 as follows:

Series	Currency	Term	Annual I ssuance Rate	Issuance Date	Settlement date	Amount issued	Maturity date
USD bond	USD	3	SOFR+ 95 bps	04-20- 2022	04-28-2022	30,000,000	04-28-2025
JPY bond	JPY	3	0.65%	09-08- 2022	09-15-2022	3,000,000,000	09-15-2025
U6	Ch$	5.5	2.95%	10-20-2022	10-21-2022	35,200,000,000	04-01-2026
T20	UF	11.5	2.65%	10-21-2022	10-24-2022	5,000,000	02-01-2034
U7	Ch$	5.5	7.00%	11-15-2022	11-16-2022	72,000,000,000	04-01-2026
T17	Ch$	10	7.50%	11-18-2022	11-22-2022	75,000,000,000	08-01-2032
W4	UF	10.5	2.65%	12-07-2022	12-09-2022	8,000,000	12-01-2033

Other

As of February 4, 2022, the Interchange Rates Cap Committee 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 the provision of funds. The Bank has estimated the effects of implementing these limits concerning the results of the means of payment operations at approximately MCh$ 29,000 by 2022.

As of January 23, 2023, the Ministry of Finance, together with the Association of Banks and Financial Institutions (ABIF), announced a series of measures aimed at supporting individuals and SMEs, as well as strengthening the banking system. These measures include encouraging the rescheduling of loans following the commercial policies dictated by each bank and the bank's commitment to participate in the support programmes promoted by the state, such as Fogape and the housing construction programme. Furthermore, it was also announced that Transbank's shareholder banks would start selling their ownership in Transbank as part of the so-called four-party model in the payment system.

8 Annexes

General information Santander Chile

Name: Banco Santander Chile.

Legal nature: Sociedad anónima.

Headquarters: Bandera 140, Santiago.

Countries of operation: Chile.

Identification of the company

(GRI 2-1)

Banco Santander Chile was established by public deed on September 7, 1977. This was granted in the Santiago notary's office at the time under Alfredo Astaburuaga Galvez under the name of Banco de Santiago. The operation of this Bank was authorised by the Superintendency of Banks and Financial Institutions (SBIF) through resolution No 118 on October 27, 1977.

The Bank's statutes were approved by the SBIF through Resolution No 103 of September 22, 1977. This resolution and the statutes were published in the Official Gazette on September 28, 1977, and were registered on page 8825 No 5017 of the 1977 Commercial Register of the Santiago Real Estate Registry (Conservador de Bienes Raíces de Santiago).

Banco de Santiago changed its name to Banco Santiago and merged with the former Banco O'Higgins - which was dissolved and whose legal succession was taken over by Banco Santiago - through Resolution No 6 of January 9, 1997, by the SBIF. The corresponding publications were made on January 11, 1997, through the Official Gazette. Accordingly, they are duly registered under No 69 of January 13, 1997, at the Santiago notary's office in charge of Andrés Rubio Flores-.

The merger of Banco Santander Chile and Banco Santiago by incorporating the former into the latter - thereby acquiring the liabilities and assets of the latter - was agreed upon at the Extraordinary Shareholders' Meeting of Banco Santiago on July 18, 2002. The minutes of this meeting were reduced to a public deed on July 19, 2002, at the Santiago notary's office, in charge of Nancy de la Fuente1. Through that instrument, the early dissolution of Banco Santander Chile and the name change from Banco Santiago to Banco Santander Chile were also agreed upon. The SBIF authorised this through resolution No 79 of July 26, 2002, which was published in the Official Gazette on August 1, 2002, and registered on page 19,992 No 16,346 of 2002, in the Commercial Register of the Santiago Real Estate Registry (Registro de Comercio del Conservador de Bienes Raíces de Santiago).

At the Extraordinary Shareholders' Meeting on April 24, 2007, it was amended and established that following its bylaws and as approved by the SBIF, Banco Santander Chile may also use the names Banco Santander Santiago or Santander Santiago or Banco Santander or Santander. The minutes of this meeting were reduced to a public deed on May 24, 2007, at the Santiago notary's office in charge of Nancy de la Fuente. The reform was approved by the SBIF through Resolution No 61 of June 6, 2007. It was published accordingly in the Official Gazette of June 23, 2007. In addition, it was registered in the Commercial Register of the Santiago Real Estate Registry of 2007 on page 24,064, Number 17,563 of the aforementioned registry.

The statutes have been amended on other occasions. The last amendment was agreed upon during the Extraordinary Shareholders' Meeting held on January 9, 2017, the minutes of which were reduced to a public deed on February 14, 2017, at the Santiago notary's office of Nancy de la Fuente Hernández. The reform eliminated the possibility of occupying the names Banco Santander Santiago or Santander Santiago, reduced the number of directors from 11 to 9 full members - the two alternate directors were maintained - and established a revised text of its statutes. The SBIF approved the reform through resolution No 157 of April 5, 2017. The extract of the reform and the resolution were published on April 5, 2017, in the Official Gazette and were registered in the Registry of Commerce of the Santiago Real Estate Registry of 2017 on page 27,594, No 15,254 of the registry mentioned above.

Banco Santander operates in Chile. Its head offices are located at Bandera 140, Santiago, Chile.

Essential facts

(CMF 9)

22/03/2022
Notice of Ordinary Shareholders' Meeting

The Board of Directors of Banco Santander Chile, at its ordinary meeting held on March 22, 2022, resolved to call an Ordinary Shareholders' Meeting, to be held solely and exclusively by remote means of communication, for Wednesday, April 27, 2022, in order to submit for its consideration and approval the Annual Report, Balance Sheet, Financial Statements and External Auditors' Report, the allocation of profits, and the determination of the remuneration of the Board of Directors, among other matters.

28/04/2022
Dividend payments

It reports as an essential fact the resolution adopted at the Ordinary Shareholders' Meeting to distribute a dividend of $ 2.46741747 per share, which is available to shareholders as of 28 April 2022, at the Bank's head office or any of its branches, both in the Metropolitan Region and in the rest of the country. Shareholders under the Register of Shareholders at midnight on April 22, 2022, are entitled to the above dividend.

26/07/2022
Purchase and sale agreement between Banco Santander-Chile and Santander Investment Chile Ltda..

It reports as an essential fact a purchase contract between Banco Santander-Chile and Santander Investment Chile Ltda, where Banco Santander-Chile will sell 264 hectares of agricultural land that was awarded through a bankruptcy liquidation. Regarding this transaction, the directors expressed the convenience for the Bank in contracting this transaction, adjusting in price, terms and conditions to those prevailing in the market, also following the favourable report of the Bank's Directors and Audit Committee.

27/07/2022
Change in Chief Executive Officer of Banco Santander-Chile

Informs as an essential fact that Mr Miguel Mata Huerta leaves the position of General Manager of Banco Santander-Chile, and his replacement by Mr Román Blanco Reinoso as of August 1, 2022. This was approved at an Extraordinary Board meeting on July 27, 2022.

02/09/2022
Bond Settlement

Informs as an essential fact the settlement of the placement of dematerialised and bearer bonds on September 1, 2022, in the local market, charged to the line registered in the Securities Register of the FMC under number 115-2017, dated October 12, 2017. The specific terms were series U-5 bonds for MCh$ 2,000, maturing on April 1, 2025. The average placement rate of the securities was 8.69%.

08/09/2022
Bond issuance

Informs as an essential fact the settlement of the placement of dematerialised and bearer bonds on September 12, 2022, in the local market, charged to the line registered in the Securities Register of the FMC under number 115-2017, dated October 12, 2017. The specific terms were series U-5 bonds for MCh$ 2,000, maturing on April 1, 2025. The average placement rate of the securities was 8.71%.

09/09/2022
Bond placement and settlement

Informs as an essential fact the settlement of the placement of dematerialised and bearer bonds on September 12, 2022, in the local market, charged to the line registered in the Securities Register of the FMC under number 115-2017, dated October 12, 2017. The specific terms were series U-5 bonds for MCh$ 2,000, maturing on April 1, 2025. The average placement rate of the securities was 8.71%.

09/09/2022
Infringement of section 1.1.2 of chapters 12-15 of the Current Standards Compilation concerning the provisions of art. 83 of the Ley General de Bancos (General Banking Law).

Informs as an essential fact that Banco Santander-Chile was sanctioned on March 31, 2022, with a fine of UF 1,500 for exceeding the global regulatory limit for deposits in banks or financial institutions abroad, situation corrected on April 1, 2022. After submitting a resolution in this regard, this resolution was confirmed by the Financial Market Commission by means of Exempt Resolution No 5625 on September 2, 2022.

23/09/2022
Bond placement and settlement

Informs as an essential fact the placement of dematerialised and bearer bonds on September 23, 2022, in the local market and the settlement of these on September 26, 2022. This against the facility registered in the Securities Register of the FMC under number 11-6/2017, dated October 12, 2017. The specific terms were series U-6 bonds for MCh$ 8,500, maturing on April 1, 2026. The average placement rate of the securities was 7.95%.

10/11/2022
New Chief Executive Officer of Santander Corredores de Bolsa Ltda

Informs as an essential fact that Mr Hernán Carrasco Campos was appointed Chief Executive Officer and Legal Representative of Santander Corredores de Bolsa Limitada. This event took place on November 9, 2022, and had an immediate effect.

15/11/2022

Bond placement and settlement

Informs as an essential fact the placement of dematerialised and bearer bonds on November 15, 2022, in the local market and the settlement of these on November 16, 2022. This against the facility registered in the Securities Register of the FMC under number 11/2017, dated October 12, 2017. The specific terms were series U-6 bonds for MCh$ 7,000, maturing on April 1, 2026. The average placement rate of the securities was 6.63%. Moreover, Series U-7 Bonds for a total of MCh$ 28,000, maturing on September 1, 2027. The average placement rate of the securities was 6.25%.

16/11/2022

Colocación de Bono

Informs as an essential fact the placement of dematerialised and bearer bonds on November 18, 2022, in the local market. This against the facility registered in the Securities Register of the FMC under number 10/2016, dated August 11, 2016. The specific terms were series U-7 bonds for MCh$ 5000, maturing on September 1, 2027. The average placement rate of the securities was 6.25%.

18/11/2022

Bond Placement

Informs as an essential fact the placement of dematerialised and bearer bonds on November 18, 2022, in the local market. This, against the facility registered in the Securities Register of the FMC under number 10/2016, dated August 11, 2016. The specific terms were bonds series T-17 for MCh$ 75,000, maturing on August 1, 2032. The average placement rate of the securities was 6.30%.

24/11/2022

Bond Placement

Informs as an essential fact the placement of dematerialised and bearer bonds on November 24, 2022, in the local market. This, against the facility registered in the Securities Register of the FMC under number 11/2017, dated October 12, 2017. The specific terms were series U-7 bonds for MCh$ 17,000, maturing on September 1, 2027. The average placement rate of the securities was 6.38%.

28/11/2022

Bond Placement

Informs as an essential fact the placement of dematerialised and bearer bonds on November 28, 2022, in the local market. This, against the facility registered in the Securities Register of the FMC under number 11/2017, dated October 12, 2017. The specific terms were series U-7 bonds for MC$16,500, maturing on September 1, 2027. The average placement rate of the securities was 6.55%.

29/11/2022

Bond Placement

Informs as an essential fact the placement of dematerialised and bearer bonds on November 29, 2022, in the local market. This, against the facility registered in the Securities Register of the FMC under number 11/2017, dated October 12, 2017. The specific terms were series U-7 bonds for MCh$ 2,500, maturing on September 1, 2027. The average placement rate of the securities was 6.50%.

30/11/2022

Bond Placement

Informs as an essential fact the placement of dematerialised and bearer bonds on November 30, 2022, in the local market. This, against the facility registered in the Securities Register of the FMC under number 11/2017, dated October 12, 2017. The specific terms were series U-7 bonds for MCh$ 3,000 pesos, maturing on September 1, 2027. The average placement rate of the securities was 6.52%.

07/12/2022

Summons to heirs or legatees

Informs as an essential fact that heirs or legatees of deceased shareholders have been summoned to register the shares owned by the deceased in their name. If no interested parties come forward within the legal deadlines, they will be sold at auction on a Stock Exchange following the legal regulations in force.

Subsequent events

06-01-2023 **Placement of securities in international and/or national markets**

On today's date, January 6, 2023, the placement of dematerialized and bearer bonds was carried out by the Bank in the local market, charged to the line registered in the Securities Registry of the CMF under number 10/2016 dated August 11, 2016. The specific conditions of the aforementioned placement were as follows:

- Series T-18 Bonds, for a total amount of $75,200 million pesos, maturing on December 1, 2027. The average placement rate of the securities was 6.52%.

11-01-2023 **Placement of securities in international and/or national markets**

On today's date, January 11, 2023, the placement of dematerialized and bearer bonds was carried out by the Bank in the local market, charged to the line registered in the Securities Registry of the CMF under number 20220013 dated November 15, 2022. The specific conditions of the aforementioned placement were as follows:

- Series AA-3 Bonds, for a total amount of $13,600 million pesos, maturing on September 1, 2030. The average placement rate of the securities was 5.95%.

12-01-2023 **Placement of securities in international and/or national markets**

On today's date, January 12, 2023, the placement of dematerialized and bearer bonds was carried out by the Bank in the local market, charged to the line registered in the Securities Registry of the CMF under number 20220013 dated November 15, 2022. The specific conditions of the aforementioned placement were as follows:

- Series AA-3 Bonds, for a total amount of $1,150 million pesos, maturing on September 1, 2030. The average placement rate of the securities was 5.79%.

17-01-2023 **Placement of securities in international and/or national markets**

On today's date, January 17, 2023, the placement of dematerialized and bearer bonds was carried out by the Bank in the local market, charged to the line registered in the Securities Registry of the CMF under number 07/2019 dated September 30, 2019. The specific conditions of the aforementioned placement were as follows:

- Series W-5 Bonds, for a total amount of UF 310,000, maturing on March 1, 2028. The average placement rate of the securities was 2.64%.

Shareholder and Board Committee's Comments

(CMF 10)

ANNUAL REPORT 2022

Committee of Directors and Audit

Banco Santander Chile

In accordance with Article 50 bis of Law No. 18,046 on Anonymous Societies (LSA), the Committee of Directors and Audit of Banco Santander Chile agrees to present for approval by the board the following Annual Report of its management

COMMITTEE COMPOSITION:

In accordance with the Statutes of the Committee of Directors and Audit, it is composed of (3) three independent directors, who during the year 2022 were the following:

Mr. Orlando Poblete Iturrate, Chairman

Mr. Rodrigo Vergara Montes

Mr. Felix de Vicente Mingo.

The secretary was Mr. Juan Pedro Santa María Pérez. These are paid positions and their remuneration was agreed upon by the Ordinary Shareholders' Meeting at its session in April 2022.

The Committee meets monthly and during the 2022 fiscal year, it met 13 times, 12 regular sessions and 1 extraordinary session in September. These sessions typically last an average of two and a half hours and are held on a prior date, usually the day before the Board meeting, to which the content of the corresponding session is reported. It should be noted that during 2022, the Committee continued to meet remotely via "teams" from January to December, with complete regularity and without any inconvenience.

TOPICS ADDRESSED IN THE 2022 FISCAL YEAR

Audit

In the meeting held on December 27, 2021, the Committee was informed of the Annual Plan of Internal Audit for the year 2022, which was approved by the board. The program was fully implemented and in accordance with what was projected. Both the recommendations made by the division to the units, as well as those from the CMF and external auditors, were continuously and rigorously followed by the Internal Audit area, which was periodically reported to the Audit Manager and the Committee.

In the meeting held on December 26, 2022, the Committee positively evaluated the performance of the Internal Audit Manager, valuing the ability of the professional teams at their disposal, their competence, and efficiency. It was highlighted how the manager was able to strengthen their team and the sufficiency of the budget assigned to them for their functions.

The Committee particularly appreciates that the Director of Internal Audit acts with the independence that corresponds to them and requires this qualification from their immediate collaborators. This evaluation was communicated to the bank's board.

In the meeting held on March 21, 2022, the Committee proposed PricewaterhouseCoopers Consultores, Auditores y Compañía Limitada as external auditors for the 2022 fiscal year, who had served as the auditing firm during the 2021 fiscal year. The Ordinary Shareholders' Meeting held in April 2022 approved the proposal.

In the meeting held in July, PwC presented the Audit Plan for the Bank and its subsidiaries to the Committee, which was carried out according to the proposal. They provided timely opinions on the financial statements of the Bank and its subsidiaries, as well as on the internal control situation. The observations raised by the auditing firm were the subject of strict monthly monitoring by the Committee.

Credit Rating Agencies

In a meeting held on March 21, 2022, the Committee decided to continue with Feller Rate and ICR Chile as Credit Rating Agencies for the year 2022. Feller Rate was chosen for its extensive experience, good local ratings, and relatively low cost, while ICR Chile was selected for its affiliation with international standards, coverage of renowned companies, and relatively low cost. This decision was approved at the April 2022 Ordinary Shareholders' Meeting.

Financial Statements and Internal Control

One of the most important functions of the Committee is to review, analyze, and pronounce on the Bank's financial statements and the internal control situation, particularly the sufficiency of provisions. In the February 2022 meeting, the Consolidated Financial Statements as of December 31, 2021 were presented and approved, and the implementation of the new Banking Accounting Standards Compendium (CNCB) effective from January 1, 2022 was mentioned. It was noted that a perpetual bond, which is classified as Additional Tier 1 capital or "AT1," was issued for the first time, and Basel III indicators were incorporated.

In the meetings held in April, July, and October, the Committee was informed about all relevant information regarding the interim or quarterly financial statements, which were approved in a timely manner. The Disclosure Committee was also reported, indicating key dates and relevant subsequent events, among other topics.

Furthermore, considering that the Bank is registered in the United States, the "20-F" document was issued, which presents the Bank's financial information to the authorities of that country as of the end of 2021.

Regarding Internal Control, in the meeting held on February 24, the Committee received the report on the Control Environment in the Bank and its subsidiaries as of the end of 2021, prepared by the Non-Financial Risk Management Department, which explains the control certifications, detailing the methodology change and its implications, among other details. It was determined that the internal control in the Bank is satisfactory.

Audit Follow-up

The Committee also conducts ongoing monitoring of the progress and timely compliance with all audits and recommendations made by various supervisory authorities as a result of their annual visits. During 2022, the Committee was informed monthly regarding the audits carried out on the Bank by the Financial Market Commission for the year 2021, particularly regarding the audits related to the opening of digital checking accounts, debtor status, and the Effective Equity Self-Assessment Report (IAPE). The Committee also conducted monthly monitoring of the audit conducted on the Bank by the auditing firm PricewaterhouseCoopers Consultores, Auditores y Compañía Limitada, which progressed according to plan.

Reports from subsidiaries

During 2022, the Committee became aware of the annual management of each of the Bank's subsidiaries, presented by each general manager in different sessions throughout the year. The existing and reporting companies to date are: i) Santander Consumer Finance Limitada, ii) Santander Corredora de Seguros Ltda, iii) Santander S.A. Securitizadora, iv) Klare Corredora de Seguros S.A., v) Santander Asesorías Financieras Limitada, vi) Sociedad Operadora de Tarjetas el Pago Santander Getnet Chile S.A., and vii) Santander Corredora de Bolsa Limitada.

Related party transactions

One of the functions entrusted to the Board Committee by Law No. 18.046 is to review the transactions that the Bank carries out with companies or individuals that have a connection through ownership or management, as defined by the law. The purpose of this analysis is to ensure that such transactions are conducted on market terms, meaning that the agreed terms are fair. During 2022, the Committee rigorously reviewed and analyzed all such transactions and their background, particularly those related to contracts for technology services for the Bank. For each transaction presented, the Committee demanded a reasoned and professional explanation about it, especially objective information about the values to be paid for the requested service. The approved contracts were submitted to the Bank's Board of Directors for approval, if deemed necessary. To this end, the Committee's Chairman formally recorded in each board meeting the presentation of the corresponding contracts for final approval.

Compliance

In a meeting held on February 24, 2022, the Committee became aware of the Volcker Program that the Bank had developed during 2021, as well as the rules that require an attestation from the General Manager to certify that the Bank has a Cash Program, ensuring that permitted trading activities are carried out in accordance with Volcker rules. During 2022, the Committee received a monthly report on all issues arising from the implementation of the Volcker Rule.

Additionally, the Committee was informed by the Compliance Management of the regulatory report and conflicts of interest.

Whistleblower system

The Committee has at its disposal a confidential communication system, administered by a leading external provider in these matters at the international level, which is available to employees of the Bank, its suppliers, and its subsidiaries. Through this system, they can directly inform the Committee of irregular, conflictive, or potentially dangerous situations. The Compliance area presents the complaints filed, the evolution of the cases, and their results to the Committee on a monthly basis.

System of remuneration and compensation plan for executives

In a session held on August 22, 2022, the Committee was informed by the People Division Management about different aspects related to the compensation received by the Bank's executives and the actions taken regarding the Remuneration Policy for 2022, particularly the desired objectives and types of compensation.

Judicial processes that may affect the Bank

On a quarterly basis, in the sessions of March, June, September, and December, the Committee was informed about the status of the lawsuits that affect the Bank. The Legal Defense Department of the Bank's Prosecutor's Office explains those matters that may be riskier for the Bank, as well as the eventual provisions that should be made to face an adverse outcome. Likewise, an evolution of the lawsuits for the Law of Frauds through means of payment and electronic transfers is presented

Report from the Normative Files Committee/ Management-Related Margins Control/ Data Governance

Every quarter, in the months of January, April, July, and October, the committee is informed about the management-related margins and regulatory reports sent to the Financial Market Commission by both the bank and its subsidiaries. The committee is also updated on the management efforts being made to make strategic decisions based on data analysis (Data Governance), which allows the Data Management to be connected with the bank's business operations.

Santiago, January 2023

Subsidiaries

(CMF 6.5.1.i, 6.5.1.ii, 6.5.1.iii, 6.5.1.iv, 6.5.1.v, 6.5.1.vi, 6.5.1.vii, 6.5.1.viii, 6.5.1.ix, 6.5.2.i, 6.5.2.ii, 6.5.2.iii, 6.5.2.iv)

Subsidiaries

→ **Company name and legal nature**	Santander Asesorías Financieras Limitada
Address	Bandera 140, floor 6, Santiago
Subscribed and paid-up capital (Ch$)	38,850,589,840
Corporate purpose	Providing advice on financial matters in any of the following activities: i) search for alternative sources of financing; ii) restructuring of liabilities; iii) negotiations to acquire, sell or merge companies; iv) issuance and placement of bonds; v) placement of funds in the capital market; vi) analysis of credit or market risks; vii) evaluation of new businesses; viii) knowledge of banking matters; ix) any other activity directly linked to financial advice.
Equity USD Million	68,167.75
Profit (loss) USD Million	5,688.86
% Direct and indirect participation	99.03 % (Direct)
Administrators	Javier Fernández Saavedra (Legal Representative and Chief Executive Officer)
Directors	Does Not Apply
Business relations	Service Promotion Contract: SAF commissioned the Bank to promote and provide information to its customers about the products and/or services offered by SAF.

→ **Company name and legal nature**	Santander Corredora de Seguros Limitada
Address	Bombero Ossa 1068, floor 6, Santiago
Subscribed and paid-up capital (Ch$)	31,882,934,691
Corporate purpose	Paid intermediation in the contracting of all types of insurance.
Equity USD Million	93,513.34
Profit (loss) USD Million	9,801.45
% Direct and indirect participation	99.75 % (Direct)
Administrators	Francisco Bedos Rodríguez (Chief Executive Officer)
Directors	Does Not Apply
Business relations	Channel usage: Insurance brokerage offered to the Bank's customers through its channels and collection services by the Bank.

→ **Company name and legal nature**	Santander S.A. Sociedad Securitizadora
Address	Bandera 140, floor 14, Santiago
Subscribed and paid-up capital (Ch$)	1,726,769,815
Corporate purpose	Executing all acts and contracts which, according to applicable legislation and regulations, may be carried out by securitisation companies.
Equity USD Million	834.30
Profit (loss) USD Million	-174.38
% Direct and indirect participation	99.64 % (Direct)
Administrators	Cristián Eguiluz Aravena (Chief Executive Officer) Patricia Pérez Pallacan Bárbara Evans González Sergio Ávila Salas Jorge Valencia de la Cerda
Directors	Patricia Pérez Pallacan (President) Bárbara Evans González Sergio Ávila Salas Jorge Valencia de la Cerda
Business relations	No relevant business relationships

→ **Company name and legal nature**	Santander Corredores de Bolsa Limitada
Address	Isidora Goyenechea 2800, floor 40, Las Condes
Subscribed and paid-up capital (Ch$)	36,735,333,073
Corporate purpose	Carrying out securities brokerage operations for its account or the account of others as a stockbroker, executing all types of operations typical of stockbrokers, following the legal and regulatory provisions currently in force or to be issued in the future, as well as carrying out all those complementary activities that the FMC authorises or has authorised stockbrokers to carry out.
Equity USD Million	59,391.93
Profit (loss) USD Million	4,232.42
% Direct and indirect participation	50.59 % (Direct), 0.41 % (Indirect)
Administrators	Hernán Carrasco Campos (Chief Executive Officer)
Directors	Does Not Apply
Business relations	No relevant business relationships

Company name and legal nature	Santander Consumer Finance Limitada
Address	Moneda 1025, floor 7, Santiago
Subscribed and paid-up capital (Ch$)	19,726,140,525
Corporate purpose	Lending with or without collateral, following the provisions of Article 69, No 3 of the General Banking Law.
Equity USD Million	118,357.15
Profit (loss) USD Million	24,481.92
% Direct and indirect participation	51 % (Direct)
Administrators	Cristian Amar Zapata (Legal Representative and Chief Executive Officer)
Directors	Does Not Apply
Business relations	Bank Financing

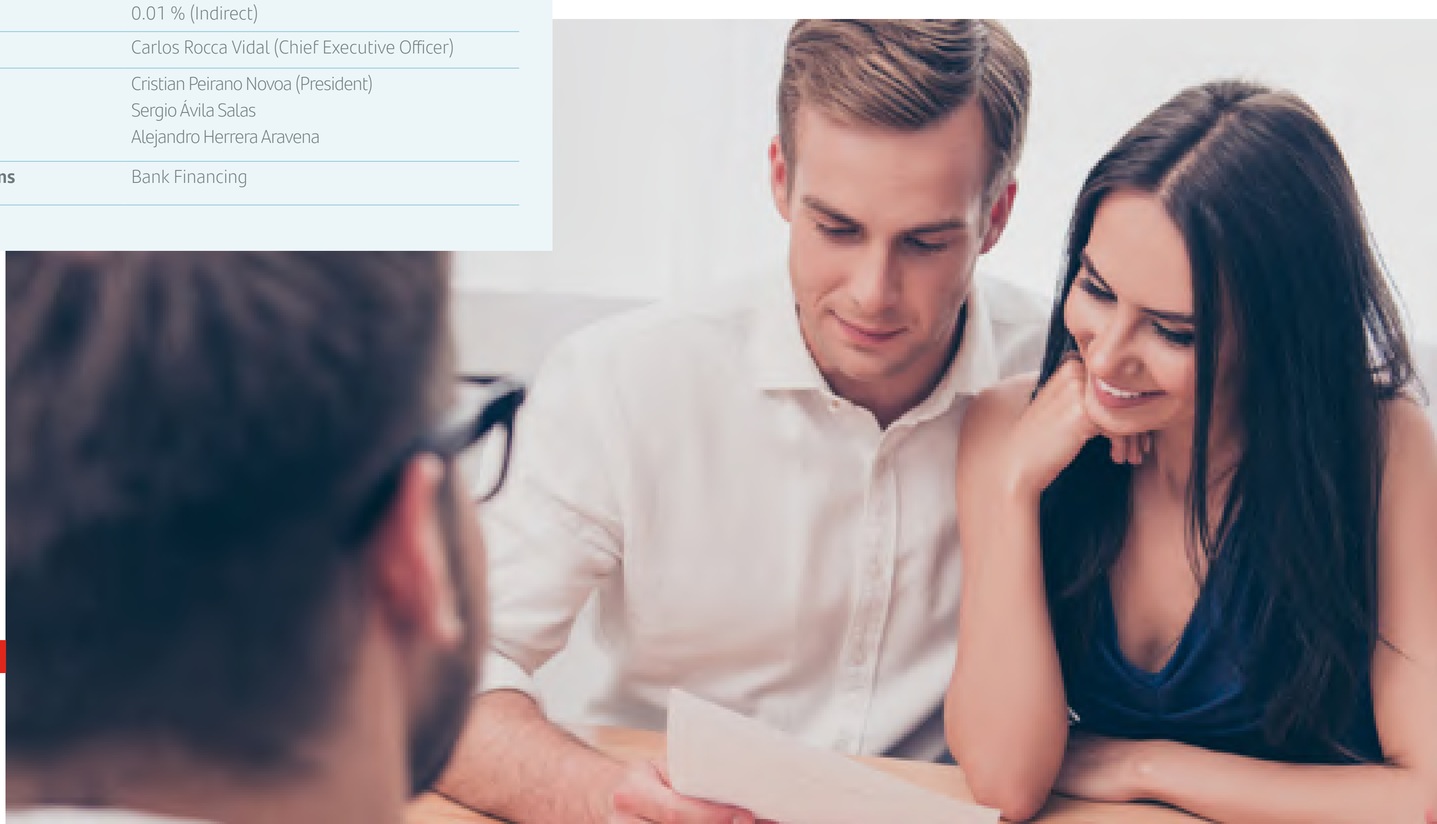
Company name and legal nature	Sociedad Operadora de Tarjetas de Pago Santander Getnet Chile S.A.
Address	Bandera 150, floor 8, Santiago
Subscribed and paid-up capital (Ch$)	20,000,000,000
Corporate purpose	Operation of credit cards, debit cards and payment cards with the provision of funds, following the provisions of FMC and FMC regulations, and the performance of all complementary activities and operations currently authorised by the FMC and the Chilean Central Bank.
Equity USD Million	17,890.13
Profit (loss) USD Million	4,680.86
% Direct and indirect participation	99.99 % (Direct) 0.01 % (Indirect)
Administrators	Carlos Rocca Vidal (Chief Executive Officer)
Directors	Cristian Peirano Novoa (President) Sergio Ávila Salas Alejandro Herrera Aravena
Business relations	Bank Financing

Company name and legal nature	Klare Corredora de Seguros S.A.
Address	Nueva Costanera 4040, office number 22, Vitacura
Subscribed and paid-up capital (Ch$)	8,586,360,000
Corporate purpose	Intermediation in the contracting of all types of insurance, including but not limited to general, life, guarantee and credit insurance; as well as the intermediation of insurance-related services such as the assistance of different types; and the provision of advisory services, risk mapping, consultancy, and all types of services related to insurance contracting.
Equity USD Million	838.80
Profit (loss) USD Million	-3,011.59
% Direct and indirect participation	50.10 % (Direct)
Administrators	Nicolás Pávez Gangas (Chief Executive Officer)
Directors	Guillermo Sabater Maroto (President) Marcos Thomas Ávila Andrés Videla Jiménez Sergio Bórquez Olivari
Business relations	No relevant business relationships

Note 1: There was no change in the shareholding of any company compared to the previous year.

Note 2: All companies reported 0% investment.

Note 3: Persons holding positions in the parent company are highlighted.



Special Purpose Company

Company name and legal nature	Banca Santander S.A.
Address	Bandera 140, floor 20, Santiago
Subscribed and paid-up capital (Ch$)	28,196,853,182
Corporate purpose	a) To buy, sell, exchange, constitute, exploit and administer real estate, whether on its own account or on behalf of third parties, carry out land subdivisions or plots of land, b) to exploit in any capacity whatsoever, acquire, dispose of, lease, assign or receive the use and benefit, receive or lease for its own account or for the account of others, all kinds of movable or immovable property, whether domestic or foreign, tangible or intangible, rights and all kinds of securities, whether or not transferable, c) to purchase, assign, factor, take custody of and collect all kinds of credits, medical bonds, cheques, bills of exchange, invoices, negotiable instruments, documents and commercial papers in general, acting for its own account or for the account of others, d) to provide management and consultancy services in general and brokerage services for movable or immovable property, e) to become a member, take an interest or form partnerships, communities or associations, whether with national or foreign natural or legal persons; and to form partnerships and associations of all kinds with national or foreign natural or legal persons, which are conducive to the social objectives; and f) in general, the company may perform all such acts and enter into all such contracts as may be necessary or conducive to the object of the company as aforesaid. The Company expanded its business to include the financing of automotive dealerships, which is currently its main business activity. In these financial statements, this activity is referred to as a floor plan, which consists of providing dealers with revolving inventory lines to purchase and sell new vehicle stock.
Equity USD Million	28,542.65
Profit (loss) USD Million	3,812.98
Administrators	Sergio Ávila Salas (Chief Executive Officer)
Directors	Rafael Barbudo Sepúlveda (President) Francisco Bedos Rodríguez Sergio Ávila Salas
Business relations	No relevant business relationships

Company name and legal nature	Santander Gestión de Recaudación y Cobranza Limitada
Address	Bandera 150 floor 10, Santiago
Subscribed and paid-up capital (Ch$)	1,206,387,074
Corporate purpose	Administration and collection of all types of credits, being able to carry out all acts and contracts that lead to the fulfilment of the object.
Equity USD Million	8,225.00
Profit (loss) USD Million	2,551.50
Administrators	Cristián Hermosilla Bobadilla (Chief
Directors	Does Not Apply
Business relations	The Bank entrusts the Company with collecting its clients' overdue debts.

Company name and legal nature	Multiplica SpA.
Address	Bandera 140, floor 7, Santiago
Subscribed and paid-up capital (Ch$)	4,480,000,000
Corporate purpose	Development of incentive programmes to encourage the purchase and intermediation of goods and services through the use of payment cards in entities affiliated to such programmes; the purchase of Latampass Miles for marketing, sale and intermediation to the aforementioned affiliated entities; and the purchase and sale and intermediation at retail, by itself or through third parties, of all kinds of movable goods and services.
Equity USD Million	3,779.00
Profit (loss) USD Million	-1,112.95
Administrators	Marcos Thomas Ávila (Chief Executive Officer)
Directors	Does Not Apply
Business relations	Commercial alliance with Más Millas and Tienda Santander

Note 1: There was no change in the shareholding of any company compared to the previous year.

Note 2: All companies reported 0% investment.

Note 3: These companies do not have direct shareholdings as they are special-purpose companies.

Banking Support Companies

Company name and legal nature	Redbanc S.A.
Address	Huérfanos 770, floor 12, Santiago
Equity USD Million	11,627
Profit (loss) USD Million	1,654
Direct and indirect participation	33.43 % (Direct)
Administrators	Ignacio De La Cuadra Garretón (Chief Executive Officer)
Directors	Jorge Díaz Vial (President), Víctor Osvaldo Toledo Sandoval , Vesna Mandakovic, Erwin Otto Gustav Hahn Huber , Julio Guzman Herrera Fernando Saenz Castro, Matías Braun Llona, Pedro Enrique Robles Echeverría, Joaquin Contardo Silva

Company name and legal nature	Centro de Compensación Automatizado S.A.
Address	Miraflores 222, floor 12, Santiago
Equity USD Million	12,555
Profit (loss) USD Million	3,076
Direct and indirect participation	33.33 % (Direct)
Administrators	Américo Becerra Morales (Chief Executive Officer)
Directors	José Manuel Mena Valencia (President), Oscar von Chrismar, José Luis De La Rosa Muñoz

Company name and legal nature	Sociedad Interbancaria de Depósitos de Valores S.A.
Address	Nueva Costanera 4091, floor 4, Vitacura
Equity USD Million	7,393
Profit (loss) USD Million	1,375
Direct and indirect participation	29.29 % (Direct)
Administrators	Luis Opazo (Chief Executive Officer)
Directors	Arturo Concha Ureta (President), Luis Opazo, Fred Meller Sunkel

Company name and legal nature	Transbank S.A.
Address	Huérfanos 770, floor 10, Santiago
Equity USD Million	99,656
Profit (loss) USD Million	-14,257
Direct and indirect participation	25 % (Direct)
Administrators	Patricio Santelices Abarzúa (Chief Executive Officer)
Directors	Guillermo Antúnez Sierra (President), 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 Alliende Edwards, Gonzalo Alberto Campero Peters

Company name and legal nature	Administrador Financiero de Transantiago S.A.
Address	Miraflores 383, floor 19, Santiago
Equity USD Million	22,421
Profit (loss) USD Million	2,253
Direct and indirect participation	20 % (Direct)
Administrators	Armando Espinoza (Chief Executive Officer)
Directors	Jorge Díaz Vial (President), Mario Gómez Dubravcic, Rosa Ackermann O'Reilly, Alejandro Herrera Aravena, Mauricio Chandía Díaz

Company name and legal nature	Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A.
Address	Cerro Colorado 5240, Torre II, 8A, Las Condes
Equity USD Million	7,768
Profit (loss) USD Million	458
Direct and indirect participation	14.99% (Direct)
Administrators	Rodrigo Osorio Petit (Chief Executive Officer)
Directors	Arturo Concha Ureta (President), Andrés Sanfuentes Vergara, José Isla Valle, Alejandro Alarcón Pérez, René Lehuedé Fuenzalida, Renato Peñafiel Muñoz, Carlos Budnevich Le-Fort, Mauricio Bonavía Figueroa, Felipe Montt Fuenzalida

Company name and legal nature	Servicios de Infraestructura de Mercado OTC S.A
Address	Cerro Colorado 5240, Torre II, 8A, Las Condes
Equity USD Million	14,767
Profit (loss) USD Million	435
Direct and indirect participation	12.48 % (Direct)
Administrators	Felipe Ledermann (Chief Executive Officer)
Directors	Arturo Concha Ureta (President), Andrés Sanfuentes Vergara, Alejandro Alarcón Peréz, Mauricio Bonavía Figueroa, Renato Peñafiel Muñoz, Felipe Montt Fuenzalida, José Isla Valle, René Lehuedé Fuenzalida, Carlos Budnevich Le-Fort

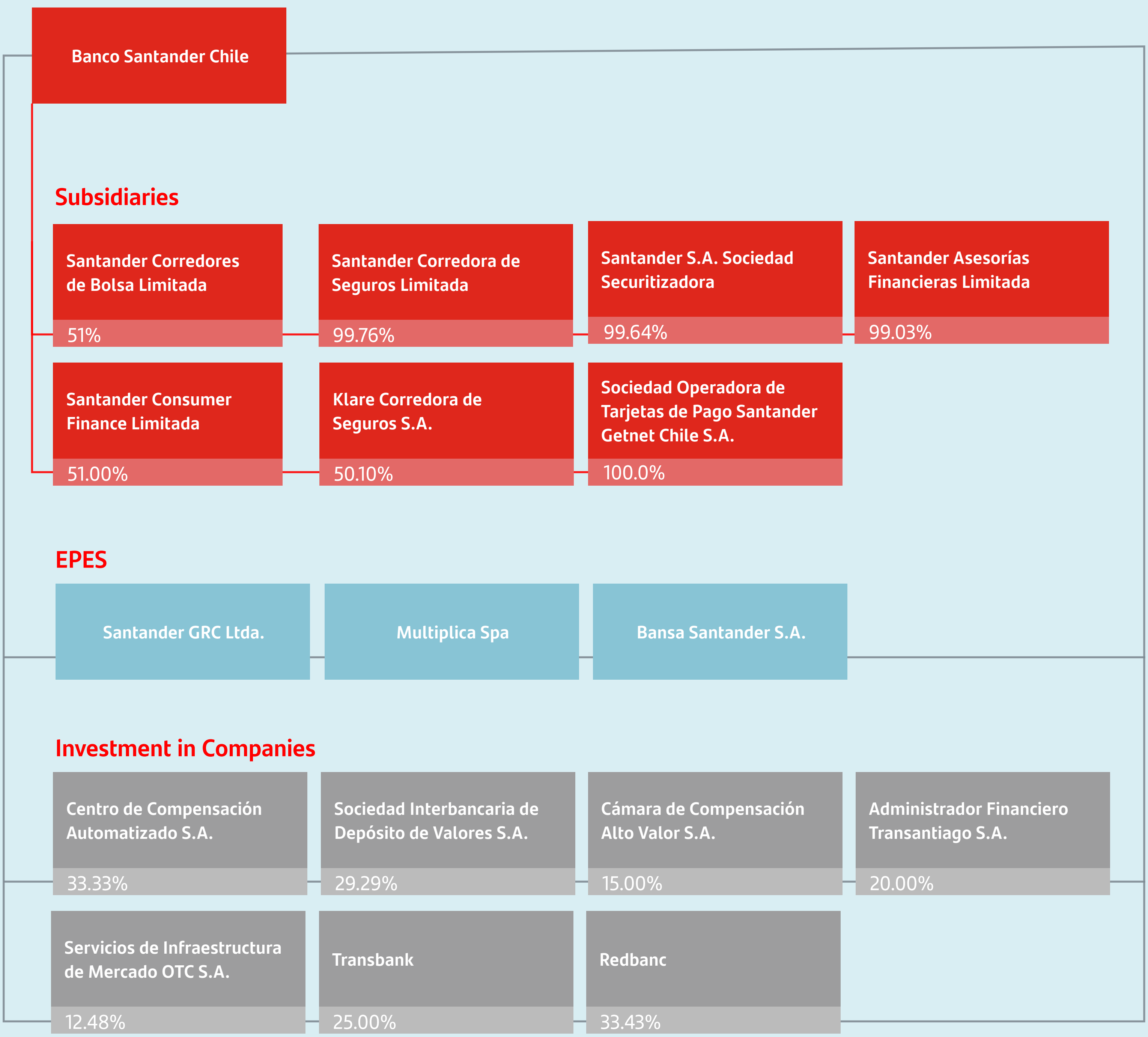
Company name and legal nature	Comder Contraparte Central S.A.
Address	–
Equity USD Million	13,187
Profit (loss) USD Million	1,228
Direct and indirect participation	12.48 % (Indirect)
Administrators	Felipe Ledermann (Chief Executive Officer)
Directors	Arturo Concha Ureta (President), Andrés Sanfuentes Vergara, Alejandro Alarcón Peréz, Mauricio Bonavía Figueroa, Renato Peñafiel Muñoz, Felipe Montt Fuenzalida, José Isla Valle, René Lehuedé Fuenzalida, Carlos Budnevich Le-Fort

Note 1: There was no change in the shareholding of any company compared to the previous year. / Note 2: All companies reported 0% investment. / Note 3: Persons holding positions in the parent company are highlighted. / Note 4: Related companies have no subscribed or paid-up capital or business relationships.

Ownership chart

(6.5.1.x)

Public Bank Companies



Additional information

Sustainability Accounting Standards Board (SASB) Index

SASB Metrics- Financial Inclusion & Capacity Building

(FN-CB-240a.1, FN-CB-240a.2, FN-CB-240a.3, FN-CB-240a.4)

Parameter	2021	2022
Number of loans outstanding qualified to programs designed to promote small business and community development	41,513	28,039
Amount of loans outstanding qualified to programs designed to promote small business and community development	1,040,038	527,143
Number of past due and non-accrual loans qualified to programs designed to promote small business and community development	555	2,038
Amount of past due and non-accrual loans qualified to programs designed to promote small business and community development	7,858	45,149
Number of no-cost retail current accounts provided to previously unbanked or underbanked customers	15,932	35,350
Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	N/A	N/A

SASB Metrics - Selling practices

(FN-CF-270a.1, FN-CF-270a.2, FN-CF-270a.3)

Parameter	Fair	Parameter
The approval rate of credit for applicants in and out of DICOM	The total consumer approval rate is around 61%, and with DICOM, the average 2022 is 1.6%. As a client protection measure, the strategy assesses whether the client is in DICOM.	Percentage of the total remuneration of covered employees that is variable and linked to the number of products and services sold.
The 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	The annual interest rate is 25.63% for clients out of DICOM and 21.04% for clients in DICOM	At the end of 2022, the variable represents 13% of the total income received by this collective.
The average age of accounts for clients in and out of DICOM	The age of current accounts in the Bank out of DICOM is 11 years, and in DICOM is 8 years	
The 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

(FN-MF-270a.1, FN-MF-270a.2, FN-MF-270a.4)

Parameter		Without DICOM amount	With DICOM amount	Parameter
Mortgage	Approval Rate (Jan-Dec)	69%	1%	Description of the remuneration structure of loan originators.
	Interest Rate (Jan-Dec)	4.58%	4.58%	The total variable remuneration of Retail Banking Executives derives from the management and placement of products and their conditions (including loans). However, as part of the safeguarding of good sales practices, this variable will be subject to the comprehensiveness of the product offer that is appropriate to the customer's needs and profile, and also between 35% and 40% of this measurement is tied to compliance with qualitative factors (Quality).
Approval Rate	LTV<80%	69%	1%	
	80%<LTV<90%	71%	0%	
	90%<LTV	70%	0%	
Interest Rate	Fixed housing mortgage	4.69%	4.69%	
	Mixed housing mortgage	4.03%	4.03%	

SASB Metrics - Employee Incentives and Risk Taking

(FN-IB-550b.1, FN-IB-550b.2, FN-IB-550b.3)

Parameter	Fair
Percentage of total variable remuneration for material risk takers (MRTs)	42.50%
Percentage of variable remuneration of material risk takers (MRTs) to which penalty or clawback clauses were applied	No penalty or clawback clauses have been applied

Parameter
Description of the policies related to the monitoring, control and validation of operators' pricing of Level 3 assets and liabilities
IFRS 13 'Fair Value Measurement' establishes a fair value hierarchy, which segregates the valuation technique's inputs and/or assumptions used to measure the fair value of financial instruments. The hierarchy prioritises unadjusted quoted prices in active markets for identical assets or liabilities (Level 1). The lowest priority is given to measures involving significant unobservable inputs or inputs (Level 3 measures). The three levels of the fair value hierarchy are as follows: - Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities to which the Bank has access at the measurement date. - Level 2: inputs other than quoted prices included in Level 1, which can be observed directly or indirectly for assets or liabilities. - Level 3: unobservable input data for the asset or liability.

Investment plans

(CMF 4.1, 4.3)

Santander considers for its strategic planning a short-term period of a year, medium term of three years and long term of more than three years.

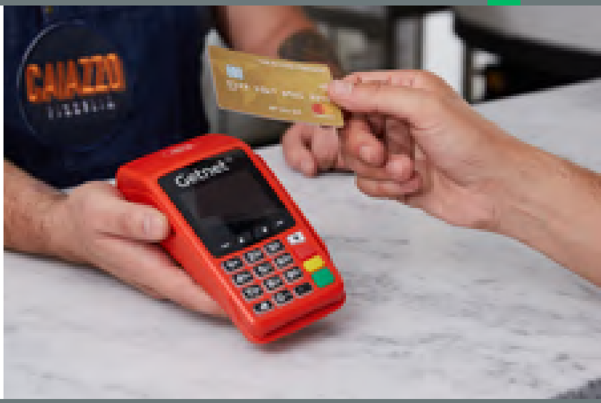
Generally, use time horizons of three years in their planning, being currently from 2022 to 2024.

It has two medium investment plans term that they have already begun to implement and that used general funding as a source of financing:

Technology

Includes investment in software and hardware for the Bank and its subsidiaries like Consumer, Getnet, Multiplica, etc.

The technology investment plan is of US$ 260 million, which is divided in 27% for hardware and 73% for software.



Breakdown according to FMC General Standard No 461

Gender

(CMF 5.1.1)

M: Men / W: Women

Breakdown by gender	Managers	Senior Management	Management	Management positions	Salesforce	Other professionals	Other technicians	Total
Men	**10**	**83**	**628**	**1,674**	**14**	**1,316**	**424**	**4,149**
Women	2	27	585	3,206	39	1,167	214	5,240
Total	**12**	**110**	**1,213**	**4,880**	**53**	**2,483**	**638**	**9,389**

Note: The Bank does not employ operators or auxiliaries.

Nationality

(CMF 5.1.2)

Breakdown by nationality	Senior Management		Management		Management positions		Salesforce		Administrative Staff		Other professionals		Other technicians		Total	
	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W
Argentina	2		2	1	7	1	1	5			5	6			17	13
Bolivia					1	1	2	4			3	2			6	7
Brasil					3	3	2	1			1	1			6	5
Chile	6	2	76	22	591	556	1,454	2,799	14	39	1,215	1,081	420	193	3,776	4,692
Colombia			1	1	1	3	8	17			6	14		1	16	36
Ecuador						1		7				2			0	10
México					1	2		2			3				4	4
Paraguay															0	0
Perú					7	2	12	31			11	10		4	30	47
Uruguay				1	1		1	2			1				3	3
Venezuela			1		7	13	187	332			62	45	4	16	261	406
Otra	2	0	3	2	9	3	7	6	0	0	9	6	0	0	30	17
Total	**10**	**2**	**83**	**27**	**628**	**585**	**1,674**	**3,206**	**14**	**39**	**1,316**	**1,167**	**424**	**214**	**4,149**	**5,240**

Age range

(CMF 5.1.3)

Breakdown by age range	Senior Management		Management		Management positions		Operator		Salesforce		Administrative Staff		Auxiliary staff		Other professionals		Other technicians		Total	
	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W
Younger than 30 years old					13	5			274	476	1				167	150	20	44	475	675
Between 30 and 50 years old	2	1	45	17	430	464			1,161	2,412	6	14			891	859	192	140	2,727	3,907
Older than 50 years old	8	1	38	10	185	116			239	318	7	25			258	158	212	30	947	658
Total	**10**	**2**	**83**	**27**	**628**	**585**	**0**	**0**	**1,674**	**3,206**	**14**	**39**	**0**	**0**	**1,316**	**1,167**	**424**	**214**	**4,149**	**5,240**

Seniority

(CMF 5.1.4)

Breakdown by seniority	Senior Management		Management		Management positions		Salesforce		Administrative Staff		Other professionals		Other technicians		Total	
	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W
Less than 3 years	1	1	4	2	15	9	378	766		1	295	186	21	22	714	987
Between 3 and 6	1		15	5	72	53	479	733	1	3	374	309	54	79	996	1182
More than 6 and less than 10	1	1	6	2	98	103	290	653	4	3	209	180	81	41	689	983
More than 10 and less than 12			5	1	60	49	88	258	2	1	64	112	28	10	247	431
More than 12 years	7		53	17	383	371	439	796	7	31	374	380	240	62	1,503	1,657
Total	**10**	**2**	**83**	**27**	**628**	**585**	**1,674**	**3,206**	**14**	**39**	**1,316**	**1,167**	**424**	**214**	**4,149**	**5,240**

Disabilities

(CMF 5.1.5)

Payroll	Senior Management		Management		Management positions		Salesforce		Administrative Staff		Other professionals		Other technicians		Total	
	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W
Payroll for disabled persons	0	0	3		3	3	21	29	0	0	24	21	12	4	63	57
Percentage of people with disabilities	0.0%	0.0%	3.6%	0.0%	0.5%	0.5%	1.3%	0.9%	0.0%	0.0%	1.8%	1.8%	2.8%	1.9%	2%	1%

Note: Legislation in Chile requires companies to achieve 1% of their staff with disabilities.

Type of contract

(CMF 5.2, GRI 2-7)

Breakdown by contract			2020			2021			2022
	M	W	Total	M	W	Total	M	W	Total
Indefinite contract	4,785	5,677	10,462	4,397	5,348	9,745	4,094	5,106	9,200
Fixed-term contract	1	6	7	64	179	243	55	134	189
Total	**4,786**	**5,683**	**10,469**	**4,461**	**5,527**	**9,988**	**4,149**	**5,240**	**9,389**

Worktime type

(CMF 5.3, GRI 2-7)

Breakdown by worktime type			2020			2021			2022
	M	W	Total	M	W	Total	M	W	Total
Ordinary working day	4,785	5,677	10,462	3,592	4,562	8,154	3,187	4,074	7,261
Part-time	1	6	7	S/I	S/I	S/I	S/I	S/I	S/I
With an adaptability pact or teleworking agreement	S/I	S/I	S/I	869	965	1,834	962	1,166	2,128
With adaptability pact due to family responsibilities	-	-	-	-	-	-	-	-	
Total	**4,786**	**5,683**	**10,469**	**4,461**	**5,527**	**9,988**	**4,149**	**5,240**	**9,389**

Note: In 2020, only part-time workers are considered, not teleworkers

Table of Contents

FMC General Standard 461

(CMF 1)

Category	Subclassification	Page
3. Corporate governance	3.1.v - R&D promotion and innovation	44
3. Corporate governance	3.1.vi - Detection and reduction of diversity and inclusion barriers	134
3. Corporate governance	3.1.vii - Preserving diversity in the Organisation	134
3. Corporate governance	3.1 - Organisation chart	76
3. Corporate governance	3.2.i - Board identification	78
3. Corporate governance	3.2.ii - Member remuneration	87
3. Corporate governance	3.2.iii - Consultancy procurement policy	84
3. Corporate governance	3.2.iv - Matrix	82
3. Corporate governance	3.2.v - Induction	80
3. Corporate governance	3.2.vi - Meeting with risk management units	84
3. Corporate governance	3.2.vii - Information on environmental and social issues	84
3. Corporate governance	3.2.viii - Field visits	84
3. Corporate governance	3.2.ix - Performance evaluation	80
3. Corporate governance	3.2.x - Number of meetings	84
3. Corporate governance	3.2.xi - Crises	81
3. Corporate governance	3.2.xii - Remote access to information	84
3. Corporate governance	3.2.xiii - Formation of the Board of Directors	79
3. Corporate governance	3.2.xiii.a - Directors by gender	79
3. Corporate governance	3.2.xiii.b - Directors by nationality and gender	79
3. Corporate governance	3.2.xiii.c - Directors by age range and gender	79
3. Corporate governance	3.2.xiii.d - Directors by seniority and gender	79
3. Corporate governance	3.2.xiii.e - Directors with disabilities by gender	79
3. Corporate governance	3.2.xiii.f - Wage Gap	88
3. Corporate governance	3.3.i - Description of committees	85
3. Corporate governance	3.3.ii - Committee members	85
3. Corporate governance	3.3.iii - Remuneration by committee	87
3. Corporate governance	3.3.iv - Main activities	85
3. Corporate governance	3.3.v - Consultancies	85
3. Corporate governance	3.3.vi - Meeting with risk management units	85

Category	Subclassification	Page
5. Human Resources	5.1.4 - Seniority	229
5. Human Resources	5.1.5 - Number of people with disabilities	229
5. Human Resources	5.2. - Labour formality	229
5. Human Resources	5.3. - Labour adaptability	229
5. Human Resources	5.4.1 - Equity policy	136
5. Human Resources	5.4.2 - Wage gap	-
5. Human Resources	5.5 - Workplace and sexual harassment	103
5. Human Resources	5.6 - Occupational safety	139
5. Human Resources	5.7 - Postnatal leave	137
5. Human Resources	5.8.i - Amount of monetary resources for training	128
5. Human Resources	5.8.ii - Number of personnel trained	128
5. Human Resources	5.8.iii - Average annual number of training hours	128
5. Human Resources	5.8.iv - Main training topics	128
5. Human Resources	5.8 - Employment-related benefits	132
5. Human Resources	5.9. - Subcontracting policy	125
6. Business model	6.1.i - Nature of the entity's products and/or services	22
6. Business model	6.1.ii - Competition	22
6. Business model	6.1.iii - Legal framework	22
6. Business model	6.1.iv - Affiliations and memberships	22
6. Business model	6.1.v - Stakeholders	67
6. Business model	6.1.vi - Guild affiliation	69
6. Business model	6.2.i - Main goods and services	22
6. Business model	6.2.ii - Sales and distribution channels	22
6. Business model	6.2.iii - Suppliers representing 10% of total purchases	22
6. Business model	6.2.iv - Clients representing 10% of revenue	22
6. Business model	6.2.v - Brands used	22
6. Business model	6.2.vi - Proprietary patents	22
6. Business model	6.2.vii - Licences, franchises, royalties and/or property concessions	22

Category	Subclassification	Page
6. Business model	6.2.vii - Other business-relevant factors	235
6. Business model	6.3 - Interest groups	69
6. Business model	6.4.i - Characteristics of main properties	24
6. Business model	6.4.ii - For extractive companies, description of the concession areas and/ or own land and the volume and condition of the resources	N/A
6. Business model	6.4.iii - Type of property contract	24
6. Business model	6.5.1.i - Individualisation	220
6. Business model	6.5.1.ii - Subscribed and paid-up capital	220
6. Business model	6.5.1.iii - Corporate purpose	220
6. Business model	6.5.1.iv - Name of directors/administrators	220
6. Business model	6.5.1.v - Percentage share and variation	220
6. Business model	6.5.1.vi - Percentage share of investment	220
6. Business model	6.5.1.vii - Name of directors holding office in the parent company	220
6. Business model	6.5.1.viii - Trade relations	220
6. Business model	6.5.1.ix - Acts and contracts	220
6. Business model	6.5.1.x - Table of ownership	224
6. Business model	6.5.2.i - Individualisation of entities representing more than 20%	220
6. Business model	6.5.2.ii - Participation rate	220
6. Business model	6.5.2.iii - Description of activities	220
6. Business model	6.5.2.iv - Percentage share of investments	220
7. Suppliers Management	7.1 - Supplier payment policy	145
7. Suppliers Management	7.1.i - Number of paid invoices	145
7. Suppliers Management	7.1.ii - Total amount	145
7. Suppliers Management	7.1.iii - Total amount overdue	145
7. Suppliers Management	7.1.iv - Number of suppliers of paid invoices	145
7. Suppliers Management	7.1.v - Agreements in the Register of Agreements with Exceptional Deadlines	145
7. Suppliers Management	7.2 - Supplier evaluation	144
8. Indicators	8.1.1 - Concerning clients	104
8. Indicators	8.1.2 - Concerning employees	104

Note: Indicators 3.4.ii, 5.4.2 and 5.5 are confidential.

Other factors of the external environment that were relevant to the development of the entity's business

(CMF 6.2.viii)

Political, legal, regulatory and economic uncertainty derived from social discontent and the resulting social reforms, as well as the referendum on the constitution of Chile could negatively affect the Bank's business, as well as changes in the pension fund system could affect the Bank financing mix.

Inflation, government efforts to control inflation and changes in interest rates may impede the growth of the Chilean economy and could have an adverse effect on the Bank.

Which is also vulnerable to disruptions and volatility in global financial markets.

Operations and results may be negatively affected by natural disasters such as earthquakes due to Chile's location in a highly seismic zone. As well as climate change can generate transition risks, physical risks and other risks..

Increased competition, including from non-traditional providers of banking services, such as Fintechs, and industry consolidation may negatively affect our results of operations.

GRI

(GRI 1, 2-2, 2-3, 2-4, 2-5)

Banco Santander Chile presents its seventh integrated report, which includes information on all its subsidiaries in Chile and presents the institution's economic, governance, social and environmental performance from January 1 to December 31, 2022.

This report has been prepared following 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) and has integrated a large part of General Rule 461, which will be effective in 2023.

The report has been externally verified by the consulting firm Ernst & Young (EY). Any restatement of information has been explicitly stated within the document

Period: annual
Date of publication: 31 de marzo de 2023

Contact:

Roberto Sapag
Corporate Communications Manager
roberto.sapag@santander.cl

Robert Moreno
Investor Relations Manager
irelations@santander.cl

Gonzalo Rodríguez
Head of Responsible Banking and Sustainability
grodriguez.f@santander.cl

Category of indicators	**Indicator**		
	Code	**Name**	**Page**
GRI 1: Foundation	1	Fundación	236
GRI 2: General Contents	2-1	Organisational details	214
	2-2	Entities included in the organisation's sustainability reports	236
	2-3	Notification period, frequency and contact point	236
	2-4	Restatements of information	236
	2-5	External assurance	236
	2-6	Activities, value chain and other business relationships	22
	2-7	Employees	125, 229
	2-8	Non-employee workers	125
	2-9	Governance structure and composition	77
	2-10	Nomination and selection of the highest governance body	80
	2-11	Chair of the highest governing body	77
	2-12	Role of the highest governing body in overseeing impact management	77, 85
	2-13	Delegation of responsibility for impact management	77
	2-14	Role of the highest governing body in sustainability reporting	77
	2-15	Conflicts of interest	77

Category of indicators	Indicator		
	Code	Name	Page
GRI 2: Contenidos Generales	2-16	Reporting critical concerns	77
	2-17	Collective knowledge of the highest governing body	80
	2-18	Performance evaluation of the highest governing body	80
	2-19	Remuneration policies	87
	2-20	Process for determining remuneration	87
	2-21	Total annual compensation ratio	-
	2-22	Declaration on sustainable development strategy	4
	2-23	Policy commitments	58
	2-24	Incorporation of political commitments	58
	2-25	Processes to remedy negative impacts	60
	2-26	Mechanisms for seeking advice and raising concerns	102
	2-27	Compliance with laws and regulations	104
	2-28	Member Associations	69
	2-29	Approach to stakeholder engagement	67
	2-30	Collective bargaining agreements	133
GRI 3: Material Issues	3-1	Process for determining material issues	70
	3-2	List of material issues	70
	3-3	Management of material issues	70
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	50
GRI 204: Procurement practices	204-1	Proportion of expenditure on local suppliers	143
GRI 205: Anti-corruption	205-1	Operations assessed for corruption-related risks	102
	205-2	Communication and training on anti-corruption policies and procedures	102
	205-3	Confirmed cases of corruption and measures taken	102
GRI 206: Unfair competition	206-1	Legal actions relating to unfair competition and monopolistic and anti-competitive practices	104
GRI 207: Taxation	207-1	Fiscal approach	51
	207-2	Fiscal governance, control and risk management	51
	207-4	Country-by-country reporting	51
GRI 301: Materials	301-1	Materials used by weight or volume	121
GRI 302: Energy	302-1	Energy consumption within the organisation	121
	302-3	Energy intensity	121
	302-4	Reduction of energy consumption	121

Category of indicators	Indicator		
	Code	Name	Page
GRI 303: Water	303-1	Interactions with water as a shared resource	120
	303-2	Impact management related to water discharges	120
	303-5	Water consumption	120
GRI 305: Emissions	305-1	Direct GHG emissions (Scope 1)	119
	305-2	Indirect GHG emissions from energy generation (Scope 2)	119
	305-3	Other indirect GHG emissions (Scope 3)	119
	305-4	GHG emissions intensity	119
	305-5	Emission reduction initiatives	119
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	122
	306-2	Management of significant waste-related impacts	122
	306-3	Waste generated	122
	306-4	Waste not destined for disposal	122
	306-5	Waste for disposal	122
GRI 401: Employment	401-1	New employee recruitment and staff turnover	128
	401-2	Benefits for full-time employees (not given to part-time or temporary employees)	132
	401-3	Parental leave	137
GRI 403: Health and Safety	403-1	Occupational health and safety management system	139
	403-2	Hazard identification, risk assessment and incident investigation	139
	403-3	Occupational health services	141
	403-5	Training of workers on health and safety at work	139
	403-6	Health promotion for workers	139
	403-8	Workers covered by an occupational health and safety management system	141
	403-9	Occupational injuries	139
	403-10	Occupational diseases and illnesses	139
GRI 404: Training and education	404-1	Average annual training hours per employee	128
	404-3	Percentage of employees receiving regular performance and professional development assessments	132
GRI 405: Diversity and equal opportunities	405-1	Diversity in governing bodies and employees	134
	405-2	Ratio of basic salary and remuneration of women and men	136
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	103
GRI 415: Public Policy	415-1	Contributions to political parties and/or representatives	155
GRI 418: Customer privacy	418-1	Substantiated complaints regarding breaches of customer privacy and loss of customer data	48

Note 1: Indicator 2-21 is confidential.
Note 2: Indicators 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5 were verified by the Carbon Neutral consultancy.
The letter will be available in April 2023 on the following website https://santandercl.gcs-web.com/about-us/esg

SASB

Retail Banking

TOPIC	Code	INDICATOR	Page
Data security	FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving Personally Identifiable Information (PII), (3) number of account holders affected	48
	FN-CB-230a.2	Description of the approach to identifying and addressing data security risks	48
Inclusion and financial capacity generation	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	225
	FN-CB-240a.2	(1) Number and (2) amount of past due and non-accrual loans qualified to programs designed to promote small business and community development	225
	FN-CB-240a.3	Number of no-cost retail current accounts provided to previously unbanked or underbanked customers	225
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	225
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure by sector	110
	FN-CB-410a.2	Description of approach for incorporation of environmental, social, and governance (ESG) factors in credit analysis	109, 110
Business ethics	FN-CB-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	104
	FN-CB-510a.2	Description of whistle-blower policies and procedures	103
Activity parameters	FN-CB-000.A	(1) Number and (2) value of current and savings accounts by segment: (a) personal and (b) SMEs	27
Activity parameters	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) SMEs and (c) corporate	27

Consumer Finance

TOPIC	Code	INDICATOR	Page
Customer Privacy	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	48
	FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	48
Data security	FN-CF-230a.1	(1) Number of data breaches, (2) percentage involving Personally Identifiable Information (PII), (3) number of account holders affected	48
	FN-CF-230a.2	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other frauds	48
	FN-CF-230a.3	Description of the approach to identifying and addressing data security risks	47

Consumer Finance

TOPIC	Code	INDICATOR	Page
Selling practices	FN-CF-270a.1	Percentage of the total remuneration of covered employees that is variable and linked to the number of products and services sold	226
	FN-CF-270a.2	Approval rate for (1) credit and (2) prepaid products for applicants with FICO scores above and below 660	226
	FN-CF-270a.3	(1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for prepaid products for customers with FICO scores above and below 660	226
Activity parameters	FN-CF-000.A	Number of unique consumers with an active (1) credit card account and (2) prepaid debit card account	27
Activity parameters	FN-CF-000.B	Number of (1) credit card accounts and (2) prepaid debit card accounts	27

Investment banking and brokerage

TOPIC	Code	INDICATOR	Page
Employee Diversity and Inclusion	FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	134
Incorporation of Environmental, Social, and Governance (ESG) Factors in Investment Banking & Brokerage Activities	FN-IB-410a.1	Revenue from (1) underwriting, (2) advisory, and (3) securitisation transactions incorporating the integration of environmental, social, and governance (ESG) factors by industry	114
	FN-IB-410a.2	(1) Number and (2) total value of investments and loans incorporating the integration of environmental, social, and governance (ESG) factors by industry	114
	FN-IB-410a.3	Description of approach to the incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	110
Business ethics	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	104
	FN-IB-510a.2	Description of whistle-blower policies and procedures	103
Incentives for employees and risk-taking	FN-IB-550b.1	Percentage of total remuneration that is variable for material risk takers (MRTs)	227
	FN-IB-550b.2	Percentage of variable remuneration of material risk takers (MRTs) to which penalty or clawback clauses were applied	227
	FN-IB-550b.3	Policy analysis related to the monitoring, control and validation of operators' pricing of level assets and liabilities	227
Activity parameters	FN-IB-000.A	(1) Número y (2) valor de (a) las transacciones de suscripción, (b) asesoramiento y (c) bursatilización	322

Mortgage Financing

TOPIC	Code	INDICATOR	Page
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	226
	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	226
	FN-MF-270a.3	Total amount of monetary losses resulting from legal proceedings related to communications to customers or remuneration of loan originators	48
	FN-MF-270a.4	Description of the remuneration structure of loan originators	226
Discriminatory lending	FN-MF-270b.3	Description of policies and procedures to ensure non-discriminatory mortgage origination	27
Activity parameters	FN-MF-000.A	(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial	27
Activity parameters	FN-MF-000.B	(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial	27

Verification letter

Building a better working world

Limited Assurance Statement of Banco Santander Chile's 2022 Integrated Report

(Free translation from the original document in Spanish)

President and Directors
Banco Santander Chile

Scope

We have carried out a limited and independent assurance review of the information and data presented in the 2022 Integrated Report of Banco Santander Chile, which has the period scope between 1 January 2022 and 31 December 2022. Any information outside this period was not part of the review.

The preparation of the Integrated Report, the information and statements contained therein, the definition of the scope of the report, the management and control of the information systems that provide the reported data, are the sole responsibility of the Administration of Banco Santander Chile.

Limited verification standards and procedures

Our limited assurance review was conducted in accordance with the ISAE 3000 International Standard for Non-Financial Reporting Audits, 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 Standars Board (SASB).

Our procedures were designed with the aim of:

- Determine that the information and data presented in the 2022 Integrated Report of Banco Santander Chile are duly supported by evidence.
- Verify the traceability of the information presented in the 2022 Integrated Report of Banco Santander Chile.
- Determine that Banco Santander Chile has prepared its 2022 Integrated Report in accordance with the performance indicators and principles of GRI and SASB standards.

Procedures performed

Our limited assurance work included enquiries with the Management and Units of Banco Santander Chile involved in the process of preparing the 2022 Integrated Report, as well as in the realization of other analytical procedures and sampling tests such as:

- Interviews with key personnel of Banco Santander Chile to evaluate the process of preparing the 2022 Integrated Report, the definition of its content and its underlying information systems.
- Review of the supporting documentation provided by Banco Santander Chile.
- Review of formulas and calculations associated with quantitative information through recalculation.
- Review of the wording of the 2022 Integrated Report to ensure its phrasing and format does not mislead the reader regarding the information reported.

The limited assurance process was carried out based on the timely review of material indicators defined by Banco Santander Chile, outlined next.

Our responsibility

Our responsibility is limited exclusively to the procedures mentioned in the preceding paragraphs and corresponds to a limited assurance scope which serves as the basis for our conclusions. By default, we do not apply reasonable assurance procedures, whose objective is to express an external assurance opinion on the 2022 Integrated Report of Banco Santander Chile. Accordingly, we do not express an opinion.

Conclusions

Subject to the limitations of scope indicated above and based on our work of limited and independent assurance of the 2022 Integrated Report, we conclude that nothing has come to our attention that would cause us to believe that:

- The information and data published in Banco Santander Chile's 2022 Integrated Report are not adequately presented.
- The 2022 Integrated Report of Banco Santander Chile has not been prepared in accordance with the guidelines of the GRI and SASB indicators selected by Banco Santander Chile.

Recommendations for improvement

Without affecting our conclusions as set out above, we have detected some improvement opportunities to the 2022 Integrated Report preparation process which are detailed in a recommendations report presented the Management of Banco Santander Chile.

Kind regards,

EY Servicios Profesionales de Auditoría y Asesorías Limitada

Elanne Almeida,
Partner/Principal

28 March, 2023

I-00096/23

RGS/lgc
12021590

EY
Building a better working world

Standard	Reference	Indicator name
GRI	1	Foundation
GRI	2-1	Organizational details
GRI	2-2	Entities included in the organization sustainability reports
GRI	2-3	Reporting period, frequency and contact point
GRI	2-5	External assurance
GRI	2-7	Employees
GRI	2-9	Governance structure and composition
GRI	2-10	Nomination and selection of the highest governing body
GRI	2-11	President of the highest governing body
GRI	2-12	Role of the highest governance body in overseeing impact management
GRI	2-13	Delegation of responsibility for impact management
GRI	2-14	Role of the highest governance body in sustainability reporting
GRI	2-15	Conflicts of interest
GRI	2-16	Communication of critical concerns
GRI	2-18	Evaluation of the performance of the highest governance body
GRI	2-19	Remuneration policies
GRI	2-20	Process for determining remuneration
GRI	2-23	Policy commitments
GRI	2-24	Incorporation of political commitments
GRI	2-25	Processes to remedy negative impacts
GRI	2-26	Mechanisms for seeking advice and raising concerns
GRI	2-27	Compliance with laws and regulations
GRI	2-28	Member Associations
GRI	2-29	Approach to stakeholder engagement
GRI	2-30	Collective bargaining agreements
GRI	3-1	Process for determining material issues
GRI	3-2	List of material topics
GRI	3-3	Management of material issues
GRI	201-1	Direct economic value generated and distributed
GRI	205-1	Operations assessed for corruption-related risks
GRI	205-3	Confirmed corruption cases and action 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	Tax governance, control and risk management
GRI	207-4	Country-by-country reporting
GRI	301-1	Materials used by weight or volume
GRI	303-5	Water consumption
GRI	306-2	Management of significant waste-related impacts
GRI	306-3	Waste generated
GRI	306-4	Waste not destined for disposal
GRI	306-5	Waste destined for disposal
GRI	401-1	New hires and staff turnover
GRI	401-2	Benefits for full-time employees that are not given to part-time or temporary 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	403-4	Worker participation, consultation and communication on occupational health and safety
GRI	403-6	Promotion of workers' health
GRI	403-9	Injuries due to work accidents.
GRI	403-10	Occupational diseases and diseases
GRI	405-1	Diversity of governance bodies and employees
GRI	415-1	Contributions to political parties and/or representatives
GRI	418-1	Substantiated claims regarding breaches of customer privacy and loss of customer data
SASB	FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of affected account holders
SASB	FN-CB-230a.2	Understanding the approach to identifying and addressing data security risks
SASB	FN-CB-240a.1	(1) Number and (2) amount of outstanding loans qualified for programs designed to promote small business and community development
SASB	FN-CB-240a.2	(1) Number and (2) amount of qualifying non-performing and non-performing loans for programs designed to promote small business and community development
SASB	FN-CB-240a.3	Number of free retail checking accounts provided to previously unbanked or underbanked customers
SASB	FN-CB-240a.4	Number of participants in financial education initiatives for unbanked, underbanked or underserved clients
SASB	FN-CB-410a.1	Commercial and industrial credit exposure, by sector
SASB	FN-CB-410a.2	Description of the approach to incorporating environmental, social and corporate governance (ESG) factors into credit analysis
SASB	FN-CB-510a.2	Description of whistleblowing policies and procedures
SASB	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities

EY
Building a better working world

Standard	Reference	Indicator name
SASB	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business
SASB	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate
SASB	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes
SASB	FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings relating to customer privacy
SASB	FN-CF-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of affected account holders
SASB	FN-CF-230a.2	Card-related fraud losses (1) with no card and (2) card-presence and other types of fraud
SASB	FN-CF-230a.3	Understanding the approach to identifying and addressing data security risks
SASB	FN-CF-270a.1	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold
SASB	FN-CF-270a.2	Approval rate for (1) credit and (2) prepaid products for FICO scorers above and below 660
SASB	FN-CF-270a.3	(1) Average Ancillary Commission, (2) Average APR, (3) Average Account Age, (4) Average Number of Merchant Lines, and (5) Average Annual Prepaid Product Fees, for FICO Score Customers Above and Below 660
SASB	FN-CF-000.A	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account
SASB	FN-CF-000.B	Number of (1) credit card accounts and (2) pre-paid debit card accounts
SASB	FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3)professionals, and (4) all other employees
SASB	FN-IB-410a.3	Description of the approach to incorporating environmental, social and corporate governance (ESG) factors into investment banking and brokerage activities
SASB	FN-IB-510a.2	Description of whistleblowing policies and procedures
SASB	FN-IB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities
SASB	FN-IB-550b.1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)
SASB	FN-IB-550b.2	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied
SASB	FN-IB-550b.3	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities
SASB	FN-IB-000.B	(1) Number and (2) value of investments and property loans by sector
SASB	FN-MF-270a.1	(1) Number and (2) value of residential mortgages of the following types: (a) hybrid or option variable-rate mortgages (HTVs), (b) with early termination surcharge, (c) higher-rate, (d) total, with FICO scores greater than or less than 660
SASB	FN-MF-270a.2	(1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or delivery of deeds in lieu of foreclosure, based on FICO scores above or below 660
SASB	FN-MF-270a.3	Total amount of monetary losses resulting from court proceedings relating to customer communications or remuneration of loan originators
SASB	FN-MF-270a.4	Description of the remuneration structure of loan originators
SASB	FN-MF-270b.3	Description of policies and procedures to ensure mortgage opening without discrimination
SASB	FN-MF-000.A	(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial
SASB	FN-MF-000.B	1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial

Financial Statements

(CMF 11)

CONSOLIDATED FINANCIAL STATEMENTS

For the periods ending December 31, 2022, and 2021, and January 1

Santander

INDEPENDENT AUDITOR'S REPORT
(A free translation from the original in Spanish)

Santiago, February 22, 2023

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, 2022 and 2021, 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 to the consolidated financial statements.

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 the accounting standards and instructions issued by the Financial Market Commission. This responsibility includes the design, implementation and maintenance of internal control relevant to 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 conducted our audit in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about 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 to the entity's preparation and fair presentation of the consolidated financial statements 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 express no such opinion. An audit also includes evaluating the appropriateness of 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 audit opinion.

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, 2022 and 2021, and the results of its operations and cash flows for the years then ended in accordance with accounting standards and instructions issued by the Financial Market Commission.

Emphasis of matter

As indicated in Note 2, these consolidated financial statements have been prepared in accordance with the accounting standards and instructions of the new Compendium of Accounting Standards for Banks, issued by the Financial Market Commission for years beginning on or after January 1, 2022. The impacts of the adoption of this new standard are described in note 4 "Accounting Changes". Management has included the statement of financial position as of January 1, 2021 for comparative purposes only.

DocuSigned by:

7206FED3381745D...

Fernando Orihuela B.
RUT: 22.216.857-0

PricewaterhouseCoopers

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Banco Santander-Chile and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2022, and 2021, and January 1, 2021

		As of December 31, 2022	As of December 31, 2021	As of January 1, 2021
ASSETS	**Note**	**MCh$**	**MCh$**	**MCh$**
Cash and deposits in banks	7	1,982,942	2,881,558	2,803,288
Cash in collection process	7	843,816	390,271	452,963
Financial assets held for trading at fair value through profit or loss	**8**	**11,827,006**	**9,567,818**	**8,798,538**
Financial derivatives contracts		11,672,960	9,494,471	8,664,820
Debt financial instruments		154,046	73,347	133,718
Other		-	-	-
Non-trading financial assets mandatorily measured at fair value	9	-	-	-
Financial assets designated at fair value through profit or loss	10	-	-	-
Financial assets at fair value through other comprehensive income	**11**	**6,023,039**	**5,900,796**	**7,229,639**
Debt financial instruments		5,880,733	5,801,378	7,160,325
Other		142,306	99,418	69,314
Financial derivative contracts for hedge accounting	12	477,762	629,136	367,265
Financial assets at amortised cost	**13**	**42,560,431**	**40,262,257**	**33,364,443**
Rights under repurchase and securities lending agreements		-	-	-
Debt financial instruments		4,867,591	4,691,730	-
Interbank loans		32,955	428	18,920
Loans and receivables from customers - Commercial		17,043,575	17,033,456	16,322,941
Loans and receivables - Mortgage		15,622,418	13,802,214	12,350,544
Loans and receivables from customers - Consumers		4,993,892	4,734,429	4,672,038
Investment in companies	14	46,586	37,695	13,161
Intangible assets	15	107,789	95,411	82,537
Fixed assets	16	189,364	190,290	187,240
Assets with leasing rights	17	182,526	184,528	201,611
Current taxes	18	315	121,534	2,897
Deferred taxes	18	314,125	418,763	405,781
Other assets	19	3,578,004	2,932,813	1,689,107
Non-current assets and disposal groups for sale	20	30,899	22,207	49,749
TOTAL ASSETS		**68,164,604**	**63,635,077**	**55,648,219**

The accompanying notes form an integral part of the consolidated financial statements.

Banco Santander-Chile and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2022, and 2021, and January 1, 2021

		As of December 31, 2022	2021	As of January 1, 2021
LIABILITIES	**Note**	**MCh$**	**MCh$**	**MCh$**
Cash in collection process	7	746,872	379,934	361,631
Financial liabilities held for trading at fair value through profit or loss	**21**	**11,319,320**	**9,507,031**	**8,569,523**
Financial derivatives contracts		11,319,320	9,507,031	8,569,523
Other		-	-	-
Financial liabilities designated at fair value through profit or loss	10	-	-	-
Financial derivative contracts for hedge accounting	12	2,788,794	1,364,210	449,137
Financial liabilities at amortised cost	**22**	**43,704,024**	**44,063,540**	**39,472,047**
Deposits and other demand liabilities		14,086,226	17,900,938	14,560,893
Time deposits and other term equivalents		12,978,790	10,131,055	10,581,791
Obligations under repurchase and securities lending agreements		315,355	86,634	969,808
Interbank borrowing		8,864,765	8,826,583	6,328,599
Debt financial instruments issued		7,165,893	6,935,423	6,846,638
Other financial liabilities		292,995	182,907	184,318
Obligations under leasing contracts	17	137,089	139,795	149,585
Financial instruments of regulatory capital issued	23	2,324,116	2,054,105	1,357,539
Provisions for contingencies	24	172,826	165,546	137,886
Provisions for dividends, payments of interest and reappreciation of financial instruments of issued regulatory capital	25	247,508	238,770	155,234
Special provisions for credit risk	26	331,519	288,995	150,678
Current taxes	18	112,481	-	15,874
Deferred taxes	18	1	91,463	430
Other liabilities	27	2,041,682	1,612,411	1,166,051
Liabilities included in disposal groups for sale	20	-	-	-
TOTAL LIABILITIES		**63,926,232**	**59,905,800**	**51,985,615**
EQUITY				
Capital	28	891,303	891,303	891,303
Reserves	28	2,815,170	2,557,816	2,350,837
Other comprehensive income accrued income	**28**	**(167,147)**	**(354,364)**	**(26,432)**
Items that will not be reclassified to profit or loss		597	576	879
Items that may be reclassified to profit or loss		(167,744)	(354,940)	(27,311)
Retained earnings (expense) from prior years		28,339	-	-
Profit (loss) for the year	28	808,651	778,933	517,447
Minus: provisions for dividends, interest payments and reappreciation of issued financial instruments of regulatory capital	28	(247,508)	(238,771)	(155,234)
Equity holders of the Bank		**4,128,808**	**3,634,917**	**3,577,921**
Non-controlling interest		**109,564**	**94,360**	**84,683**
TOTAL EQUITY		**4,238,372**	**3,729,277**	**3,662,604**
TOTAL LIABILITIES AND EQUITY		**68,164,604**	**63,635,077**	**55,648,219**

The accompanying notes form an integral part of the consolidated financial statements.

Banco Santander-Chile and Affiliates

CONSOLIDATED STATEMENTS OF INCOME

For the periods ending December 31, 2022 and 2021

		December 31,	
		2022	**2021**
	Note	**MCh$**	**MCh$**
Interest income	30	2,850,175	1,823,973
Interest expense	30	(2,247,808)	(419,917)
Net interest income	**30**	**602,367**	**1,404,056**
Readjustment income	31	1,236,481	538,379
Readjustment expenses	31	(240,502)	(144,454)
Net readjustment income	**31**	**995,979**	**393,925**
Commission income	32	729,063	596,969
Commission expense	32	(321,794)	(245,853)
Net commission income	**32**	**407,269**	**351,116**
Financial result per:			
Assets and liabilities for trading	33	78,191	(28,602)
Non-trading financial assets mandatorily measured at fair value through profit or loss	33	-	-
Financial assets and liabilities designated at fair value through profit or loss	33	-	-
Gain or loss on derecognition of financial assets and liabilities at amortised cost and financial assets at fair value through other comprehensive income	33	(1,628)	22,199
Foreign exchange, readjustments and hedge accounting of	33	141,090	122,274
Reclassifications of financial assets due to changes in business model	33	-	-
Other financial results	33	-	-
Net financial result	**33**	**217,653**	**115,871**
Results from investments in companies	34	10,310	(475)
Results of non-current assets and disposal groups not qualifying as discontinued operations	35	6,223	1,538
Other operating income	36	5,539	1,662
TOTAL OPERATING INCOME		**2,245,340**	**2,267,693**
Expenses from obligations to employee benefits	37	(414,808)	(397,675)
Administrative expenses	38	(310,219)	(280,134)
Depreciation and amortisation	39	(129,993)	(122,055)
Impairment of non-financial assets	40	-	-
Other operational expenses	36	(106,306)	(99,836)
OTHER OPERATIONAL EXPENSES		**(961,326)**	**(899,700)**
OPERATING INCOME BEFORE CREDIT LOSS		**1,284,014**	**1,367,993**

The accompanying notes form an integral part of the consolidated financial statements.

Banco Santander-Chile and Affiliates

CONSOLIDATED STATEMENTS OF INCOME, continued

For the periods ending December 31, 2022 and 2021

		December 31,	
		2022	**2021**
	Note	**MCh$**	**MCh$**
Credit loss expenses due to:			
Provisions for credit risk due from banks and loans and receivables from customers	41	(418,066)	(321,824)
Special provisions for credit risk	41	(42,717)	(137,389)
Recovery of impaired loans	41	90,577	76,999
Impairment of the credit risk of other financial assets at amortised cost and financial assets at fair value in other comprehensive income	41	(521)	(737)
Credit loss expense	**41**	**(370,727)**	**(382,951)**
OPERATIONAL RESULT		**913,287**	**985,042**
Results from continuing operations before taxes		**913,287**	**985,042**
Income tax	18	(89,430)	(196,148)
Results from continuing operations after tax	**42**	**823,857**	**788,894**
Results from discontinued operations before taxes	**18**	**-**	**-**
Discontinued operations tax		-	-
Results from discontinued operations after tax	**42**	**-**	**-**
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR (OR PERIOD)	**28**	**823,857**	**788,894**
Attributable to:			
Equity holders of the Bank	28	808,651	778,933
Non-controlling interest	28	15,206	9,961
Earnings per share attributable to equity holders of the Bank:			
Basic utility	28	4.29	4.13
Diluted earnings	28	4.29	4.13

The accompanying notes form an integral part of the consolidated financial statements.

Banco Santander-Chile and Affiliates

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the periods ending December 31, 2022 and 2021

		December 31,	
		2022	2021
	Note	MCh$	MCh$
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR (OR PERIOD)		**823,857**	**788,894**
Other comprehensive results for the year:			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
New measurements of the net defined benefit liability (asset) and actuarial results for other employee benefit plans		-	-
Changes in the fair value of equity instruments designated at fair value through other comprehensive income		(3)	(174)
Changes in the fair value of financial liabilities designated at fair value through profit or loss attributable to changes in the credit risk of the financial liability		-	-
Other		-	(480)
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS BEFORE TAXES	**28**	**(3)**	**(654)**
Income tax on other comprehensive results that will not be reclassified to profit or loss	18	1	177
TOTAL OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS AFTER TAXES	**28**	**(2)**	**(477)**
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	**28**		
Changes in the fair value of financial assets at fair value through other comprehensive income	28	4,489	(213,233)
Translation differences by foreign entities	28	-	-
Hedge accounting of net investments in foreign entities	28	-	-
Cash flow hedge accounting	28	254,743	(236,816)
Undesignated elements of hedge accounting instruments	28	-	-
Other	28	(952)	(757)
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS BEFORE TAXES	**28**	**258,280**	**(450,806)**
Income taxes on other comprehensive income that may be reclassified to profit or loss	18	(71,084)	123,066
TOTAL OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS AFTER TAXES	**28**	**187,196**	**(327,740)**
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	**28**	**187,194**	**(328,217)**
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	**28**	**1,011,051**	**460,677**
Attributable to:			
Equity holders of the Bank		995,868	451,000
Non-controlling interest		15,183	9,677

The accompanying notes form an integral part of the consolidated financial statements.

Banco Santander-Chile and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the periods ending December 31, 2022 and 2021

		December 31,	
		2022	**2021**
	Notes	**MCh$**	**MCh$**
CASH FLOWS FROM OPERATING ACTIVITIES:		**913,287**	**985,402**
CONSOLIDATED PRE-TAX INCOME FOR THE PERIOD			
Non-cash charges (credits) to profit or loss:		**(1,316,046)**	**(1,354,862)**
Depreciation and amortisation	39	129,993	122,055
Impairment of non-financial assets	40	-	-
Provisions for asset risk	41	461,304	459,950
Fair value adjustments transferred to profit or loss		(20,173)	(18,031)
Results from investments in companies	34	(10,310)	(475)
Results from the sale of goods received in payment or awarded in a judicial auction	35	(6,653)	(15,549)
Provisions for assets received in payment	35	743	349
Profit/loss on sale of shareholding in other companies		-	-
Profit on sale of fixed assets	35	(6,405)	(673)
Penalty of assets received in lieu of payment	35	15,063	13,249
Interest and adjustment net income	30	(1,598,347)	(1,797,981)
Net commission income	31	(407,268)	(332,751)
Other non-cash charges (credits) to profit or loss		36,577	18,847
Income tax		89,430	196,148
Increase/decrease in operating assets and liabilities		**(807,903)**	**(1,482,609)**
Decrease (increase) in loans and receivables from customers		(2,026,071)	(2,244,100)
Decrease (increase) in financial investments		(647,482)	(2,960,906)
Decrease (increase) from repurchase agreements (assets)		-	-
Decrease (increase) of interbank loans		(32,527)	18,502
Decrease (increase) in assets received or awarded in payment		(1,533)	5,050
Increase (decrease) in creditors in current accounts		(2,673,664)	3,042,985
Increase (decrease) in deposits and time deposits		2,847,734	(450,736)
Increase (decrease) in liabilities to domestic banks		40,093	(215,876)
Increase (decrease) in other deposits and sight accounts		(756,337)	190,050
Increase (decrease) in liabilities to foreign banks		25,445	2,061,681
Increase (decrease) in obligations to the Central Bank of Chile		(27,356)	652,179
Increase (decrease) in repurchase contracts (liabilities)		228,721	(883,174)
Increase (decrease) in other financial obligations		110,089	(1,411)
Net increase in other assets and liabilities		1,714,650	(2,846,456)
Interest and readjustments received		4,086,656	2,362,352
Interest and readjustments paid		(2,488,310)	(564,371)
Dividends received from investments in companies		526	506
Fees and commissions received		729,063	596,969
Fees and commissions paid		(321,794)	(245,853)
Total cash flow provided by (used in) operating activities		**405,144**	**(1,852,069)**

The accompanying notes form an integral part of the consolidated financial statements.

Banco Santander-Chile and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS, continued

For the periods ending December 31, 2022 and 2021

		December 31,	
		2022	**2021**
		MCh$	**MCh$**
CASH FLOWS FROM INVESTMENT ACTIVITIES:			
Purchases of property, plant and equipment	16	(43,531)	(47,278)
Sales of property, plant and equipment		4,827	2,498
Purchase of intangible assets	15	(54,899)	(28,774)
Acquisitions of investments in companies		-	(7,499)
Total cash flow provided by (used in) investment activities		**(93,603)**	**(81,053)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Attributable to shareholders' interest:			
Subordinated bond placement		101,533	83,557
Redemption of subordinated bonds and interest payments		-	-
Dividends paid		(464,977)	(310,468)
Redemption and payment of interest/letters of credit capital		(3,681)	(4,835)
Placement of current bonds		461,221	1,471,106
Redemption and payment of interest/principal on mortgage bonds		(6,655)	(289,173)
Redemption and payment of interest/current bond capital		(1,183,950)	(6,483)
Placement of bonds without fixed maturity		-	595,175
Redemption and payment of interest/bonds without fixed maturity capital		(28,263)	-
Interest payments/capital lease obligations		(24,682)	(46,046)
Attributable to non-controlling interest:			
Payment of dividends and/or withdrawals of capital paid respectively to the subsidiaries corresponding to the non-controlling interest		-	-
Total cash flows used in financing activities		**(1,149,454)**	**1,492,833**
D - NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		**(837,913)**	**(440,289)**
E - EFFECTS OF FOREIGN EXCHANGE RATE FLUCTUATIONS		**25,904**	**437,564**
F - INITIAL BALANCE OF CASH AND CASH EQUIVALENTS		**2,891,895**	**2,894,620**
FINAL BALANCE OF CASH AND CASH EQUIVALENTS		**2,079,886**	**2,891,895**

The accompanying notes form an integral part of the consolidated financial statements.

Reconciliation of provisions for the Consolidated Statements of Cash Flows for the periods ended		**December 31,**	
		2022	**2021**
	Note	**MCh$**	**MCh$**
Provision for loan loss for cash-flow purposes		461,304	459,950
Recovery of impaired loans		(90,577)	(76,999)
Net provision for loan loss	41	**370,727**	**382,951**

Banco Santander-Chile and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS, continued

Reconciliation of liabilities arising from financing activities	31.12.2021	Cash Flow	Changes other than cash				31.12.2022
			Acquisition	Foreign Currency Movement	UF Movement	Fair Value Changes	
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Subordinated Bonds	**1,461,121**	101,533	-	-	171,216	-	**1,733,870**
Senior bonds	**6,846,834**	(722,729)	-	-	956,367	-	**7,080,472**
Mortgage bonds	**81,110**	(6,655)	-	-	7,168	-	**81,623**
Bonds without fixed maturity	**592,648**	(28,263)	-	25,861			**590,246**
Dividends paid	-	(464,977)	-	-	-	-	**(464,977)**
Obligations under leasing contracts	**139,795**	(24,682)	-	-	21,976	-	**137,089**
Total liabilities from financing activities	**9,121,508**	**(1,145,773)**	**-**	**25,861**	**1,156,727**	**-**	**9,158,323**

Banco Santander-Chile and Affiliates

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the periods ending December 31, 2022 and 2021

	Equity attributable to shareholders										
		Reserves		Other comprehensive income accrued income			Accrued profits and profits corresponding to the period				
	Capital	Reserves and other retained earnings	Merger of companies under common control	Changes in fair value of financial assets at fair value through OCI	Cash flow hedge	Income tax	Retained profits from previous periods	Profits of the year (**)	TOTAL	Non-controlling interest (*)	Total Equity
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Closing balances as of December 31, 2020 before restatement 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**
Effects of changes in accounting policies	-	8,851	-	1,582	-	(428)	-	-	**10,005**	-	**10,005**
Opening balances as of January 1, 2021	**891,303**	**2,353,061**	**(2,224)**	**100,558**	**(136,765)**	**9,775**	**517,447**	**(155,234)**	**3,577,921**	**84,683**	**3,662,604**
Payment of common stock dividends	-	-	-	-	-	-	(310,468)	-	**(310,468)**	-	**(310,468)**
Reserves of income from the previous period	-	206,979	-	-	-	-	(206,979)	-	**-**	-	**-**
Provision for payment of common stock dividends	-	-	-	-	-	-	-	(78,542)	**(78,542)**	-	**(78,542)**
Provision and interest payments on bonds with no fixed term to maturity	-	-	-	-	-	-	-	(4,995)	**(4,995)**	-	**(4,995)**
Subtotal: Transactions with shareholders during the period	**-**	**206,979**	**-**	**-**	**-**	**-**	**(517,447)**	**(83,537)**	**(394,005)**	**-**	**(394,005)**
Profit for the year (period)	-	-	-	-	-	-	-	778,933	**778,933**	9,961	**788,894**
Other comprehensive income for the year	-	-	-	(214,254)	(236,816)	123,138		-	**(327,932)**	(284)	**(328,216)**
Subtotal: Comprehensive income for the year	**-**	**-**	**-**	**(214,254)**	**(236,816)**	**123,138**	**-**	778,933	**451,001**	**9,677**	**460,678**
Closing balance on December 31, 2021	**891,303**	**2,560,040**	**(2,224)**	**(113,696)**	**(373,581)**	**132,913**	**-**	**540,162**	**3,634,917**	**94,360**	**3,729,277**
Opening balances as of January 1, 2022	**891,303**	**2,560,040**	**(2,224)**	**(113,696)**	**(373,581)**	**132,913**	**778,933**	**(238,771)**	**3,634,917**	**94,360**	**3,729,277**
Payment of common stock dividends	-	-	-	-	-	-	(464,977)	-	**(464,977)**	**-**	**(464,977)**
Reserves of income from the previous period	-	313,956	-	-	-	-	(313,956)	-	**-**	-	**-**
Provision for payment of common stock dividends	-	-	-	-	-	-	-	(10,107)	**(10,107)**	-	**(10,107)**
Provision and interest payments on bonds with no fixed term to maturity	-	(56,602)	-	-	-	-	28,339	1,370	**(26,893)**	-	**(26,893)**
Other movements	**-**	-	**-**	**-**	**-**	**-**	-	-	**-**	21	**21**
Subtotal: Transactions with shareholders during the period	-	**257,354**	-	-	-	-	**(750,594)**	**(8,737)**	**(501,977)**	**21**	**(501,956)**
Profit for the year (period)	-	-	-	-	-	-	-	808,651	**808,651**	15,206	**823,857**
Other comprehensive income for the year	**-**	**-**	**-**	3,566	254,743	(71,092)	**-**	-	**187,217**	(23)	**187,194**
Subtotal: Comprehensive income for the year	**-**	**-**	**-**	**3,566**	**254,743**	**(71,092)**	**-**	**808,651**	**995,868**	**15,183**	**1,011,051**
Closing balance on December 31, 2022	**891,303**	**2,817,394**	**(2,224)**	**(110,130)**	**(118,838)**	**61,821**	**28,339**	**561,143**	**4,128,808**	**109,564**	**4,238,372**

(*) See Note 02 letter c for non-controlling interest.
(**) Contains profit for the year and provisions for dividends, interest payments and reappreciation of issued financial instruments of regulatory capital.

Period	Profit attributable to equity holders MCh$	Allocated to reserves MCh$	Allocated to dividends MCh$	Percentage Distribution %	Number of shares	Dividend per share (In MCh$)
Year 2021 (Shareholders Meeting April 2022)	774,959	309,984	464,977	60	188,446,126,794	2.467
Year 2020 (Shareholders Meeting April 2021)	517,447	206,979	310,468	60	188,446,126,794	1.647

The accompanying notes form an integral part of the consolidated financial statements.

NOTE 01 - BACKGROUND OF THE INSTITUTION

Banco Santander-Chile is a banking corporation organised under the laws of the Republic of Chile, supervised by the Financial Market Commission (FMC) and subject to the supervision of the Securities and Exchange Commission of the United States of America (SEC), as the Bank is listed on the New York Stock Exchange (NYSE), through an American Depositary Receipt (ADR) programme.

Banco Santander Spain controls Banco Santander Chile through its shareholdings in Teatinos Siglo XXI Inversiones SA and Santander Chile Holding SA, both of which are subsidiaries controlled by Banco Santander Spain. As of December 31, 2022, Banco Santander Spain directly or indirectly owns 99.5% of Santander Chile Holding SA and 100% of Teatinos Siglo XXI Inversiones SA, which gives Banco Santander Spain control over 67.18% of the Bank's shares.

The Bank provides its customers a wide range of general banking services, from individuals to large corporations. In addition, Banco Santander-Chile and its affiliates (collectively referred to as 'Bank' or 'Santander-Chile' hereafter) offer consumer and commercial banking services, as well as other services, including factoring, collection, leasing, securities and insurance brokerage, mutual and investment funds, investment fund management and investment banking.

The Bank's legal address is Calle Bandera N°140 Santiago de Chile and its website is www.santander.cl

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

These Consolidated Financial Statements have been prepared following the Compendium of Accounting Standards for Banks (CASB), in its version applicable as of January 2022, as well as the instructions issued by the Financial Market Commission (FMC). The FMC, under Law No 21,000, provides in article 5.6 that the Financial Market Commission may set the rules for the preparation and presentation of the annual reports, balance sheets, statements of financial position and other financial statements of the supervised entities and determine the principles according to which they must keep their accounts. Regarding all matters that are not covered by this regulation, if they do not conflict with its instructions, then they must adhere to generally accepted accounting criteria corresponding to the technical standards issued by the Chilean Association of Accountants AG, which coincide with the International Financial Reporting Standards (IFRS) agreed by the International Accounting Standards Board (IASB). In case of discrepancies between the accounting principles and the accounting criteria issued by the FMC in its Compendium of Accounting Standards for Banks and instructions, the latter shall prevail.

For these Consolidated Financial Statements, the Bank uses certain currency terms and conventions. For example, 'USD' stands for 'US dollar', 'EUR' stands for 'euro', 'CNY' stands for 'Chinese yuan', 'JPY' stands for 'Japanese yen', 'CHF' stands for 'Swiss franc', 'AUD' stands for 'Australian dollar' and 'UF' stands for 'Unidad de Fomento de Chile'.

The notes in the Consolidated Financial Statements contain information in addition to that presented in the Consolidated Statements of Financial Position, Consolidated Income Statements, Consolidated Statements of Other Comprehensive Income, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows. They provide narrative descriptions or disaggregation of such states 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, 2022 and 2021 incorporate the individual financial statements of the Bank and those of companies over which the Bank exerts control (affiliates) and include the adjustments, reclassifications and eliminations necessary to comply with the accounting and measurement criteria established by IFRS 10 'Consolidated Financial Statements'. Control is achieved when the Bank:

i. Has power over the investee (that is, it has rights that grant it the present capacity to manage the relevant activities of the investee);
ii. Has exposure or rights to variable returns from its involvement with the investee; and
iii. Has the ability to use its power over the investee to influence the amount of the investor's returns.

The Bank reassesses whether 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. For example, when the Bank has less than most of the voting rights in an investee, but those voting rights are sufficient to have the ability to direct the relevant activities, then it is concluded that the Bank has control. The Bank considers all relevant facts and circumstances in assessing whether the Bank's voting rights in an investee are sufficient to give it power. These include:

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

- 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 when decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control of the subsidiary and ceases when the Bank cedes control. Specifically, the income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statements of Income and Statements of Other Comprehensive Income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss alongside each component of the Consolidated Statements of Other Comprehensive Consolidated Income is attributed to the Bank's holders and non-controlling interest. The total comprehensive income of subsidiaries is attributed to the owners of the Bank and 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' participation that do not result in the loss of control are accounted for as equity transactions. Accordingly, the equity carrying value of the Bank holders and the non-controlling interests are adjusted to reflect the changes in participation over subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration being paid or received is recognised directly in equity and attributed to the owners of the Bank.

The non-controlling interest represents the participation of third parties in the Bank's consolidated equity, which is presented in the Consolidated Statements of Changes in Equity. Their share of the result for the year is shown as 'Profit attributable to non-controlling interest' in the Consolidated Statements of Income.

The following table shows the composition of the entities over which the Bank can exercise control and, therefore, belong to the consolidation perimeter in such capacity:

i. Entities controlled by the Bank through participation in equity

			Percentage of ownership								
			As of December 31, 2022			As of December 31, 2021			As of December 01, 2021		
	Main Activity	Place of Incorporation And Operation	Direct %	Indirect %	Total %	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	99.75	0.01	99.76
Santander Corredores de Bolsa Limitada	Brokerage of financial instruments	Santiago, Chile	50.59	0.41	51.00	50.59	0.41	51.00	50.59	0.41	51.00
Santander Asesorías Financieras Limitada	Securities brokerage	Santiago, Chile	99.03	-	99.03	99.03	-	99.03	99.03	-	99.03
Santander SA Sociedad Securitizadora	Acquisition of loans and issuance of debt securities	Santiago, Chile	99.64	-	99.64	99.64	-	99.64	99.64	-	99.64
Klare Corredora de Seguros SA	Insurance brokerage	Santiago, Chile	50.10	-	50.10	50.10	-	50.10	50.10	-	50.10
Santander Consumer Finance Limitada	Automotive financing	Santiago, Chile	51.00	-	51.00	51.00	-	51.00	51.00	-	51.00
Sociedad Operadora de Tarjetas de Pago Santander Getnet Chile SA	Card Operator	Santiago, Chile	99.99	0.01	100.00	99.99	0.01	100.00	99.99	0.01	100.00

Details of non-controlling interests are shown in Note 28 Equity letter g) Non-controlling interest (minority interests).

NOTE 02 - BREAKDOWN 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 their relevant activities are determined by the Bank (these are companies complementary to the banking sector) and, therefore, over which the Bank exercises control:

- Santander Gestión de Recaudación y Cobranza Limitada: its exclusive activity is administering and collecting loans.
- Banca Santander SA: its central activity is the financing of revolving inventory lines for automotive dealers.
- Multiplica SpA: its primary purpose is the development of incentive programmes that encourage the use of payment cards.

iii. Associated entities

An associate is an entity over which the Bank can exercise significant influence but not control or joint control. This capacity usually involves 20% or more interest in the entity's voting rights and is accounted for using the equity method under IAS 28.

The following entities in which the Bank has an interest and are recognised using the equity method are considered 'associates':

			Percentage of ownership		
Associates	**Main Activity**	**Place of incorporation and operation**	**As of December 31, 2022 %**	**As of December 31, 2021 %**	**As of January 1, 2021 %**
Redbanc SA	ATM service	Santiago, Chile	33.43	33.43	33.43
Transbank SA	Debit and credit card service	Santiago, Chile	25.00	25.00	25.00
Centro de Compensación Automatizado SA	Electronic fund transfer and compensation services	Santiago, Chile	33.33	33.33	33.33
Sociedad Interbancaria de Depósito de Valores SA	Repository of publicly offered securities	Santiago, Chile	29.29	29.29	29.29
Cámara Compensación de Alto Valor SA	Payment clearing	Santiago, Chile	15.00	15.00	15.00
Administrador Financiero del Transantiago SA	Administration of smart cards for public transportation	Santiago, Chile	20.00	20.00	20.00
Servicios de Infraestructura de Mercado OTC SA	Administration of the infrastructure for the financial market of derivative instruments	Santiago, Chile	12.48	12.48	12.48

Until November 2021, Transbank and Redbanc were classified as held for sale. However, due to the global pandemic, the absence of buyers and following the IFRS 5, the companies were reclassified as Investments in associates and valued at the proportional equity. See Note 49 Subsequent Events

In the case of the Cámara Compensación Alto Valor SA, Santander-Chile has a representative participating in its Board of Directors. Management has concluded that this entails an exercise of significant influence over the latter.

In the case of Servicios de Infraestructura de Mercado OTC SA, the Bank participates actively in its administration through its executives, which is why Management has concluded that it exercises significant influence over it.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

iv. Share or rights in other companies

Entities over which the Bank has no control or significant influence are presented in this category. These equity instruments must be measured in compliance with IFRS 9 at fair value. Nevertheless, the Bank may consider the cost involved as an appropriate fair value estimate in concrete circumstances. This may be the case if the most recently available information is insufficient to measure the fair value or if a wide range of possible fair value measurements and the cost involved represents the best estimate of fair value within that range.

In another regard, the Bank may make an irrevocable decision to present subsequent changes to the fair value in other comprehensive income during its initial recognition. Subsequent changes in this valuation shall be recognised in 'Other comprehensive income accrued - Items that will not be reclassified to profit or loss'. Dividends received from these investments are recorded in the Consolidated Statement of Income under 'Result from investments in companies'. These instruments are not subject to the IFRS 9 impairment model.

c. Non-controlling interest

Non-controlling interest represents the portion of net income and net assets that the Bank does not own, either directly or indirectly. It is presented as 'Attributable to owners of the Bank' separately in the Consolidated Statements of Income and separately from the equity in the Consolidated Statements of Financial Position.

In the case of entities controlled by the Bank through other considerations, profit and equity are presented fully as a non-controlling interests. This is because the Bank controls them but has no ownership expressed as a percentage.

d. Reporting segments

The Bank's operating segments are those units whose operating results are reviewed regularly by the highest authority in terms of decision-making. Accordingly, two or more operating segments can be added into one, only when the aggregation is consistent with the basic principle under the IFRS 8 'Operating Segments' and if the segments have similar economic characteristics and are alike in each one of the following aspects:

i. The nature of the products and services;
ii. The nature of production processes;
iii. The type of customer category for which its products and services are intended;
iv. The methods used to distribute their products or provide services; and
v. If applicable, the nature of the regulatory framework, e.g., banking, insurance, utilities.

The Bank reports separately for each operating segment that meets any of the following quantitative thresholds:

i. Its reported revenues from ordinary activities, including both sales to external customers and intersegment sales or transactions, equal or exceed 10% of the combined revenues from all operating segments' ordinary internal and external activities.
ii. The amount of its reported results is, in absolute terms, equal to or greater than 10% of the greater of (i) the combined profit reported by all operating segments that have not reported a loss; and (ii) the combined loss reported by all operating segments that have reported a loss.
iii. Its assets equal or exceed 10% of the combined assets of all operating segments.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

Operating segments that do not meet any of the quantitative thresholds may be considered reportable segments. The information must be disclosed separately if management believes it would be helpful to Consolidated Financial Statements users.

Information regarding other business activities that do not correspond to reportable segments is combined and disclosed within the Corporate Activities category 'other'.

Concerning the above presented, the Bank's segments were obtained under the consideration that an operating segment is 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 elements 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 assesses its performance.
iii. For which discrete financial information is available.

e. Functional and presentation currency

The Bank, in 'The Effects of Changes in Foreign Exchange Rates' in IAS 21, has defined the Chilean Peso as its functional and presentation currency, as it is the currency of the primary economic environment in which the Bank operates, as well as the currency that influences in the cost and revenue structure. Therefore, all balances and transactions denominated in currencies other than the Chilean Peso are considered as 'foreign currency'.

Foreign currency transactions

The Bank conducts transactions in amounts denominated in foreign currencies, mainly US dollars. The assets and liabilities denominated in foreign currencies held by the Bank and its affiliates are translated into Chilean Pesos at the market exchange rate corresponding to the end of the reported month (discounted spot rate), which amounted to $849.59 per US$ for December 2022 ($854.48 per US$ for December 2021).

The amount of net foreign exchange gain and loss includes recognising the effects of exchange rate changes on assets and liabilities denominated in foreign currencies and the profit and loss on foreign exchange spot and forward transactions undertaken by the Bank.

f. Cash and cash equivalents

The indirect method is used to prepare the Consolidated Cash Flow Statements. This one starts with the Bank's consolidated pre-tax income and incorporates non-cash transactions, cash-flows-related income, and expenses of activities classified as investments or financing.

The following items are taken into consideration in the preparation of the Consolidated Cash Flow Statements:

i. Cash flows: inflows and outflows of cash and cash equivalents, defined as balances in items such as deposits with the Central Bank of Chile, deposits in domestic banks and deposits abroad.

ii. Operating activities: these are the normal activities carried out by banks alongside other activities that cannot be classified as investments or financing.

iii. Investing activities: these correspond to the acquisition, sale or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.

iv. Financing activities: activities that result in changes to the size and composition of equity and liabilities which are not part of operating or investing activities.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

g. Definitions, classification and measurement of financial assets/liabilities

i. Definitions

A 'financial instrument' is any contract that gives rise to a financial asset in an entity and a financial liability or equity instrument in another entity.

A 'financial asset' is any asset that is: (a) cash; (b) an equity instrument of another entity; (c) a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or (d) a contract that will or may be settled using the entity's own equity instruments.

A 'financial liability' is any liability that is: (a) a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled using the entity's equity instruments.

An 'equity instrument' is any contract that evidences a residual interest in the assets of the issuing entity after deducting all of its liabilities.

A 'financial derivative' is a financial instrument whose value fluctuates in response to changes concerning 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 minimal compared with other financial instruments with a similar response to changes in market factors, and which is generally settled at a future date.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date.

ii. Initial recognition

The Bank shall recognise a financial asset or financial liability only when it becomes part of the contractual terms of the instrument (rights and obligations).

A conventional purchase or sale of financial assets shall be recognised using trade date accounting or settlement date accounting.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

iii. Classification of financial assets/liabilities

Classification of financial assets

Financial assets shall be classified into measurement categories based on the entity's business models for managing the financial assets and the contractual cash flow characteristics of said assets.

The business model refers to how the Bank manages its financial assets to generate cash flows. In other words, the entity's business model determines whether the cash flows will come by obtaining contractual cash flows, selling financial assets, or both.

The assessment of the contractual flow characteristics (SPPI test) requires determining whether the asset's contractual flows are solely payments of principal on specified dates and interest on the principal outstanding amounts in the currency in which the financial asset is denominated. The principal is the fair value of the financial asset at initial recognition. Nevertheless, the principal amount may change over the life of the financial asset (if there are principal repayments). Interest is the compensation received for the time value of money and the credit risk related to the principal amount owed over a specified period, alongside other basic lending risks such as administrative costs and a profit margin.

For the assessment, the Bank conducted a test evaluating whether the contractual flows meet the criteria for a core lending arrangement. The Bank uses its professional assessment and considers relevant factors such as currency, interest rate (fixed or variable) and the period it sets.

The assessment of business models is not an instrument-by-instrument ranking approach but at a higher level of aggregation and considers all relevant evidence: model performance, risks affecting performance, and how managers are rewarded, among others.

According to the above, the objectives of the business models are:

- To hold assets to collect cash flows – through management that produces cash flows by collecting contractual payments throughout the instrument's life. Models with this goal allow for sales if they are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent), and even more so if they result from a substantial increment in risk or in the risk management of credit concentration.
- Per this objective, the entity's key management personnel have decided that the supply of contractual cash flows and the sale of financial assets are essential to achieve the business model's goal. Therefore, there is a higher frequency and value of sales for this purpose.
- Other models - financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold the assets to collect contractual cash flows or if their objective is achieved by obtaining contractual cash flows and selling financial assets. Assets are managed on a sales basis and decisions are made on a fair value basis.

The Bank classifies its financial assets depending on whether they are subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

Furthermore, at initial recognition of investments in equity instruments, an irrevocable decision can be made to present subsequent changes in fair value into other comprehensive income.

Due to the exceptional changes that have taken place in the market's liquidity, and which should remain in the short and medium-term, the need arose for the Bank to maintain collateral with a maturity in the range of 2024 to 2026. This is due to the constitution of guarantees related to the Central Bank's Credit Facility Conditional to Incremental Flexibility programme (FCIC) and the demand to constitute larger technical reserves due to the increase in the balances held by the Bank's customers. Therefore, the Bank determined to create a new business model called 'Held to collect investments', which aims to manage these higher levels of liquidity better. The Bank also has both the intention and the ability to hold them to maturity.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of financial liabilities
An entity shall classify all financial liabilities as subsequently measured at amortised cost, except for derivative liabilities measured at fair value through profit or loss.

Reclassifying
Reclassifying only occurs when the business model for managing financial assets is changed. These changes are determined by top management due to external or internal changes. Financial liabilities are not reclassified.

iv. Measurement of financial assets/liabilities

Initial measurement

Financial assets and liabilities are initially measured at fair value (transaction price), plus or minus transaction costs in the case of a financial asset or financial liability that is not carried at fair value through profit or loss.

Subsequent measurement of financial assets

A financial asset shall subsequently be measured according to the following:

(a) Amortised cost
A financial asset is measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets to earn cash flows and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income shall be calculated using the effective interest method. This method applies to financial assets and liabilities measured at amortised cost (interest income and interest expense). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or the amortised cost of a financial liability.

(b) Fair value through other comprehensive income
A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by obtaining contractual cash flows and selling financial assets and if the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Fair value through profit or loss
A financial asset is measured at fair value through profit or loss unless measured at amortised cost or at fair value through other comprehensive income.

(d) Irrevocable election to measure at fair value with changes in other comprehensive income
Upon initial recognition of an investment in equity instruments, an election may be made to present subsequent changes in fair value in other comprehensive income that would otherwise be measured at fair value through profit or loss when not held for trading, except for dividend income, which is recognised in profit or loss. Gains or losses arising from the derecognition of these equity instruments are not transferred to profit or loss.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

Subsequent measurement of financial liabilities

Financial liabilities are subsequently measured at amortised cost except for derivatives measured at fair value through profit or loss.

v. Derecognition of financial assets/liabilities

A financial asset shall be derecognised when and only when:

(a) The contractual rights to the cash flow from the financial asset expire, or

(b) It transfers the contractual rights to receive the cash flows of a financial asset or retains the contractual rights to receive the cash flows of a financial asset but assumes a contractual obligation to pay them to one or more recipients. Otherwise, if the risks and rewards of ownership of the financial asset are substantially transferred, the financial asset is derecognised.

In the case of unconditional sales, sales under repurchase agreements at fair value at the date of repurchase, sales of financial assets with a purchased call option or a written put option that is deeply out of the money, uses of assets where the transferor does not retain subordinated financing or grant any credit enhancement to the new owners, and other similar cases, the transferred financial asset is derecognised from the Consolidated Statement of Financial Position with simultaneous recognition of any rights or obligations retained or created as a result of the transfer.

In the case of sales of financial assets under fixed-price repurchase agreements or using the sale price plus interest of securities lending agreements in which the borrower must return the same or similar assets and in other akin cases, the transferred financial asset is not derecognised from the Consolidated Statements of Financial Position and continues to be measured on the same basis as before the transfer.

A financial liability is derecognised when and only when it is extinguished – that is, when the obligation specified in the contract is discharged, cancelled or expired. In the case of loans, the FMC requirements for derecognition apply. See letter o), VIII.

vi. Offsetting a financial asset with a financial liability

A financial asset and a financial liability shall be offset and presented by their net amount in the Consolidated Statement of Financial Position when, and only when, there is at the moment a legally enforceable right to set off the recognised amounts and an intention to settle the net amount or to realise the asset and settle the liability simultaneously. As of December 31, 2022 and 2021 the Bank has no financial asset/liability offsets.

h. Financial derivatives and accounting hedges

Derivatives are classified as either trading instruments or hedging instruments.

The Bank uses financial derivatives for the following purposes:
i. To provide such instruments to customers who request them to manage their market and credit risks.
ii. To use them for the risk management of the proprietary position of the Bank's entities and their assets and liabilities ('hedging derivatives').
iii. To benefit from changes in the value of these derivatives (trading derivatives).

Trading derivatives are measured at fair value through profit or loss and are presented as assets/liabilities according to their positive or negative fair value. Derivatives that do not qualify as hedging instruments are accounted for as trading instruments.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Bank has elected to continue to use the IAS 39 guidelines for hedge accounting. For a financial derivative to be considered a hedging derivative, all the following conditions must be met:

1. To cover one of the following three types of risk:
    a. Changes in the value of assets and liabilities due to fluctuations in, among other things, inflation (UF), interest rates and/or exchange rates to which the position or balance to be hedged is subject ('fair value hedging').
    b. Changes in the estimated cash flows arising from financial assets and liabilities, commitments and highly probable forecast transactions ('cash flow hedges').
    c. The net investment in a foreign operation ('hedge of a net investment in a foreign operation').

2. To effectively eliminate some risk inherent in the hedged item or position for the entire expected term of the hedge, which entails 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 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 its risks.

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 fair value changes of the underlying hedged item (attributable to the hedged risk) are recorded in the Consolidated Financial Statement of Income under 'interest and indexation income'.
c. For cash flow hedges, the effective portion of the change in the value of the hedging instrument is recorded in the Consolidated Statements of Other Comprehensive Income in 'Valuation accounts - cash flow hedges' within equity.
d. Differences in the valuation of the hedging instrument corresponding to the ineffective portion of cash flow hedging transactions are taken directly to the Consolidated Income Statements in 'Net income from financial operations'.

If a derivative designated as a hedge, whether due to termination, ineffectiveness or any other cause, does not meet the above requirements, hedge accounting 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 amortised to gain or loss from that date, when applicable.

When cash flow hedges are discontinued, the cumulative gain or loss on the hedging instrument recognised in the Consolidated Statements of Other Comprehensive Income in equity 'Valuation Accounts' (while the hedge was effective) continues to be recognised in equity until the hedged transaction occurs. At that time, it is recognised in the Consolidated Statements of Income unless the transaction is not expected to occur, in which case it is recognised immediately in the Consolidated Statements of Income.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

Embedded derivatives in hybrid financial instruments

'Embedded derivatives' is a hybrid contract component that simultaneously includes a host contract that is not a derivative and a financial derivative that is not individually transferable. It has the effect that some of the cash flows of the hybrid contract vary in the same way as the embedded derivative would if taken alone. As of December 31, 2022, and 2021, Banco Santander-Chile did not hold embedded derivatives in its portfolio.

i. Fair value of financial assets and liabilities

No transaction costs are deducted when financial assets and liabilities are measured at fair value. Assets and liabilities subsequently measured at amortised cost are not required to be measured at fair value.

'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 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. Fair value measurement is for a specific asset or liability. Therefore, in measuring fair value, the Bank considers the characteristics of the asset or liability in the same way that market participants would consider in pricing the asset or liability at the measurement date. In addition, the fair value measurement assumes that the transaction of selling the asset or transferring 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.

When there is no market price for a given financial instrument, its fair value is estimated based on the price established in recent transactions involving similar instruments or, in the absence thereof, based on valuation models sufficiently contrasted by the international financial community, considering the specific peculiarities of the instrument to be valued and, in particular, the different types of risk related to the instrument.

When valuation techniques are used, they maximise the use of the relevant observable input data and minimise that of unobservable input data. For example, when 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 categorised within the fair value hierarchy.

Although average prices are allowed as a practical resource to determine the fair value of an asset or a liability, the Bank makes an adjustment (FVA or fair value adjustment) when there is a gap between the purchase and sale price (close-out cost).

All derivatives are recorded in the Consolidated Statements of Financial Position at fair value from the trade date. If their fair value is positive, they shall be recorded as an asset; if their fair value is negative, they shall be recorded as a liability. In the absence of evidence to the contrary, the trade date's fair value is deemed the transaction price. Changes in the fair value of derivatives from the trade date are recognised with a balancing entry in the Consolidated Income Statements under 'Profit/(loss) on financial assets/liabilities held for trading at fair value through profit or loss'.

Specifically, the fair value of financial derivatives included in the trading books is deemed similar to their daily quoted price. If for exceptional reasons, the quoted price cannot be determined on a given date, the fair value is calculated using similar methods to those used for over-the-counter (OTC) derivatives. The fair value of OTC derivatives is the sum of the future cash flows stemming from the instrument that have been discounted to the present value at the appraisal date ('present value' or 'theoretical closure') 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 the Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA), aiming for the fair value of each instrument to include the credit risk of its counterparty and the Bank's own risk. The Counterparty Credit Risk (CVA) is a valuation adjustment to derivatives contracted in non-organised markets as a result of the exposure to counterparty credit risk.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

The CVA is calculated considering the potential exposure to each counterparty in future periods. The Debit Valuation Adjustment (DVA) is a valuation adjustment similar to CVA but generated by the Bank's credit risk assumed by our counterparties. In the case of derivative instruments contracted with Central Clearing Houses, in which the variation margin is contractually defined as a firm and irrevocable payment, this payment is considered part of the derivative's fair value.

For loans and advances covered by fair value hedging transactions, changes in their fair value related to the risk or risks covered in these hedging transactions are recorded.

Equity instruments and contracts related to them must be measured at fair value. Nevertheless, the Bank believes the cost is an appropriate fair value estimate in specific circumstances. This may be necessary, for example, if the recently available information is insufficient to measure the fair value or if a wide range of possible fair value measures exists, and the cost represents the best fair value estimate within that range. Furthermore, the Bank may irrevocably elect to present subsequent changes in the instrument's fair value in other comprehensive income.

As of December 31, 2022, and 2021, no significant investments in listed financial instruments had ceased to be recorded at their quoted market value due to their market being unable to be considered active.

The amounts at which financial assets/liabilities are recorded represent, in all material respects, the Bank's maximum exposure to credit risk at each reporting date. The Bank also has collateral and other credit enhancements to mitigate its exposure to credit risk, consisting mainly of mortgages, cash, equity and personal guarantees, leased and rented assets, assets purchased under repurchase agreements, securities lending and credit derivatives.

Valuation techniques

According to IFRS 13, a fair value hierarchy is established based on three levels: Level 1, Level 2 and Level 3, in which the highest priority is given to quoted prices (unadjusted) in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

Financial instruments at fair value and determined by published prices in active markets (Level 1) comprise government bonds, corporate bonds, exchange-traded derivatives, securitised assets, equities, short positions and issued bonds.

In cases where quotations cannot be observed, management best estimates what the market would price using its own internal models. In most cases, these internal models use data based on observable market parameters as significant inputs (level 2) and sometimes use significant unobservable inputs in market data (level 3). Various techniques are used to estimate it, including extrapolating observable market data. As a result, the most reliable evidence of the fair value of a financial instrument on initial recognition is the transaction price unless the value of that instrument can be derived from other market transactions by the same or a similar instrument or valued using a valuation technique in which the inputs used include only observable market data, mainly interest rates.

The main techniques used as of December 31, 2022 and 2021 by the Bank's internal models to determine the fair value of financial instruments are described below:

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

i. The present method is used in the valuation of financial instruments permitting static hedging (mainly forwards and swaps). 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 re used to obtain the bid-offer spread, exchange rates, volatility, correlation indexes and market liquidity.

iii. For the valuation of certain financial instruments exposed to interest rate risks, such as interest rate futures, caps and floors, the present (future) value method 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, including interest rates, credit risk, exchange rates, the quoted market price of shares and market rates of raw materials, volatility, prepayments and liquidity. In addition, the Bank's management verifies that the valuation models do not incorporate significant subjectivity. Therefore, if necessary, these methodologies can be adjusted and calibrated through internal calculations of fair value and subsequent comparison with the corresponding actively traded price.

The Bank has developed a formal process for the systematic valuation and management of financial instruments, implemented in all units included in the scope of consolidation. The governance structure of this process distributes responsibilities between two separate divisions: Treasury (responsible for the development, marketing and daily management of financial products and market data) and Market Risks (responsible for the periodic validation of valuation models and market data, the process of calculating risk metrics, policies for approving new transactions, market risk management and the implementation of valuation adjustment policies).

The approval of a new product involves several steps (application, development, validation, integration into corporate systems and quality review) before it goes into production. This process ensures that the rating systems have been properly reviewed and are stable before use.

Details of the most significant derivative products and families, together with their respective valuation techniques and inputs, by type of asset, are set out under Note 44 'Fair value of financial assets and liabilities' in these Consolidated Financial Statements.

j. Fixed assets

This category includes the number 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. Fixed assets (property, plant and equipment) for own use

Property, plant, and equipment for own use include but are not limited to tangible assets received by the consolidated entities in full or partial satisfaction of financial assets representing accounts receivable from third parties intended to be held for continuing own use, and tangible assets acquired under finance leases. Accordingly, these assets are presented at the acquisition cost to which the related accumulated depreciation is subtracted along with, if applicable, any impairment loss resulting from comparing the net value of each item to the respective recoverable amount.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

Depreciation is calculated using the straight-line method over the acquisition cost of assets minus their residual value, assuming that the land on which buildings and other structures stand has an indefinite life and is not subject to depreciation.

The Bank applies the following useful lives for the tangible assets that comprise its assets:

ITEM	Useful Life (Months)
Land	-
Paintings and works of art	-
Carpets and curtains	36
Computers and Hardware	36
Vehicles	36
ATMs and teleconsultations	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

At each reporting period, the consolidated entities assess whether there is any indicator that the carrying amount of any tangible asset exceeds its recoverable amount. If this is the case, the asset's carrying amount is reduced to its recoverable amount. Future depreciation charges are adjusted under 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 based on 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 loss, are the same criteria as those for property, plant and equipment held for own use.

k. Leases

At the contract's creation, the Bank assesses whether it contains a lease or not. 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 compensation. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- The contract involves using an identified asset. This may be specified explicitly or implicitly and should be physically distinct. The asset is not identified if the supplier has a significant substitution right.
- The Bank has the right to obtain all the economic benefits from using the asset throughout the contract's duration.
- The Bank has the right to direct the use of the asset – this is the decision-making purpose for which the asset is used.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

a. As a lessee

The Bank recognises a right-of-use asset and a lease liability at the starting date of the lease according to the IFRS 16 'Leases'. The Bank's main contracts are with its related offices and branches necessary to undertake its activities.

In the beginning, the right-of-use asset is equal to the lease liability. It is calculated as the present value of the lease payments, which are discounted using the Bank's incremental interest rate at the starting date and considering each contract's duration. The average incremental interest rate is 1.59%. Subsequently, the asset is straight-line depreciated according to the contract's duration, and the financial liability is amortised in terms of the monthly payments. The financial interest is charged to net interest income, and the depreciation is charged to the depreciation expense of each financial year.

The lease's term encompasses non-cancellable periods stipulated within each contract. In the case of a lease contract with indefinite duration, the Bank has determined to assign a span equal to the longest of the non-cancellable period of its lease contracts. Contracts with a non-cancellable period of 12 months or less are treated as short-term leases. Therefore, the related payments are recorded as straight-line expenses. Any change in the lease term or rent is treated as a new measurement of the lease.

In the initial measurement, the Bank measures the right-of-use asset at cost. The rent of the lease contracts is agreed in UF and payable in Chilean pesos. According to Circular No 3649 of the FMC, the monthly UF variation that affects all contracts established in such monetary units should be treated as a new measurement. Therefore, readjustments should be recognised as an amendment to the obligation, and in parallel, the amount of the related asset should be adjusted.

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 first determines if the process corresponds to a financial or operating lease. To do this, the Bank 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 an operating lease.

The Bank recognises lease rentals received on a straight-line income basis over the lease term.

c. Third-party financing

Under 'loans and accounts receivable from customers' in the Consolidated Statements of Financial Position, the Bank recognises as loans with third parties the sum of present values of the lease payments receivable from the lessee. This includes the price of the lessee's right-to-call option by the end of the lease term when it is reasonably certain that the lessee will exercise said right. The financial income and expense derived from these contracts are recorded in the Consolidated Income Statements under 'Interest income' and 'Interest expense', respectively, to achieve a constant return rate over the lease term.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

l. Factoring transactions

Factored receivables are valued at the amount disbursed by the Bank in exchange for invoices or other commercial instruments representing the credit 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.

m. Intangible assets

Intangible assets are non-monetary assets (identifiable separately from other assets) without physical substance arising from legal or contractual rights. The Bank recognises an intangible asset, whether purchased or self-created (at cost) when the asset's cost can be measured reliably. Additionally, the future economic benefits attributable to the asset are expected to flow into the Bank.

To calculate intangible assets, they are recorded initially at their acquisition or production cost, from which the accumulated amortisation and accumulated impairment loss are subtracted.

Internally developed computer software is recorded as an intangible asset if, among other requirements (primarily 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 amortised linearly based on their estimated useful life, which has been defined by default at 36 months and can be modified if the extent to which the Bank will benefit from its use for a different period than the mentioned above is demonstrated.

Expenditure on research activities is recorded as the expense incurred in the year and cannot be subsequently capitalised.

n. Non-current assets held for sale

Non-current assets held for sale and discontinued operations

Per the IFRS 5, 'Non-current assets held for sale and discontinued operations', a non-current asset is classified as held for sale if its carrying amount will be recovered mainly through a sale transaction rather than through continued use.

In order to apply the above classification, the asset must meet the following requirements:

- It must be available in its current conditions for immediate sale and selling must be highly probable.
- For it to be highly probable, the appropriate management level must be engaged in a plan to sell the asset (or group of assets for its disposal). Also, a program to find a buyer and the completion of said purchase must have been actively initiated.
- Furthermore, the sale should be expected to qualify for recognition as a completed sale within one year of the classification date.

Assets classified as such shall be measured at the lower carrying amount or fair value with fewer selling costs.

As of December 31, 2022 the Bank does not hold any assets classified under this category. As of December 31, 2021, the Bank held the investments in Transbank and Redbanc classified as 'non-current assets held for sale', while Nexus was sold in December 2020. In December 2021, due to the pandemic, the current global economic situation, and the impossibility of finding buyers, the Bank decided to reclassify these investments as investments in associates and account for them at equity value. See Note 49 Subsequent Events

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

Assets received or awarded in lieu of payment

All assets received or awarded as loan payments and accounts receivable from clients are recorded – in the case of dation in payment– at a price agreed between the parties or, conversely, in those cases in which there is no agreement between the parties, at the amount at which the Bank is awarded such assets in a judicial auction. In both cases, an independent assessment of the market value of the goods is determined based on the state in which they are acquired.

If there is an excess of loan receivables over the fair value of the goods received or foreclosed in payment when the selling cost is subtracted, they are recognised in the Consolidated Income Statements under 'Provision for credit risk'.

These goods are subsequently valued at the lower amount between the initially recorded figure and the net realisable value, which corresponds to their fair value (liquidation value determined through an independent appraisal) minus their respective costs of sale. The differences between the two are recognised in the Consolidated Income Statements under 'Other operating expenses'.

At the end of each year, the Bank conducts an analysis to review the cost of sale of assets received or foreclosed in payment, which is then applied from that date onwards and into the following year. In December 2022, the average cost was estimated at 5.8% of the appraised value (4.0% as of December 31, 2021). In addition, a review of the appraisals (independent) is carried out every 18 months to adjust the fair value of the assets.

These assets are generally estimated to be disposed of within one year from the award date. Under article 84 of the General Banking Law, assets not sold within this period are penalised through a single instalment. On March 25, 2021, the FMC issued Circular No 2247 granting an additional 18 months for the disposal of all assets that financial institutions have received in payment or are awarded between March 1, 2019 and December 31, 2021, also allowing these assets' write-off to be made in instalments proportional to the number of months between the date of their receipt and that set by the Bank for their disposal.

o. Income and expense recognition

The most important criteria used by the Bank to recognise its revenues and expenses are summarised as follows:

i. Interest revenue, interest expense, and similar items

Interest income, interest expense and similar items are recognised on an accrual basis using the effective interest rate method.

Nevertheless, the Bank ceases to recognise income on an accrual basis when a loan or one of its instalments is 90 days overdue. This means that interest, adjustments or commissions are not recognised in the Consolidated Income Statement unless received.

These interest and readjustments are generally referred to as 'suspended' and are recorded in memorandum accounts, which do not form part of the Consolidated Statements of Financial Position but are reported as part of the supplementary information therein (Note 30 and 31).

Interest incomes of previous 'transactions with suspended accrual' are only recognised again when the debtor is up to date with its obligations.

ii. Commissions, fees and similar items

Fee and commission income and expenses are recognised in the Consolidated Income Statements using the criteria set out in IFRS 15, 'Revenue from contracts with customers'.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

Under IFRS 15, 'Revenue from contracts with customers', the Bank recognises revenue when it satisfies its performance obligations by transferring the service (an asset) to the customer. Under this definition, an asset is transferred when the customer obtains control over the asset. The Bank considers the contractual terms and its traditional business practices for determining the transfer price. The transfer price is the amount of compensation the entity expects to be entitled in order to transfer committed goods and services to the customer, excluding amounts collected on behalf of third parties.

The Bank consistently applies the recognition method for each performance obligation, whether it satisfies the performance obligation over time or satisfies the performance obligation at a specific point in time.

The main income arising from commissions, fees, and similar items are:

- Credit prepayment fees, which include fees related to customer prepayments of credit operations.
- Fees and commissions on loans with letters of credit, which comprise fees and commissions related to granting loans with letters of credit.
- Credit line and overdraft fees, which refer to fees accrued during the year to grant credit lines and current account overdrafts.
- Fees for guarantees and letters of credit, which include fees accrued during the year to grant payment guarantees for real or contingent third-party obligations.
- Card service fees. These refers to fees earned and accrued for the year related to credit, debit and other cards.
- Account administration fees. These comprise fees incurred for the maintenance of current, savings and other accounts.
- Fees and commissions for collections and payments, which include fees and commission income generated by the Bank's collections and payment services.
- Commissions for brokerage and handling securities, which refers to income from commissions generated on brokerage, placements, administration, and custody of securities.
- Remuneration for the administration of mutual funds, investment funds or others, which comprises commissions from fund management companies separated by type of client (natural or legal person).
- Insurance intermediation and consultancy fees, which include income generated through insurance sales, separated by the type of insurance brokered.
- Fees for financial leasing transaction services, which refers to those financial leasing services in which the Bank acts as a lessor.
- Securitisation fees, which include fees for securitisation services.
- Fees for financial advisory services, which comprise those involved in advisory services concerning the issuance and placement of financial instruments, restructuring and funding financial liabilities, sale and purchase of companies, and others.
- Other commissions earned, which include income generated by currency exchanges, issuing demand vouchers and guarantee slips, trust commissions, foreign trade operations, student loan administration, and other services.

Commission expenses comprise:

- Card transaction fees, which involves commissions generated by credit cards, debit cards and the provision of funds related to the income generated from card service fees.
- Card brand licence fees. These are fees paid to the main card brands: credit, debit and provision of funds.
- Other fees for services linked to the credit card system and cards with the provision of funds.
- Expenses for loyalty and merit programme obligations for card customers. They refer to expenses related to customer benefit programmes related to the use of cards.
- Fees for securities transactions. They comprise fees for deposit, safekeeping and brokerage of securities, investments in mutual funds, stock exchanges, central counterparty and market infrastructure services.
- Other fees for services received. They include securities services, foreign trade, correspondent banking, ATMs and wire transfer fees.
- Fees for clearing high-value payments, which include fees to ComBanc, CCLV, etc.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

The relationship between the segment note and the disaggregated income is presented in Note 32 Commissions.

The Bank maintains loyalty programmes linked to its credit card services, which under IFRS 15 'Revenue from contracts with customers', have the necessary provisions to meet the delivery of committed performance obligations to come. Such obligations are settled immediately upon incurrence.

iii. Non-financial income and expenses

They are recognised under the criteria established in IFRS 15, 'Revenue from contracts with customers', identifying the performance obligation and when they are satisfied (accrued).

iv. Commissions in the formalisation of loans

Financial fees and commissions arising on the origination of loans, mainly origination or arrangement fees and information fees, are accrued and recognised in the Consolidated Statements of Income over the life of the loan.

p. Provisions for credit risk on loans and receivables and contingent liabilities

The Bank permanently evaluates the entire portfolio of loans and contingent credits, as established by the FMC, to promptly create sufficient provisions to cover the expected loss linked with the debtors' characteristics and credits based on payment and subsequent recovery.

The Bank uses the following models established by the FMC and approved by the Board of Directors to assess its loan and contingent loan portfolio:

- Individual assessment of debtors – This applies to debtors recognised as individually significant, that is, with substantial levels of debt, and to those who, even if not significant, are not able to be classified in a group of financial assets with similar credit risk characteristics, and which, due to their size, complexity or level of exposure, require detailed analysis.
- Group assessment of obligors - Group assessments are relevant for residential mortgage and consumer credit exposures, in addition to commercial student credit exposures and exposures to obligors that simultaneously meet the following conditions:
    - i. The Bank has an aggregate exposure to the same counterparty of less than UF 20,000. The aggregate exposure is considered the gross of provisions or other mitigants and includes housing mortgages in its calculation. Concerning off-balance sheet items (contingent claims), the gross amount is calculated by applying the credit translation factors defined in Chapter B-3 of the Compendium of Accounting Standards for Banks.
    - ii. Each aggregate exposure to a single counterparty does not exceed 0.2% of the total portfolio related to the group-rated loans.

Group assessments are suitable for dealing with many transactions with low individual amounts and involving individuals or small companies. The Bank groups debtors with similar credit risk characteristics by associating each group with a certain probability of non-performing and a recovery rate based on a substantiated historical analysis. To this end, the Bank implemented the standard model for mortgage and commercial loans and the internal model for consumer loans.

I. Allowances for individual assessments

The individual assessment of trade debtors is necessary, as established by the FMC, in the case of companies that require detailed knowledge and analysis due to their size, complexity, or level of exposure to the entity.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

The analysis of debtors focuses firstly on their credit quality. Then, it classifies them in the risk category corresponding to the debtor and their respective credit operations and contingent credits after assigning them to one of the three portfolio statuses: Standard, Substandard and Impaired. The risk factors used in the allocation are the industry or sector, business situation, partners and management, their financial situation and ability to pay, and payment behaviour.

The portfolio categories and their definitions are as follows:

i. i. Normal Portfolio includes debtors with a payment ability 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.

ii. Substandard Portfolio includes debtors with financial difficulties or 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.

iii. Impaired Portfolio includes debtors and loans in which 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 restructuration, reducing the obligation or delaying the term of the capital or interest and any other debtor who is overdue by 90 days or more in their payment of interest or capital. The classifications assigned to this portfolio are categories from C1 to C6.

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 and severity, 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 first step to determine the number of provisions is to assess the affected exposure, which comprises the book value of loans plus contingent credits, minus the amounts that are feasible to recover through the activation of the guarantees, financial or real, covering the operations. The respective loss percentages are applied to this exposure result. In the case of collateral, the Bank must demonstrate that the value assigned to the deduction reasonably reflects the value realised at the disposal of the assets or equity instruments. If the debtor's credit risk is substituted for the guarantor's credit quality, this methodology will only apply if the guarantor or surety is an entity qualified in a category similar to the investment grade of a local or international rating agency recognised by the FMC.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

Furthermore, guaranteed securities cannot be deducted from the exposure amount. Only financial guarantees and collateral can be considered.

Notwithstanding the above, the Bank must maintain a minimum provision of 0.5% over loans and contingent loans in the normal portfolio.

Non-performing Portfolio

The impaired portfolio includes all loans and the entire value of contingent loans of the debtors overdue by 90 days or more 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 overdue by 60 days or more and debtors who have undergone forced restructuring or partial debt forgiveness

The impaired portfolio excludes: a) residential mortgage loans, with payments overdue less than 90 days; and b) loans to finance higher education according to Law No 20,027, provided the breach conditions outlined in Circular No 3454 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 allowance rate is applied over the exposure amount, including 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	Between 3% and 20%	10%
C3	Between 20% and 30%	25%
C4	Between 30% and 50%	40%
C5	Between 50% and 80%	65%
C6	More than 80%	90%

All the obligor's loans are maintained in the impaired portfolio until its payment ability is normalised, notwithstanding the charge-off of each particular credit that meets Title II of Chapter B-2 of the CASB. 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 overdue with the Bank by 30 days or more.
ii. The debtor has not been granted loans to pay its obligations.
iii. At least one of the payments includes the amortisation of capital.
iv. Two payments must already be made if the debtor has made partial loan payments in the last six months.
v. Four consecutive instalments have been made if the debtor must pay monthly instalments for one or more loans.
vi. The debtor does not appear to have bad debts in the information provided by the FMC, except for insignificant amounts.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

II. Allowances for group assessments

Group assessments are relevant for residential mortgage and consumer credit exposures, in addition to commercial student credit exposures and debtor exposures that simultaneously meet the following conditions:

i. The Bank has an aggregate exposure (the exposure on the same Business Group at a consolidated level) to the same counterparty of less than UF 20,000. The aggregate exposure is considered the gross of provisions or other mitigants and includes housing mortgages in its calculation. Concerning off-balance sheet items (contingent claims), the gross amount is calculated by applying the credit translation factors defined in Chapter B-3 of the Compendium of Accounting Standards for Banks.

ii. Each aggregate exposure to a single counterparty does not exceed 0.2% of the total portfolio related to the group-rated loans.

To determine provisions, group assessments require the creation of groups of loans with homogeneous qualities in terms of the type of debtors and agreed conditions to establish, using technically sound estimates and prudential criteria, both the payment behaviour of the group and the recoveries of its non-performing loans. This is done using a model based on the characteristics of debtors, payment history, outstanding loans and delinquency, among other relevant factors.

The Bank uses credit risk methodologies based on internal and/or standard models to estimate provisions for the group-assessed portfolio, including commercial loans for debtors not individually assessed, housing loans and consumer loans (including instalment loans, credit cards and overdraft facilities). This methodology helps to independently identify the portfolio's performance one year ahead and determine the provision necessary to cover one year's loss from the balance sheet date.

Customers are segmented according to their internal and external characteristics into groups or profiles to differentiate the risk of each portfolio in a more appropriate and orderly manner (customer-portfolio model); this is known as the profiling method.

The profiling method is based on a statistical construction method, constituting a relationship through a logistic regression between variables such as delinquency, external behaviour, socio-demographic variables, and a response variable that determines the customer's risk. In this case, delinquency is equal to or greater than 90 days. 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, minus any amount that can be recovered by activating guarantees (for credits other than consumer loans).

Notwithstanding the above, in establishing provisions related to mortgage and commercial loans, the Bank must recognise minimum provisions according to standard methods established by the FMC for those types of loans. While this is considered a conservative minimum base, it does not relieve the Bank of its responsibility to have its own methodologies for determining adequate provisions to protect the portfolio's credit risk. Provisions must be made considering the higher value obtained between the respective standardised method and the internal method.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

Standard method of group portfolio provisioning

i. Mortgage portfolio

Under the CASB, the Bank applies the standard provisioning method for residential mortgages. Under this method, the expected loss factor applicable to the number of residential mortgage loans will depend on the delinquency of each loan and the ratio, at the end of each month, between the outstanding principal amount of each loan and the value of the mortgage collateral (LTV) that protects it.

The relevant provisioning factor according to delinquency and LTV is as follows:

LTV Range	Days past due at month-end	0	1-29	30-59	60-89	Non-performing portfolio
LTV ≤ 40%	PI (%)	1.0916	21.3407	46.0536	75.1614	100
	PDI (%)	0.0225	0.0441	0.0482	0.0482	0.0537
	PE (%)	0.0002	0.0094	0.0222	0.0362	0.0537
40% < LTV ≤ 80%	PI (%)	1.9158	27.4332	52.0824	78.9511	100
	PDI (%)	2.1955	2.8233	2.9192	2.9192	3.0413
	PE (%)	0.0421	0.7745	1.5204	2.3047	3.0413
80% < LTV ≤ 90%	PI (%)	2.5150	27.9300	52.5800	79.6952	100
	PDI (%)	21.5527	21.6600	21.9200	22.1331	22.2310
	PE (%)	0.5421	6.0496	11.5255	17.6390	22.2310
LTV > 90%	PI (%)	2.7400	28.4300	53.0800	80.3677	100
	PDI (%)	27.2000	29.0300	29.5900	30.1558	30.2436
	PE (%)	0.7453	8.2532	15.7064	24.2355	30.2436

LTV= (Loan-to-Value Ratio) unpaid loan principal/value of the mortgage collateral.

This standardised approach will also be applied to residential leasing transactions, following the same criteria described above and considering the leased asset value equivalent to the amount of the mortgage collateral.

If the same debtor holds more than one residential mortgage loan with the Bank and one is overdue by 90 days or more, all these loans will be assigned to the non-performing portfolio, with provisions calculated for each of them according to their respective LTV percentages.

In the case of housing mortgage loans linked to housing and subsidy programmes of the State of Chile, provided that they are contractually covered by the auction insurance supplied by the latter, the provisioning percentage may be weighted by the loss mitigation (LM) factor, which depends on the LTV percentage and the value of the house in the deed of sale (V). Therefore, the LP factors to be applied to the corresponding provisioning percentage are presented in the table below:

Loss mitigation (LM) factor for loans with state auction insurance		
LTV Range	Segment V: Deeded house price (UF)	
	V<1,000	1,000< V <= 2,000
LTV <= 40%	100	
40% < LTV <= 80%		
80% < LTV <=90%	95	96
LTV > 90%	84	89

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

ii. Commercial portfolio

Following the CASB, the Bank applies the standard model of provisions for commercial loans in the group portfolio, depending on whether it corresponds to commercial leasing, student loans or other commercial loans.

Before implementing the standard method, the Bank used its internal models to determine group business provisions.

a. Commercial leasing operations

The provision factor must be applied to the current value of commercial leasing operations (including the call option) for these operations. Therefore, it will depend on the delinquency of each operation, the type of leased asset and the relationship, at the 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 of Non-Performance (PNP) applicable according to delinquency and type of asset (%)		
Days past due at the end of the month	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
Non-performing portfolio	100.00	100.00

Probability of Non-Performance (PNP) applicable by PVB range and type of asset (%)		
PVB range (*)	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 PVB ratio will be determined 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, considering any situations that may be causing pricing rises of the asset at that time.

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. Where payment is due, the factor will also depend on the delinquency of the payment.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

For the loan classification, a distinction is made between those granted for financing higher studies under Law No 20,027 (CAE) and, on the other hand, the CORFO guarantee credits or other student loans.

Probability of Non-Performance (PNP) according to enforceability, delinquency and type of loan (%)

Presents payment enforceability or interest at month-end.	Days past due at month-end	Type of student loan	
		CAE	CORFO and others
Yes	0	5.20	2.90
	1-29	37.20	15.00
	30-59	59.00	43.40
	60-89	72.80	71.90
	Non-performing portfolio	100.00	100.00
No	N/A	41.60	16.50

Probability of Non-Performance (PNP) applicable by PVB range and type of asset (%)

Presents payment enforceability or interest at month-end.	Type of student loan	
	CAE	CORFO and others
Yes	70.90	
No	50.30	45.80

c. Generic commercial loans and factoring

For factoring transactions and other commercial loans, the provisioning factor, applicable to the amount of the loan and the contingent credit exposure, will depend on the delinquency of each transaction and the ratio at the end of each month between the debtor's obligations to the Bank and the value of the collateral (PTVG) securing them, as indicated in the following tables:

Probability of Non-Performance (PNP) applicable according to delinquency and PTVG range (%)

Days past due at month-end	Guarantee		
	PTVG ≤ 100%	PTVG > 100%	No guarantee
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
Non-performing portfolio	100.00	100.00	100.00

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

Severity (SEV) applicable according to PTVG range (%)			
Guarantee (with/without)	**PTVG Range**	**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

The guarantees used to calculate the PTVG ratio of this method may be of a specific or general nature. However, a guarantee can only be considered if, according to the respective coverage clauses, it was set in the first degree of preference in favour of the Bank and only guarantees the debtor's credits concerning which it is attributed (not shared with other debtors).

The invoices assigned in the factoring operations, or the guarantees linked to mortgage loans, regardless of their coverage clauses, will not be considered in the calculation.

The following considerations must be taken into account when calculating the PTVG ratio:

i. Transactions with specific guarantees: those in which the debtor provided specific guarantees for generic commercial loans and factoring. The PTVG ratio is calculated separately for each secured transaction as the division between the amount of the loans and the contingent credit exposure over the value of the collateral securing it.

ii. Transactions with general guarantees: when the debtor is granted general or general and specific guarantees, the Bank calculates the corresponding PTVG jointly for all generic commercial loans, factoring and operations not contemplated in the above paragraph i), as the division between the sum of the amounts of loans and contingent credit exposures over the general or specific guarantees that, according to the scope of the remaining hedge clauses, protect the credits considered in the numerator of the aforementioned ratio.

The amounts of collateral used in the PTVG ratio in (i) and (ii) should be determined according to the:

- Type of real guarantee, the guarantee's last valuation is its appraisal or fair value. Therefore, the criteria indicated in Chapters 7-12 of the Updated Collection of Standards should be considered to determine fair value.
- 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.

III. Provisions for contingent credits

Contingent credits are transactions or commitments in which the Bank assumes a credit risk by obliging itself vis-à-vis third parties upon a future event to make a payment or disbursement to be recovered from its customers.

To calculate the provisions as indicated in Chapter B-1 of the CASB, the amount of exposure to be considered shall be equal to the percentage of the contingent claim amounts indicated below:

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

Type of loan	Credit Translation Factors (FCC)
Immediately repayable unrestricted credit lines	10%
Contingent credits linked to CAE	15%
Letters of credit for goods movement operations	20%
Other unrestricted credit lines	40%
Debt purchase commitments in local currencies abroad	50%
Transactions related to contingent events	50%
Guarantees and sureties	100%
Other credit commitments	100%
Other contingent credits	100%

In the case of transactions with clients with non-performing loans, such exposure shall always equal 100% of their contingent credits.

IV. Guarantees and credit enhancements

Guarantees are only considered in calculating provisions when they are legally established, and the conditions allowing their eventual activation or settlement in the Bank's favour are met.

Collateral valuation (mortgages or pledges) reflects the net cash flow obtained from selling goods or equity instruments, or from capital minus estimated expenses, in the event of a debtor's non-performance.

For mortgages and pledges on goods, the Bank undertakes analyses highlighting the relationship between the prices obtained in an eventual settlement and their appraisal or foreclosure values. Nevertheless, the valuations of mortgages and other goods received are based on valuations carried out by independent professionals, while maintenance and transaction costs are based on historical data from at least three years prior. The Bank has the necessary collateral revaluation policies in place.

Financial guarantees, measured through fair value adjustments, may only be deducted from credit risk exposures when they are provided to secure the performance of the credits concerned. The adjusted fair value is obtained by applying the interest rate and currency volatility discount factors established by the FMC and subtracting settlement costs.

Determining provisions in the case of leased assets considers the value obtained on the disposal of the leased assets, considering the impairment that these may present, and the expenses related to their redemption and liquidation or eventual relocation.

Determining provisions for factoring loans considers that the counterparty is the assignor of the documents endorsed to the Bank when the factoring is with liability and the debtor when the assignment is without liability of the assignor.

V. Additional provisions

According to FMC regulation, banks can establish provisions over the already described limits to protect themselves from the risk of non-predictable economic fluctuations that could affect the macroeconomic environment or a specific economic sector. As set out in number 9 of Chapter B-1 of the CASB of the FMC, these provisions shall be reported on the liability side in the same way as provisions on contingent claims.

VI. VI. Provisions related to financing with FOGAPE guarantee Covid-19

The FMC requested the determination of specific provisions for loans secured by the FOGAPE Covid-19 guarantee, for which the expected loss must be determined. This is done by estimating the risk of each transaction, dismissing the guarantor's credit quality substitution, and following the appropriate individual or group analysis method per the clauses of the CASB Chapter B-1. This calculation must be made on an aggregate basis, grouping together all transactions to which the same deductible percentage is applicable.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

Hence, the total expected loss resulting from the aggregate calculation of each transaction group must be compared with the total deductible corresponding to them. When the expected loss of the transactions of a group with the same deductible percentage is determined to be equal to or less than the aggregate deductible, the provisions are set without considering the FOGAPE Covid-19 hedge, that is, without replacing the creditworthiness of the direct debtor for that of the guarantor. When they surpass the aggregate deductible, the provisions shall be determined using the substitution method set out in the CASB paragraph 4.1(a) of Chapter B-1 and shall be recognised in accounts separate from commercial, consumer and housing provisions.

VII. Impaired receivables and suspension of accrual

For individual assessments, the impaired portfolio comprises loans classified in the 'non-performing portfolio' plus categories B3 and B4 of the 'substandard portfolio'. For group assessment, it comprises loans in the 'non-performing portfolio'.

The Bank ceases to recognise income on an accrual basis in the Consolidated Statement of Income when the loan or one of its instalments is 90 days overdue. From the date on which interest is suspended until they are no longer impaired, loans shall not be credited with interest, adjustments or fees in the Consolidated Statement of Financial Position. No income from such loans shall be recognised unless duly received in the Consolidated Statement of Income.

VIII. Charge-offs

As a general rule, charge-offs should be applied when the contractual rights to the cash flows expire.

The charge-offs in question refer to the derecognition in the Consolidated Statement of Financial Position of the assets corresponding to the respective transaction, including that part which may not be overdue in the case of a loan payable in instalments or a leasing transaction (there are no partial charge-offs). This includes overdue, past-due and current instalments, with the term corresponding to the time elapsed since the date on which payment of all or part of the obligation is in delinquency.

Charge-offs are always booked against the credit risk provisions set up under Chapter B-1 of the CASB, regardless of the reason for the write-off.

Charge-offs should be carried out in the following circumstances, whichever occurs first:

a. Based on all available information, the Bank concludes that it will not obtain flows from the loans recorded on the asset.
b. When an unencumbered claim is 90 days old since it was registered as an asset.
c. Upon expiry of the statute of limitations for actions to claim collection through an enforceable judgment or at the time of the rejection or abandonment of the enforcement of the title by an enforceable court decision.
d. When the period of arrears of a transaction reaches the time limit for charge-offs set out below:

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

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

IX. Recovery of loans previously written off and accounts receivable from customers

Subsequent payments on written-off transactions shall be recognised in profit or loss as recoveries of impaired loan receivables.

When there are recoveries in terms of goods, the income is recognised as the amount by which they are incorporated into the asset under the provisions of the Chapter on Goods received or awarded in payment of obligations.

The same approach is followed if the leased goods are recovered after a leased transaction is written off when such goods are returned to the asset.

q. Impairment of financial assets other than loans and receivables and contingent liabilities

The Bank applies IFRS 9 'Financial Instruments' to determine the impairment of financial assets measured at fair value through other comprehensive income and financial assets at the amortised cost other than loans and contingent receivables.

The expected credit loss is generally estimated as the difference between all contractual cash flows recovered under the contract. All cash flows expected to be received are discounted at the effective interest rate originated.

This model uses a dual measurement approach in which the impairment provision is measured as follows:

- Credit loss expected at 12 months: it represents expected credit losses arising from default events on a financial instrument that may arise within 12 months from the reporting date.
- Lifetime expected credit loss: it represents the expected credit losses arising from default events over the expected life of a financial instrument.

At each reporting date, an entity must measure the provision at an amount equal to the 'lifetime expected credit loss' if the credit risk on that financial instrument has increased significantly since initial recognition. Otherwise, if the credit risk of a financial instrument has not increased significantly at the reporting date since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 'expected credit loss over the next 12 months'.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

When making such an assessment, an entity compares the default risk of a financial instrument at the reporting date with that of its initial recognition as well as considering reasonable and tenable information made available without unnecessary cost or effort, indicating the growth of credit risk since its initial recognition (on a group or individual basis). Based on changes in credit quality, IFRS 9 describes a 'three-step' impairment model according to the following diagram:

Change in credit quality since initial recognition		
Phase 1	**Phase 2**	**Phase 3**
Initial recognition	Significant increase in credit risk since initial recognition	Credit-impaired assets
Credit loss expected in 12 months	Lifetime credit loss	Lifetime credit loss

Reasonable and tenable information refers to information that is readily available at the reporting date without unreasonable cost or effort, including information about past events, current conditions and forecasts of future economic conditions. When contractual payments are overdue by 30 days or more, the Bank considers that the credit risk of a financial asset has increased significantly, but this is not the only indicator.

Measurement of expected credit loss

Expected credit loss estimates the weighted probability of credit losses over the financial instrument's expected life, that is, the present value of all cash shortfalls. The three components of the measurement of expected credit loss are:

PD: The probability of default estimates the probability of non-performance over a given time frame.

LGD: Loss-given default estimates the loss that would occur in the event of a default at a given time.

EAD: Exposure at default is an estimate of the exposure at a future date of non-performance, considering expected exposure changes after the reporting date, including repayments of principal and interest, whether contractually scheduled or otherwise, and interest on defaults.

Collateral and other credit enhancements are considered to measure expected credit loss.

The Bank considers that if contractual payments are overdue by 30 days or more, the credit risk has increased significantly since the initial credit recognition, but this is not an absolute indicator.

Recognition of expected credit loss

An entity shall recognise in its financial results a gain or loss caused by value impairment as the amount of the expected credit loss (or reversals) by which the value is adjusted given the losses that have occurred by the reporting date in order to capture the amount that requires recognition accurately.

For assets measured at fair value through other comprehensive income, the book value of the instruments is understood as the fair value. Therefore, the recognition of impairment does not affect the carrying amount of such instruments and is reflected as a movement between other comprehensive income (a deduction from fair value) and the Consolidated Statement of Income at each reporting date.

In the case of assets measured at amortised cost, impairment is presented through a supplementary account that reduces the asset's value.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

r. Impairment of non-financial assets

The Bank's non-financial assets are reviewed at each reporting date of the Consolidated Financial Statements for indications of impairment (i.e., when the carrying amount exceeds the recoverable amount). If such indications exist, the asset's recoverable amount is estimated to determine the extent of the impairment loss.

The recoverable amount is the higher of fair values minus costs of disposal and value in use. In assessing value in use, estimates of cash inflows or outflows shall be discounted to present value using the pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be lower than its carrying amount, it is written down as its recoverable amount. The impairment loss is recognised immediately in profit or loss.

Concerning other assets, impairment loss recognised in prior periods is assessed at each reporting date for any indication that 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 amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Loss for goodwill impairment recognised through capital gains is not reversed.

s. Provisions, contingent assets and liabilities

Provisions are liabilities whose amount or maturity is uncertain. These provisions are recognised in the Consolidated Statements of Financial Position when all the following requirements are met:

i. It is a present obligation (legal or constructive) as a result of past events and,
ii. as of the publication date of the financial statements, the Bank will probably have to expend resources to settle the obligation and;
iii. the amount of these resources can be reliably measured.

Contingent assets or contingent liabilities encompass all potential rights or obligations arising from past events. These are only confirmed if one or more uncertain future occurrences are not wholly within the Bank's control.

The Consolidated Financial Statements reflect all significant provisions for which the probability of meeting the obligation is estimated to be more 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 the accounting period. Provisions are used when the liabilities for which they were originally recognised are settled. Partial or total reversals are recognised when such liabilities cease to exist or are reduced.

Provisions are classified according to the obligation covered as follows:

- Provisions for employee benefit obligations
- Provisions for lawsuits and litigations
- Provisions for operational risk
- Provisions for mandatory dividends
- Provisions for contingent loan risks
- Provisions for contingencies

t. Income tax and deferred taxes

The Bank recognises, where appropriate, deferred tax assets and liabilities for the estimated future tax effects attributable to differences between the carrying amounts of assets, liabilities and their tax bases. Deferred tax assets and liabilities are calculated using the tax rate applied in the year the deferred tax assets and liabilities are realised or settled according to current tax legislation. The future effects of tax legislation or tax rate changes are recognised in deferred taxes from when the law approving such changes is published.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

Current tax assets relate to provisional payments in excess of the provision for income tax or other income tax credits, such as training expenses or donations to universities. In addition, it should be included the monthly provision payments to be recovered for profits absorbed by tax losses. In the case of liabilities, they correspond to the provision for income tax calculated based on the tax results for the period, minus the mandatory or voluntary provisional payments and other credits applied to this obligation.

For its presentation in the Consolidated Statements of Financial Position, under IAS12, the tax items should be cleared at the taxing entity's level as deemed appropriate to subsequently add the net balances per taxing entity on a consolidated level.

u. Employee benefits

i. Post-employment benefits – Defined Benefit Plan:

According to the current collective labour covenant and other agreements, Banco Santander-Chile makes available an additional benefit for its main executives consisting of a pension plan, aiming for them to have the necessary funds for a 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 hold their position within the Bank by the time they turn 60 years old.
iii. The Bank will contract a mixed collective insurance policy (life and savings) for each executive, with the contracting party and beneficiary being the Group company to which the executive belongs. Periodic contributions will be made equal to the amount each manager commits to their voluntary contribution plan.
iv. The Bank will be responsible for granting the benefits directly.

The projected unit credit method calculates the present value of the defined benefit obligation and the current service cost. Components of defined benefit cost include:

- Current and past service costs are recognised in profit or loss for the period.
- Net interest over the net defined benefit liability (asset), recognised in profit or loss for the period.
- New net defined benefit liability (asset) measurements include: (a) actuarial gains and losses; (b) the performance of the plan's assets, and (c) changes in the effect of the asset ceiling, which are recognised in other comprehensive income.

The net defined benefit liability is the deficit or surplus, calculated as the difference between the defined benefit obligation's present value minus the plan assets' fair value.

The plan assets comprise the pension fund procured by the Bank through an unrelated third party. These assets are held by an entity legally separated from the Bank and exist solely to pay employees their benefits.

The Bank recognises the present service cost and the net interest of the 'Personnel wages and expenses' on the Consolidated Statement of Income. The plan's structure does not generate actuarial gains or losses. The plan's performance is established and fixed during the period; consequently, there are no changes to the asset's ceiling. Accordingly, there are no amounts recognised in other comprehensive income.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

The post-employment benefits liability, recognised 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 regarding the plan's reimbursements or reductions to future contributions.

When employees abandon the plan before meeting the requirements to become eligible for the benefit, the Bank's contributions decrease.

ii. Severance package:

Severance packages by 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 activation are known.

iii. Cash-settled share-based payments:

The Bank allocates cash-settled share-based payments to executives of the Bank and its Subsidiaries under IFRS 2. Accordingly, 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 and at the date of settlement, recognising any change to fair value in the income statement for the period.

v. Use of Estimates

Preparing the Consolidated Financial Statements requires the Bank's Management to make estimates and assumptions that affect applying the accounting policies and the reported values of assets, liabilities, revenues and expenses. Accordingly, actual results may differ from these estimates.

In certain cases, the International Financial Reporting Standards (IFRS) require that assets or liabilities be recorded or disclosed at their fair value. The fair value is the price 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 for measurement. When the trade prices of an active market are not available, the Bank estimates such values based on the best information available, including internal modelling and other valuation techniques.

The Bank has established provisions to cover potential credit loss per the regulations issued by the FMC. These allowances must be regularly reviewed, considering 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 loss are reflected as 'Provisions for loan loss' in the Consolidated Statement of Income.

Loans are written off when the contractual rights for the cash flows expire. Nevertheless, for loans and accounts receivable from customers, the Bank will charge off per Title II of Chapter B-2 of the Compendium of Accounting Standards issued by the FMC. Charge-offs are recorded as a reduction of credit risk provisions.

NOTE 02 - BREAKDOWN OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Bank's Management regularly reviews the relevant estimates and assumptions used to calculate provisions quantifying certain assets, liabilities, revenues, expenses, and commitments. Revised accounting estimates are recorded in the period the estimate is revised and in any affected future period.

These estimates are based on the best available information and mainly refer to the following:

- Allowances for loan loss (Notes 13 and 41)
- Impairment loss on certain assets (Notes 11, 13, 15, 16, 17, 39 and 40)
- The useful lives of tangible and intangible assets (Notes 15, 16 and 17)
- The fair value of assets and liabilities (Notes 8, 11, 12, 21 and 44)
- Commitments and contingencies (Note 29)
- Current and deferred taxes (Note 18)

w. 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 similarly to basic earnings. Still, the weighted average number of outstanding shares is adjusted to consider the potential diluting effect of stock options, warrants, and convertible debt. As of December 31, 2022, and 2021, the Bank does not hold any instruments that have a dilutive effect on equity.

x. Temporary acquisition (assignment) of assets

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 (the creditor) under 'Deposits in the Central Bank of Chile', 'Deposits in financial institutions' or 'Loans and accounts receivable from customers' ('Deposits from Central Bank of Chile', 'Deposits from financial institutions' or 'Deposits and collections').

The difference between the purchase and sale prices is recorded as financial interest over the contract's life.

y. Assets and investment funds managed by the Bank

The assets managed by the different companies that form part of the Bank's consolidation perimeter (Santander SA Sociedad Securitizadora) that third parties own are not included in the Consolidated Statements of Financial Position. Nonetheless, the Consolidated Statement of Income includes management fees in 'Fee and commission income'.

z. Provision for mandatory dividends

As of December 31, 2022, and 2021, the Bank recognised a liability (provision) for minimum or mandatory dividends. This provision is made under Article 79 of the Chilean Corporation Law, which is under the Bank's internal policy, which requires at least 30% of net income for the period to be 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' under 'Provision for dividends, interest payments and repricing of equity financial instruments' in the Consolidated Statements of Changes in Equity.

NOTE 03 - NEW ACCOUNTING PRONOUNCEMENTS ISSUED AND ADOPTED OR ISSUED AND NOT YET ADOPTED

1. Pronouncements issued and adopted

As of the date these Consolidated Financial Statements were published, the new accounting pronouncements issued by both the FMC and the International Accounting Standards Board, which the Bank has fully adopted, are set out below:

a. Accounting Standards issued by the Financial Market Commission.

Circular No 2243 - Compendium of Accounting Standards for Banks (CASB) As of December 20, 2019, the FMC issued the updated version of the Compendium of Accounting Standards for Banks (CASB). It mainly incorporates the new amendments introduced by the International Accounting Standards into the International Financial Reporting Standards (IFRS) in recent years, particularly the IFRS 9, 15 and 16. It also establishes new delimitations or clarifications due to the need to follow more prudential criteria (i.e., chapter 5 of impairment of IFRS 9), detailed in chapter A-2. The amendments seek greater convergence with the IFRS to improve financial information disclosure and contribute to the transparency of the banking system. As of April 20, 2020, the FMC issued Circular N°2249 postponing the implementation of the new CASB from January 1, 2022, with a transition date of January 1, 2021, for comparative financial statements in March 2022. Furthermore, the criteria changes to the suspension of the recognition of interest and indexation income (Chapter B-2) must be adopted no later than January 1, 2022, with a transition date at the beginning of any month before such date, recording the impact on equity and disclosing the date on which this criterion was adopted. *The Bank has determined that the main impacts are related to applying the IFRS 9 in the valuation of financial instruments and applying the new exposure factors to determine the provisions related to contingent loans. These changes implied that the Bank's Equity increased by approximately 6.7%.*

Circular No 2295 - Compendium of Accounting Standards and Information System Manual. Adjustments and instruction updates. As of October 7, 2021, the FMC issued this circular after several analyses related to the Basel III standards implementation. As a result, the FMC has decided to amend some of the CASB's instructions to align with these standards. Likewise, some adjustments aiming to improve the Amendments introduced to the Compendium are contemplated in Circular No 2243, as of December 20, 2019, with the main goal of reconciling it with various changes observed in the International Financial Reporting Standards (IFRS), particularly regarding provisions of IFRS 9, replacing IAS39. *The Bank has implemented all amendments in preparing the financial statements and the reports submitted to the Central Bank.*

Circular No 2305 - Amends CASB's Chapter C-1. As of February 16, 2022, by virtue of the regulation review that the Commission prepared, it has determined necessary to amend Table No 2 of Annex No 6 to Chapter C-1 of the Compendium of Accounting Standards for banks (CASB). This was included in the amendment to the CASB agreed upon in Circular No 2249 of 2019, with the last update published on October 7, 2021, by Circular No 2295. This table is part of note 48 in the Financial Statements and refers to the indicators of the level of solvency for regulatory compliance. *The Bank has implemented this amendment in preparing its first financial statements as of March 2022.*

Circular No 2313 - Modifies CASB's Chapter B-1. As of April 27, 2022, in the latest amendment to the Compendium of Accounting Standards for Banks (CASB), it was established that, in the creation of the group portfolio, commercial exposures, other than student loans, associated with the same counterparty, should not exceed a threshold of 20,000 UF and 0.2% of the group portfolio. When calculating the exposure to the same counterparty, the exposure obtained on an aggregated basis must be considered using the Commission's definition of a corporate group. *The Bank has implemented this change generating a net impact of MM$2,344 in higher provisions for credit risk.*

Circular No 2320 - Removes file C04 from the Banking Information System Manual. As of September 21, 2022, the delivery of file C04 of the Accounting System is terminated. This file was used to collect information on core capital, effective equity and credit risk-weighted assets according to the methodology before implementing the Basel III framework under Law No 21,130. *The Bank has implemented this change with no impact on the Consolidated Financial Statements.*

b. Accounting Standards issued by the International Accounting Standards Board.

Annual Improvements to IFRSs 2018-2020. As of May 15, 2020, the IASB issued the following improvements:

- IFRS 1 First-time adoption of International Financial Reporting Standards: allows entities that have measured their assets and liabilities at the carrying amounts recorded in their head office's books to also measure cumulative translation differences using the amounts reported by the head office. This amendment also applies to associates and joint ventures that have taken the same IFRS 1 exemption.

NOTE 03 - NEW ACCOUNTING PRONOUNCEMENTS ISSUED AND ADOPTED OR ISSUED BUT NOT YET ADOPTED, continued

- IFRS 9 Financial Instruments - Fees in the '10% test' for derecognition of financial liabilities: This amendment clarifies that fees should include an entity when it applies the '10% test' in paragraph B3.3.6 of IFRS 9 when assessing the derecognition of a liability. An entity will recognise 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 the Illustrative Example 13 that accompanies IFRS 16 removes the illustration of the lessor's reimbursement for improvements from the example to resolve any possible confusion concerning the treatment of leasing incentives arising from how such incentives are depicted in such example.
- IAS 41 Agriculture - Taxes in Fair Value Measurement: the amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude tax cash flows 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 take effect as of January 1, 2022, with earlier application permitted. The amendment to IFRS 16 only refers to an illustrative example, so it does not require an enactment date. *The Bank has implemented these improvements without significant impacts.*

Amendment to IAS 16 'Property, Plant and Equipment' prohibits companies from deducting from the cost of property, plant and equipment the revenues received from the sale of items produced while the company is preparing the asset for its intended use. The company is required to recognise such sales revenues and related costs in profit or loss for the period.
ERROR
Instead, an entity shall recognise the revenue from selling 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 has implemented these improvements without significant impacts.*

Amendment IAS 37 - Onerous contracts, costs of fulfilling a contract. As of May 15, 2020, the IASB published this amendment, establishing that the cost of fulfilling a contract comprises the costs 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 labour and materials) or an allocation of other costs that are directly related to the fulfilment of contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used to fulfil the contract). This amendment is effective as of January 1, 2022, with early application permitted. *The Bank has implemented these improvements without significant impacts.*

Amendment to IFRS 3 - Reference to the conceptual framework. As of 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 recognise assets contingents acquired in a business combination. This amendment is effective as of January 1, 2022, with early application permitted. *The Bank has implemented these improvements without significant impacts.*

2. Pronouncements issued which have not yet been adopted

As of the reporting date of these Consolidated Financial Statements, new International Financial Reporting Standards had been published, as well as their interpretation and the FMC standards, which were not mandatory as of December 31, 2022. Accordingly, while the IASB permits an early application in some cases, the Bank has not undertaken its application by such date.

a. Accounting Standards issued by the Financial Market Commission.

General Standard No 484 - Commissions on credit operations. Law No 18,010 and adjustment to current contracts. As of August 5, 2022, the FMC has issued this instruction to establish requirements, rules and conditions to be met by fees charged regarding money lending transactions. In general terms, any payment that the creditor receives or is entitled to receive will be considered interest, except for those that have a special legal regime and those that comply with the following:

1. The charge made to the debtor must be calculated based on the cost of providing the service.
2. The service must be real, actually provided to the debtor and distinct from those inherent to the money lending operation.
3. The amount to be paid by the debtor must have been expressly informed and accepted by the debtor prior to collection and service provision.

NOTE 03 - NEW ACCOUNTING PRONOUNCEMENTS ISSUED AND ADOPTED OR ISSUED BUT NOT YET ADOPTED, continued

4. The charges associated with the services to be contracted in connection with credit operations must be made available to the public through the same channels that are used to make offers of credit operations or the contracting of credit operations.

Inherent services are defined as those necessary to initiate, execute, materialise or terminate the credit operation and those that the creditor is obliged to provide in compliance with legal and regulatory requirements applicable to credit operations.

The same requirements and rules governing fees and commissions apply to money lending transactions originating from using credit lines associated with current accounts or credit cards as set out above. Administration, operation and maintenance services must be considered as fees, provided that the charge is not a function of the amount of the credit operation and that the cost has not been charged for another service product. Any charges that do not comply with commissions must be considered fees to calculate the maximum conventional rate.
The instructions are effective as of August 1, 2023, and institutions that need to modify contracts must, at their own expense, send a communication indicating this fact, together with an annexe of modifications and their justifications for their acceptance or rejection, by the means agreed with their clients. Institutions may only terminate the contract in the event of rejection of amendments that are intended to bring contracts into line with the changes introduced.

Standard under consultation for the new standardised methodology for the computation of allowances for consumer loans - On August 17, 2022, the Financial Market Commission (FMC) announced the start of the public consultation on the standardised methodology for the computation of provisions for consumer loans and contingent credits granted by banking institutions established in the country. The regulation under consultation would allow all loans granted by banks to have a standard methodology for the computation of provisions, as for other portfolios. This consultation period ended on December 31, 2022. As of the date of issuance of these financial statements, the final regulations have not yet been published.

b. Accounting Standards issued by the International Accounting Standards Board.

Amendments to IFRS 10 and IAS 28 - Sale and Contribution of Assets between an Investor and its Associate or Joint Venture - As of September 11, 2014, the IASB published this amendment, which clarifies the scope of the gains and losses recognised in a transaction involving an associate or joint venture, stating this depends on whether the asset sold or the contribution constitutes a business. Therefore, the IASB concluded that all gains or losses should be recognised at the business' loss of control. Likewise, profit or loss resulting from the sale or contribution of a non-business subsidiary (IFRS 3 definition) to an associate or joint venture must be recognised only to the extent of the unrelated interests in such associate or joint venture.

This standard initially took effect on January 1, 2016. Nevertheless, on December 17, 2015, the IASB issued an 'Effective Date of Amendment to IFRS 10 and IAS 28', postponing this standard's enactment indefinitely. *Accordingly, the Administration will await the new validity to assess the potential effects of this modification*.

Amendment to IAS 1 - Classification of liabilities as current and non-current - As of 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 rights outstanding at the end of the reporting period affect the classification of a liability. Along the same lines, it specifies that the classification is not affected by the expectations of whether an entity will exercise its right to defer a liability settlement and clarifies that the settlement refers to the transfer of cash, equity instruments, and other assets or services to the counterparty. This modification is effective as of January 1, 2023, with retroactive effect, and early application is allowed. *Accordingly, this standard has no impact on the Bank's financial position.*

Amendment to IAS 8 - Definition of Accounting Estimates. As of February 12, 2021, the IASB published this amendment to help entities distinguish between accounting policy and accounting estimate. A definition of accounting estimates replaces the definition of change in accounting estimates. According to the new definition, accounting estimates are 'monetary amounts in the financial statements subject to measurement uncertainty'.

The amendments are effective for annual periods beginning on or after January 1, 2023 and include changes in accounting policies and accounting estimates occurring on or after the beginning of that period. Early application is allowed. *Accordingly, this standard has no impact on the Bank's financial position.*

NOTE 03 - NEW ACCOUNTING PRONOUNCEMENTS ISSUED AND ADOPTED OR ISSUED BUT NOT YET ADOPTED, continued

Amendment to IAS 1 and Statements of the practice of IFRS 2 - Disclosures of accounting policies. As of February 12, 2021, the IASB published this amendment intended to assist preparers in deciding which accounting policies should be disclosed in their financial statements. The modifications include the following:

- An entity is required to disclose its material accounting policy information rather than its significant accounting policies.
- It 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 and financiers of an entity will need it to understand other material information in the financial statements.
- The amendments clarify that if an entity discloses immaterial accounting policy information, such information will not hide the information accounting policy material.

Furthermore, the IFRS 2 Practice Statement has been modified to add guidance and examples explaining and showing the application of the 'four-step materiality process' within the 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 January 1, 2023. Early application is allowed. Once the entity applies the amendments to IAS 1, it can also apply amendments to the IFRS 2 Practice Statement. *The Bank's management considers that there is no impact on the presentation of the consolidated financial statement.*

Amendment IAS 12 - Deferred taxation of assets and liabilities arising from a single transaction. This Amendment was issued on May 7, 2021, concerning the management of deferred taxes on transactions such as leases and decommissioning obligations. In these situations, entities must recognise deferred assets and liabilities in the event that temporary differences occur, both deductible and taxable for the same amount. The modifications are effective in the financial year starting on January 1, 2023, with early application allowed. *The Bank's management considers that there is no material impact on the presentation of the consolidated financial statement.*

Amendment of IFRS 17 - Initial Application of IFRS 17 and IFRS 9, Comparative information. This Amendment, issued on December 9, 2021, permits an entity that applies IFRS 17 and IFRS 9 for the first time to simultaneously apply a 'classification overlap' in order to present comparative information about financial assets if said comparative information has not been restated under IFRS9. A financial asset's comparative information will not be restated if the entity chooses not to restate prior periods or the entity restates prior periods, but the financial asset has been derecognised during them. An entity that chooses to apply the amendment does so when it first implements IFRS 17 (January 1, 2023). *The Bank's management will evaluate this rule's impact on presenting the statement of financial position.*

Amendment to IFRS 16 - Lease liability on a sale and leaseback. This amendment, issued on September 22, 2022, requires a lessee-seller to subsequently measure lease liabilities arising from a subsequent lease in a manner that does not recognise any gain or loss related to the right-of-use. The new requirements do not prevent a vendor-lessee from recognising in profit or loss any gain or loss related to the partial or total termination of a lease. The amendments are effective for annual periods beginning on or after January 1, 2024. Early application is allowed. *The administration will evaluate this amendment whenever it presents leaseback sales.*

NOTE 04 - ACCOUNTING CHANGES

As of December 20, 2019, through Circular No 2243, the FMC issued the new version of the CASB, which mainly incorporates the new amendments introduced by the International Accounting Standards Board (IASB) to the International Financial Reporting Standards (IFRS) in recent years, particularly concerning IFRS 9, 15 and 16. Furthermore, this update enabled unifying the presentation formats, improved the openness of financial information and clarified the restrictions and limitations of IFRS.

As a result of the above, the main changes introduced to the CASB correspond to chapters A-1, A-2, B-2, C-1, C-2, and C-3 and can be summarised in the following points:

- Incorporating IFRS 9 excepting Chapter 5.5 on impairment of loans classified as 'financial assets at amortised cost'. Banking institutions should apply CASB Chapter B-1 to determine loan portfolio impairment on this issue.
- Changes in the presentation formats of the Statement of Financial Position and Statement of Income by adopting IFRS9 instead of IAS39.
- Incorporating new presentation formats for the Statement of Other Comprehensive Income and the Statement of Changes in Equity and guidelines on financing and investing activities for the Statement of Cash Flows.
- Incorporation of a financial report or 'Management Commentary' (as per IASB Practice Paper No 1), which will complement the information provided in the interim and annual financial statements.
- Amendments to the financial statements' notes, specifically the note on financial assets at amortised cost and the risk management and reporting note, to better comply with the disclosure criteria contained in IFRS 7. Also, related party disclosures are aligned with IAS 24.
- Changes to the chart of accounts in Chapter C-3 of the CASB, both in the codification and description of accounts.
- Criterion amendment for suspending the recognition of interest and indexation income on an accrual basis for any loan overdue by 90 days or more.
- Adequacy of the limitations and clarifications to the use of IFRS contained in Chapter A-2 of the CASB, which are summarised as follows:

    - Special rules on provisions (B-1 to B-7): These take precedence over generally accepted accounting principles in case of discrepancies.
    - Recognition of purchase and sale transactions of financial instruments at the trade date.
    - Excluding the treatment of embedded derivatives from the methods of readjustment of transactions in Chilean currency authorised by the Central Bank of Chile (UF, IVP or UTM).
    - The valuation basis of goodwill and other intangibles is backed by two reports from qualified and independent professionals.
    - Financial assets impairment and charge-offs: as set out in paragraphs 5.5 and 5.4.1(a) and (b), 5.4.3 and 5.4.4 of IFRS 9, these shall not apply to loans and receivables ('Due from banks' and 'Loans and receivables from customers').
    - Valuation of fixed assets (IAS 16), intangible assets (IAS 38), investment property (IAS 40) and leasehold assets (IFRS 16): the cost methodology should be applied as a subsequent measurement.
    - IFRS 16 and the role of the lessor, concerning leasing transactions in which the Bank acts as lessor, the updated Compilation of Standards for banks (RAN) 8-37 and Chapters B-1, B-2 and B-3 of the new CASB must be applied. Accordingly, paragraph 77 of IFRS 16 on impairment and derecognition does not apply.
    - Valuation and classification of AT1 instruments, bonds with no fixed maturity and preference shares must initially be valued at fair value minus transaction costs. Transaction costs may be deferred for up to 5 years, including issuance costs.
    - Valuation and classification of T2 instruments and subordinated bonds must be initially valued at fair value minus transaction costs.
    - Under IAS 21, assets and liabilities payable in Pesos indexed at a foreign exchange rate or documented in a foreign currency do not constitute transactions denominated in a foreign currency.
    - IFRS 9 on hedges, when applying IFRS 9 for the first time, one may elect to continue to use IAS 39 for hedge accounting.

As of October 7, 2021, the FMC, through Circular No 2,295, updated the new CASB to incorporate the accounting information necessary to bring the financial statements in line with the full implementation of Basel III. In detail, the modifications include:

1. IFRS 9 on the accounting treatment of instruments eligible for additional tier 1 (AT1) and tier 2 (T2) capital
2. IAS8 for event-driven errors related to operational risk events
3. IAS37 on the determination of provisions for operational risk

NOTE 04 - ACCOUNTING CHANGES, continued

Furthermore, Chapter B-1 on the aggregate exposure for the group commercial portfolio was amended. A longer deadline for its adoption was proposed, independent of the first implementation date of the CASB, and consistency adjustments were made to the Bank Information System Manual to make some regulatory files of the Accounting and Product System compatible with the amendments made to the CASB.

The new CASB and its amendments are applicable from January 1, 2022, with a transition date of January 1, 2021, for the comparative financial statements to be published in March 2022. At the same time, the group assessment criterion should be considered from July 1, 2022. Transition impacts should be recorded against the equity item 'non-earnings reserves' on January 1, 2021.

The main impacts of the implementation of the new CASB are detailed and explained below:

a. Reconciliation of assets

The main adjustments arising from the migration to the CASB in equity are as follows:

	As of January 1, 2021 MCh$	**As of December 31, 2021 MCh$**
Assets before regulatory changes	**3,652,599**	**3,494,580**
Adjustments:		
Fair value of loans	1,408	(6,062)
Fair value of minority investments	174	-
Provisions associated with unrestricted, automatically cancelled credit lines	12,124	18,278
Fair value of investments at maturity	-	311,761
Provision for held-to-maturity investments	-	(710)
Provision for investments at fair value through other comprehensive income	-	-
Minimum dividends	-	(1,287)
Subtotal	**13,706**	**321,980**
Deferred taxes on adjustments	(3,701)	(87,283)
Total adjustments	**10,005**	**234,697**
Total Equity, according to CASB	**3,662,604**	**3,729,277**

b. Reconciliation of results

The main adjustments resulting from the migration to the CASB in the Result are as follows:

	As of December 31, 2021 MCh$
Result before regulatory changes	**774,959**
Adjustments:	
Provisions associated with unrestricted, automatically cancelled credit lines	6,154
Fair value of held-to-maturity investments at amortised cost	(710)
Provision for investments at fair value through other comprehensive income	-
Subtotal	**5,444**
Deferred taxes on adjustments	(1,470)
Total adjustments	**3,974**
Results according to CASB	**778,933**

NOTE 04 - ACCOUNTING CHANGES, continued

c. Explanation of adjustments

i. Fair value of loans
The Bank has established a Business Model for a particular group of loans. The management's defined objective is to hold or sell. This portfolio is classified as financial assets at fair value through other comprehensive income and measured at fair value. The adjustment consists of incorporating this fair value.

ii. Fair value of minority investments
The Bank has elected to measure minority shareholding investments irrevocably at fair value through other comprehensive income following IFRS9 5.7.5. The adjustment corresponds to the inclusion of this fair value. This investment was finally sold in 2021 and therefore has no effect as of December 31, 2021.

iii. Provisions associated with unrestricted, automatically cancelled credit lines
According to Chapter B-3 of the new CASB, unrestricted and immediately repayable credit lines must consider an FCC equivalent to 10% in determining the exposure to provisions. Under the previous compendium, this percentage was 35%. The adjustment is the percentage change to determine the exposure.

iv. Fair value of investments at maturity
The Bank has reclassified financial instruments measured at fair value through other comprehensive income to a business model that should be measured at amortised cost according to its objective. Accordingly, following IFRS9 5.6.5, cumulative gains or losses previously recognised in other comprehensive income shall be removed from equity and adjusted against the fair value of the financial asset at the date of reclassification. The adjustment consists of eliminating the accumulated fair value in other comprehensive income.

v. Provision for held-to-maturity investments
According to IFRS 9 5.5.1, the Bank must recognise provisions for expected credit loss on financial assets measured at amortised cost. Therefore, the adjustment is the recognition of such a provision.

vi. Provision for investments at fair value through other comprehensive income
According to IFRS 9 5.5.1, the Bank must recognise provisions for expected credit loss on financial assets measured at fair value through other comprehensive income. Nevertheless, the provision should be recognised in other comprehensive income against profit or loss.

vii. Minimum dividends
Article 79 of the Chilean Corporation Law stipulates that at least 30% of the net profit for the year shall be distributed. This adjustment consists of determining 30% of the adjustments affecting the result for the year.

viii. Deferred taxes
This adjustment consists of determining the deferred taxes related to the adjustments made.

These adjustments, both in equity and profit or loss, are generated by adopting the FMC's CASB and therefore do not correspond to the recognition of prior period mistakes following IAS 8.

NOTE 04 - ACCOUNTING CHANGES, continued

d. Pro-forma financial statements in accordance with the CASB:

The Pro-forma Consolidated Statement of Position for the opening balances as of January 1, 2021, is as follows:

	As of January 1, 2021			
	Balance Final MCh$	**Reclassification MCh$**	**Adjustments MCh$**	**Balance Initial MCh$**
ASSETS				
Cash and cash equivalent.	2,803,288	-	-	2,803,288
Cash in collection process	452,963	-	-	452,963
Financial assets held for trading at fair value through profit or loss	**9,165,803**	**(367,265)**	**-**	**8,798,538**
Financial derivatives contracts	9,032,085	(367,265)	-	8,664,820
Debt financial instruments	133,718			133,718
Other	-	-	-	-
Non-trading financial assets mandatorily measured at fair value through profit or loss	-	-	-	-
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income	**7,162,542**	**65,689**	**1,408**	**7,229,639**
Debt financial instruments	7,162,542	(2,217)		7,160,325
Other		67,906	1,408	69,314
Financial derivative contracts for hedge accounting	-	367,265	-	367,265
Financial assets at amortised cost	**33,432,349**	**(67,906)**	**-**	**33,364,443**
Rights under repurchase and securities lending agreements	-	-	-	-
Debt financial instruments	-	-	-	-
Interbank loans	18,920	-	-	18,920
Loans and receivables from customers - Commercial	16,390,847	(67,906)	-	16,322,941
Loans and receivables - Mortgage	12,350,544	-	-	12,350,544
Loans and receivables from customers - Consumers	4,672,038	-	-	4,672,038
Investment in companies	10,770	2,217	174	13,161
Intangible assets	82,537	-	-	82,537
Fixed assets	187,240	-	-	187,240
Assets under the right to use leased assets and lease obligations	201,611	-	-	201,611
Current taxes	-	2,897	-	2,897
Deferred taxes	538,118	(129,064)	(3,273)	405,781
Other assets	1,738,856	(49,749)	-	1,689,107
Non-current assets and disposal groups and liabilities included in disposal groups	-	49,749	-	49,749
TOTAL ASSETS	**55,776,077**	**(126,167)**	**(1,691)**	**55,648,219**

NOTE 04 - ACCOUNTING CHANGES, continued

	As of January 1, 2021			
	Balance Final MCh$	Reclassification MCh$	Adjustments MCh$	Balance Initial MCh$
LIABILITIES				
Cash in collection process	361,631	-	-	361,631
Financial liabilities held for trading at fair value through profit or loss	**9,018,660**	**(449,137)**	**-**	**8,569,523**
Financial derivatives contracts	9,018,660	(449,137)	-	8,569,523
Other	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-
Financial derivative contracts for hedge accounting	-	449,137	-	449,137
Financial liabilities at amortised cost	**40,829,586**	**(1,357,539)**	**-**	**39,472,047**
Deposits and other demand liabilities	14,560,893	-	-	14,560,893
Time deposits and other term equivalents	10,581,791	-	-	10,581,791
Obligations under repurchase and securities lending agreements	969,808	-	-	969,808
Interbank borrowing	6,328,599	-	-	6,328,599
Debt financial instruments issued	8,204,177	(1,357,539)	-	6,846,638
Other financial liabilities	184,318	-	-	184,318
Obligations under leasing contracts	149,585	-	-	149,585
Financial instruments of regulatory capital issued	-	1,357,539	-	1,357,539
Provisions for contingencies	456,120	(318,234)	-	137,886
Provisions for dividends, payments of interest and reappreciation of financial instruments of issued regulatory capital	-	155,234	-	155,234
Special provisions for credit risk	-	162,802	(12,124)	150,678
Current taxes	12,977	2,897	-	15,874
Deferred taxes	129,066	(129,064)	428	430
Other liabilities	1,165,853	198	-	1,166,051
Liabilities included in disposal groups for sale	-	-	-	-
TOTAL LIABILITIES	**52,123,478**	**(126,167)**	**(11,696)**	**51,985,615**
EQUITY				
Capital	891,303	-	-	891,303
Reserves	2,341,986	-	8,851	2,350,837
Other comprehensive income accrued income	**(27,586)**	**-**	**1,154**	**(26,432)**
Items not to be reclassified to profit or loss	-	753	126	879
Items that may be reclassified to profit or loss	(27,586)	(753)	1,028	(27,311)
Retained earnings from prior years	.	-	-	-
Profit (loss) for the year	517,447	-	-	517,447
Minus: Provision for minimum dividends	(155,234)	-	-	(155,234)
Equity holders of the Bank:	**3,567,916**	**-**	**10,005**	**3,577,921**
Non-controlling interest	**84,683**	**-**	**-**	**84,683**
TOTAL EQUITY	**3,652,599**	**-**	**10,005**	**3,662,604**
TOTAL LIABILITIES AND EQUITY	**55,776,077**	**(126,167)**	**(1,691)**	**55,648,219**

NOTE 04 - ACCOUNTING CHANGES, continued

The Pro-forma Consolidated Statement of Position as of December 31, 2021, is as follows:

	As of December 31, 2021			
	Balance Final MCh$	Reclassification MCh$	Adjustments MCh$	Balance Initial MCh$
ASSETS				
Cash and cash equivalent.	2,881,558	-	-	2,881,558
Cash in collection process	390,271	-	-	390,271
Financial assets held for trading at fair value through profit or loss	**10,196,954**	**(629,136)**	**-**	**9,567,818**
Financial derivatives contracts	10,123,607	(629,136)	-	9,494,471
Debt financial instruments	73,347	-	-	73,347
Other	-	-	-	-
Non-trading financial assets mandatorily measured at fair value through profit or loss	-	-	-	-
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income	**5,803,139**	**103,719**	**(6,062)**	**5,900,796**
Debt financial instruments	5,803,139	(1,761)	-	5,801,378
Other	-	105,480	(6,062)	99,418
Financial derivative contracts for hedge accounting	-	629,136	-	629,136
Financial assets at amortised cost	**40,056,687**	**(105,480)**	**311,050**	**40,262,257**
Rights under repurchase and securities lending agreements	-	-	-	-
Debt financial instruments	4,380,680	-	311,050	4,691,730
Interbank loans	428	-	-	428
Loans and receivables from customers - Commercial	17,138,936	(105,480)	-	17,033,456
Loans and receivables - Mortgage	13,802,214	-	-	13,802,214
Loans and receivables from customers - Consumers	4,734,429	-	-	4,734,429
Investment in companies	35,934	1,761	-	37,695
Intangible assets	95,411	-	-	95,411
Fixed assets	190,290	-	-	190,290
Assets under the right to use leased assets and lease obligations	184,528	-	-	184,528
Current taxes	121,534	-	-	121,534
Deferred taxes	759,699	(336,193)	(4,743)	418,763
Other assets	2,955,020	(22,207)	-	2,932,813
Non-current assets and disposal groups and liabilities included in disposal groups	-	22,207	-	22,207
TOTAL ASSETS	**63,671,025**	**(336,193)**	**300,245**	**63,635,077**

NOTE 04 - ACCOUNTING CHANGES, continued

	As of December 31, 2021			
	Balance Final MCh$	Reclassification MCh$	Adjustments MCh$	Balance Initial MCh$
LIABILITIES				
Cash in collection process	379,934	-	-	379,934
Financial liabilities held for trading at fair value through profit or loss	**10,871,241**	**(1,364,210)**	**-**	**9,507,031**
Financial derivatives contracts	10,871,241	(1,364,210)	-	9,507,031
Other	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-
Financial derivative contracts for hedge accounting	-	1,364,210	-	1,364,210
Financial liabilities at amortised cost	**45,525,177**	**(1,461,637)**	**-**	**44,063,540**
Deposits and other demand liabilities	17,900,938	-	-	17,900,938
Time deposits and other term equivalents	10,131,055	-	-	10,131,055
Obligations under repurchase and securities lending agreements	86,634	-	-	86,634
Interbank borrowing	8,826,583	-	-	8,826,583
Debt financial instruments issued	8,397,060	(1,461,637)	-	6,935,423
Other financial liabilities	182,907	-	-	182,907
Obligations under leasing contracts	139,795	-	-	139,795
Financial instruments of regulatory capital issued	-	2,054,105	-	2,054,105
Provisions for contingencies	710,419	(544,873)	-	165,546
Provisions for dividends, payments of interest and reappreciation of financial instruments of issued regulatory capital	-	237,483	1,287	238,770
Special provisions for credit risk	-	307,273	(18,278)	288,995
Current taxes	-	-	-	-
Deferred taxes	345,117	(336,193)	82,539	91,463
Other liabilities	2,204,762	(592,351)	-	1,612,411
Liabilities included in disposal groups for sale	-	-	-	-
TOTAL LIABILITIES	**60,176,445**	**(336,193)**	**65,548**	**59,905,800**
EQUITY				
Capital	891,303	-	-	891,303
Reserves	2,548,965	-	8,851	2,557,816
Other comprehensive income accrued income	**(577,524)**	**-**	**223,160**	**(354,364)**
Items not to be reclassified to profit or loss	-	576	-	576
Items that may be reclassified to profit or loss	(577,524)	(576)	223,160	(354,940)
Retained earnings from prior years	-	-	-	-
Profit (loss) for the year	774,959	-	3,974	778,933
Minus: Provision for minimum dividends	(237,483)	-	(1,288)	(238,771)
Equity holders of the Bank:	**3,400,220**	**-**	**234,697**	**3,634,917**
Non-controlling interest	**94,360**	**-**	**-**	**94,360**
TOTAL EQUITY	**3,494,580**	**-**	**234,697**	**3,729,277**
TOTAL LIABILITIES AND EQUITY	**63,671,025**	**(336,193)**	**300,245**	**63,635,077**

NOTE 04 - ACCOUNTING CHANGES, continued

The Pro-forma Consolidated Statement of Income as of December 31, 2021, is as follows:

	As of December 31, 2021			
	Balance Final MCh$	Reclassification	Adjustments MCh$	Balance Initial MCh$
Interest income	2,921,097	(1,097,124)	-	1,823,973
Interest expense	(1,104,751)	684,834	-	(419,917)
Net interest income	**1,816,346**	**(412,290)**	**-**	**1,404,056**
Readjustment income	-	538,379	-	538,379
Readjustment expenses	-	(144,454)	-	(144,454)
Net readjustment income	**-**	**393,925**	**-**	**393,925**
Commission income	578,604	18,365	-	596,969
Commission expenses	(245,853)	0	-	(245,853)
Net commission income	**332,751**	**18,365**	**-**	**351,116**
Financial result per:				
Financial assets and liabilities held for trading	(6,403)	(22,199)	-	(28,602)
Non-trading financial assets mandatorily measured at fair value through profit or loss	-	-	-	-
Financial assets and liabilities designated at fair value through profit or loss	-	-	-	-
Gain or loss on derecognition of financial assets and liabilities not measured at fair value through profit or loss	-	22,199	-	22,199
Foreign exchange, readjustments and hedge accounting of foreign currencies	139,600	(17,326)	-	122,274
Reclassifications of financial assets due to changes in business model	-	-	-	-
Other financial results	-	-	-	-
Net financial result	**133,197**	**(17,326)**	**-**	**115,871**
Results from investments in companies	(663)	188	-	(475)
Results of non-current assets and disposal groups not qualifying as discontinued operations	-	1,538	-	1,538
Other operating income	20,461	(18,799)	-	1,662
TOTAL OPERATING INCOME	**2,302,092**	**(34,399)**	**-**	**2,267,693**
Expenses from obligations to employee benefits	(397,675)	-	-	(397,675)
Administrative expenses	(280,134)	-	-	(280,134)
Depreciation and amortisation	(122,055)	-	-	(122,055)
Impairment of non-financial assets	-	-	-	-
Other operational expenses	(117,054)	17,218	-	(99,836)
OTHER OPERATIONAL EXPENSES	**(916,918)**	**17,218**	**-**	**(899,700)**
OPERATING INCOME BEFORE CREDIT LOSS	**1,385,174**	**17,181**	**-**	**1,367,993**
Credit loss expense for:				
Provisions for credit risk due from banks and loans and receivables from customers	(405,575)	83,751	-	(321,824)
Special provisions for credit risk	-	(143,543)	6,154	(137,389)
Recovery of impaired loans	-	76,999	-	76,999
Impairment for credit risk on other financial assets not measured at fair value through profit or loss	-	(26)	(711)	(737)
Credit loss expense	**(405,575)**	**(17,181)**	**5,443**	**(382,951)**

NOTE 04 - ACCOUNTING CHANGES, continued

Pro-forma Consolidated Statement of Income as of December 31, 2021, continued

	As of December 31, 2021			
	Balance Final MCh$	Reclassification	Adjustments MCh$	Balance Initial MCh$
OPERATIONAL RESULT	**979,599**	**-**	**5,443**	**985,042**
Results from continuing operations before taxes	**979,599**	**-**	**5,443**	**985,042**
Income tax	(194,679)	-	(1,469)	(196,148)
Results from continuing operations after taxes	**784,920**	**-**	**3,974**	**788,894**
Results from discontinued operations before taxes	**-**	**-**	-	-
Discontinued operations taxes	-	-	-	-
Results from discontinued operations after taxes	**-**	**-**	-	-
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR (OR PERIOD)	**784,920**	**-**	**3,974**	**788,894**
Attributable to:				
Equity holders of the Bank	774,959	-	3,974	778,933
Non-controlling interest	9,961	-	-	9,961
Earnings per share attributable to equity holders of the Bank:				
Basic utility	4.11	-	0.03	4.13
Diluted earnings	4.11	-	0.03	4.13

NOTE 04 - ACCOUNTING CHANGES, continued

Pro-forma Consolidated Statement of Comprehensive Income as of December 31, 2021, continued

	Balance Final MCh$	Reclassification	Adjustments MCh$	Balance Initial MCh$
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR (OR PERIOD)	**784,920**	**-**	**3,974**	**788,894**
Other comprehensive results for the year:				
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	**-**	-	-	-
New measurements of the net defined benefit liability (asset) and actuarial results for other employee benefit plans	**-**	**-**	**-**	**-**
Net changes in the fair value of equity instruments designated at fair value through other comprehensive income	**-**	**-**	**(174)**	**(174)**
Changes in the fair value of equity instruments designated at fair value through other comprehensive income	-	-	(174)	(174)
Profit or loss on sale of equity instruments (shares) for minority investments in companies in the country	-	-	-	-
Profit or loss on sale of holdings in equity instruments (shares) from minority investments in foreign companies	-	-	-	-
Other	-	-	-	-
Changes in the fair value of financial liabilities designated at fair value through profit or loss attributable to changes in the credit risk of the financial liability	-	-	-	-
Share in other comprehensive income of entities accounted for using the equity method	-	(480)	-	(480)
Non-current assets and disposal groups for sale	-	-	-	-
Other	-	-	-	-
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS BEFORE TAXES	**-**	**(480)**	**(174)**	**(654)**
Income tax on other comprehensive results that will not be reclassified to profit or loss	-	130	47	177
TOTAL OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS AFTER TAXES	**-**	**(350)**	**(127)**	**(477)**
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS				
Changes in the fair value of financial assets at fair value through other comprehensive income	(518,761)	1,237	304,291	(213,233)
Translation differences by foreign entities				
Hedge accounting of net investments in foreign entities	-	-	-	-
Cash flow hedge accounting	(236,816)	-	-	(236,816)
Undesignated elements of hedge accounting instruments	-	-	-	-
Share in other comprehensive income of entities accounted for using the equity method	-	(757)	-	(757)
Non-current assets and disposal groups for sale	-	-	-	-
Other	-	-	-	-
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS BEFORE TAXES	**(755,577)**	**480**	**304,291**	**(450,806)**
Income taxes on other comprehensive income that may be reclassified to profit or loss	205,355	(130)	(82,159)	123,066
TOTAL OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS AFTER TAXES	**(550,222)**	**350**	**222,132**	**(327,740)**
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	**(550,222)**	**-**	**222,005**	**(328,217)**
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	**234,698**	**-**	**225,979**	**460,677**
Attributable to:				
Equity holders of the Bank	225,021	-	225,979	451,000
Non-controlling interest	9,677	-	-	9,677

NOTE 05 - SIGNIFICANT EVENTS

As of December 31, 2022, the following events, which in the opinion of the Bank's management, are material and have impacted the Bank's operations, have been recorded in the Consolidated Financial Statements.

Board of Directors

On March 22, 2022, at a Directors Board meeting, it was agreed to summon an Ordinary Shareholders' Meeting for April 27, 2022 to propose a profit distribution and dividend payments, taken from 60% of retained earnings on December 31, 2021, equivalent to $ 2.46741747 per share and to propose that the remaining 40% of profits for 2021 be used to increase the Bank's reserves.

On July 27, 2022, at an extraordinary meeting of the Bank's Board of Directors, it was approved the appointment of Mr Román Blanco Reinosa as Chief Executive Officer of the Bank as of August 1, 2022, replacing Mr Miguel Mata Huerta.

As of September 8, 2022, at an extraordinary meeting of the Bank's Board of Directors, the reclassification of MCh$56,602 from reserves to the Bank's retained earnings was approved to meet future payments associated with the bond with no fixed maturity date.

As of September 27, 2022, the Board of Directors acknowledged the transfer of MCh$120,000 from voluntary provisions in the commercial portfolio to voluntary provisions in the consumer portfolio in four equal instalments of MCh$30,000, the first instalment starting with the financial statements of September 30, 2022.

Shareholders' Meeting

At the Ordinary Shareholders' Meeting of Banco Santander-Chile held April 27, 2022, along with the approval of the 2021 Consolidated Financial Statements, the shareholders resolved to distribute 60% of the net profit for the year ("Profit attributable to the equity holders"), which amounted to Ch$464,975 million. These earnings are equivalent to a dividend of Ch$2.46741747 per share. Furthermore, the Board approved that the remaining 40% of the profits will be used to increase the Bank's reserves. At the meeting, it was also stated that shareholders had the option to receive all or part of the dividend to which they were entitled under the transitional and optional tax regime provided for in transitional article 25 of Law No 21,210 modernising the Tax Legislation, considering the payment of a tax in lieu of final taxes at a rate of 30%.

At the aforementioned Ordinary Shareholders' Meeting, PricewaterhouseCoopers Consultores Auditores SpA was approved as external auditors for the 2022 financial year.

Group

As of July 25, 2022, at an Extraordinary Shareholders' Meeting of Santander SA Sociedad Securitizadora, the shareholders approved an increase in the share capital currently amounting to $1,216,769,815, increasing it to $1,726,769,815, divided into 280 ordinary, registered shares of the same series and without nominal value. The proposed capital increase, which amounts to $510 million, does not involve an issue of shares.

Bond Issuance

During 2022, the Bank has issued current bonds in US$ 30,000,000; JPY 3,000,000,000; Ch$ 182,200,000,000 and UF 13,000,000. Details of the placements made during the current year are included in Note 22.

Series	Currency	Term Original (years)	Issuance rate Annual	Issue Date	Placement date	Issue Amount	Maturity Date
Bond USD	USD	3	SOFR+ 95 bps	20-04-2022	28-04-2022	30,000,000	28-04-2025
Bond JPY	JPY	3	0.65%	08-09-2022	15-09-2022	3,000,000,000	15-09-2025
U6	CLP	5.5	2.95%	20-10-2022	21-10-2022	35,200,000,000	01-04-2026
T20	UF	11.5	2.65%	21-10-2022	24-10-2022	5,000,000	01-02-2034
U7	CLP	5.5	7.00%	15-11-2022	16-11-2022	72,000,000,000	01-04-2026
T17	CLP	10	7.50%	18-11-2022	22-11-2022	75,000,000,000	01-08-2032
W4	UF	10.5	2.65%	07-12-2022	09-12-2022	8,000,000	01-12-2033

NOTE 05 - SIGNIFICANT EVENTS, continued

Other

On February 4, 2022, the Interchange Rates Cap Committee 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 the provision of funds. The effect of implementing these limits was approximately MCh$17,000 by 2022.

NOTE 06 - BUSINESS SEGMENT

The Bank manages and measures the performance of its operations by business segments, the reporting of which is based on the Bank's internal management information system according to the segments established by the Bank.

Inter-segment transactions are conducted under normal commercial terms and conditions. Each segment's assets, liabilities, and results include items directly attributable to the segment on which they can be allocated reasonably. A business segment comprises clients to whom a differentiated product offer is directed while being homogeneous in terms of their performance and measured similarly.

To achieve compliance with the strategic objectives established by the senior management and adapt to changing market conditions, the Bank makes organisational adjustments from time to time. These modifications, in turn, impact how it is managed or administered to a greater or lesser extent. Thus, this disclosure provides information on how the Bank is managed as of December 31, 2022.

The Bank comprises the following business segments:

Retail Banking

It comprises individuals and small to middle-sized companies (SMEs) with an annual income of less than MCh$3,000. This segment gives customers several services, including consumer loans, credit cards, commercial loans, foreign exchange, mortgage loans, debit cards, current accounts, savings products, mutual funds, stockbroking and insurance. Additionally, the SME clients are offered government-guaranteed loans, leasing and factoring.

Middle-market

This segment comprises companies and large corporations with annual sales exceeding MCh$3,000. It serves institutions such as universities, government entities, municipalities and regional governments and companies in the real estate sector, which execute projects for sale to third parties along with all construction companies with annual sales over MCh$800 and no market cap. The companies within this segment have access to many products, including commercial loans, leasing, factoring, trade finance, credit cards, mortgage loans, current accounts, transactional services, treasury services, financial consulting, savings products, mutual funds and insurance. Also, companies in the real estate industry are offered specialised services mainly to finance residential projects and expand mortgage loan sales.

Global Corporate Banking

This segment comprises foreign multinational companies or Chilean multinational companies with sales above MCh$10,000. This segment offers a wide range of products, including commercial lending, leasing, factoring, trade finance, credit cards, mortgage loans, current accounts, transactional services, treasury services, financial consulting, investment banking, savings products, mutual funds and insurance.

This segment also consists of a Treasury Division, which provides sophisticated financial products to Middle-market and Global Corporate Banking companies. These include products such as short-term financing and fundraising, brokerage services, derivatives, securitisation, and other tailor-made products. In addition, the Treasury area may act as a broker for transactions and manage the Bank's investment portfolio.

NOTE 06 - BUSINESS SEGMENTS, continued

Corporate Activities ('Other')

This segment includes Financial Management, which performs the global management of the structural exchange rate item, the parent entity's structural interest rate risk, and the liquidity risk. The latter is managed through the implementation of emissions and utilisations. It also manages its own resources, the capital endowment of each unit and the cost of financing the investments made. All this means that it usually has a negative contribution to the results.

Furthermore, this segment incorporates all intra-segment results and all activities not allocated to a segment or product with customers.

The accounting policies of the segments are the same as those described in the breakdown of accounting policies and are customised to meet the Bank's management needs. The Bank's earnings stem mostly from income proceeding from interests, fees and commissions and financial operations. Accordingly, the highest decision-making authority for each segment relies primarily on interest income, fee income and provision for expenses to assess segment performance and thus make decisions on the resource allocation to the segments.

The tables below show the Bank's balances by business segment as of December 31, 2022 and 2021.

			December 31, 2022					
	Loans and receivables from customers (1)	Demand and time deposits (2)	Net interest and adjustment income	Net commission income	Financial transactions, net (3)	Provisions	Support expenses (4)	Net segment contribution
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Segments								
Retail Banking	27,081,897	13,553,898	1,129,553	312,706	34,721	(270,454)	(635,991)	**570,535**
Middle-market	8,641,652	6,110,529	389,297	62,644	22,979	(63,988)	(105,160)	**305,772**
Corporate Investment Banking	2,978,420	6,636,113	143,575	37,300	158,268	(11,297)	(91,926)	**235,920**
Corporate Activities ('Other')	27,432	764,476	(64,079)	(5,381)	1,685	(24,988)	(21,943)	**(114,706)**
Total	**38,729,401**	**27,065,016**	**1,598,346**	**407,269**	**217,653**	**(370,727)**	**(855,020)**	**997,521**
Other operating income								5,539
Other operating expenses and impairments								(106,306)
Results of non-current assets and disposal groups not qualifying for discontinued operations								6,223
Results from investments in companies								10,310
Results from continuing operations before taxes								**913,287**
Income tax								(89,430)
Profit from continuing operations after taxes								**823,857**
Results from discontinued operations before taxes								-
Discontinued operations tax								-
Results from discontinued operations after taxes								-
Net income for the period								**823,857**

(1) Loans receivable from customers plus the balance indebted by banks, without deducting their allowances for loan losses
(2) Corresponds to deposits, demand liabilities, and other time deposits.
(3) Corresponds to the sum of net income (loss) from financial operations and net foreign exchange gain (loss).
(4) Corresponds to the sum of personnel salaries and expenses, administrative expenses, depreciation and amortisation.

NOTE 06 - BUSINESS SEGMENTS, continued

	December 31, 2021							
	Loans and receivables from customers (1)	Demand and time deposits (2)	Net interest and adjustment income	Net commission income	Financial transactions, net (3)	Provisions	Support expenses (4)	Net segment contribution
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Segments								
Retail Banking	25,784,719	14,779,739	1,034,259	271,779	35,324	(187,964)	(616,287)	**537,111**
Middle-market	8,511,500	6,185,189	327,194	49,870	17,524	(65,681)	(94,721)	**234,186**
Corporate Investment Banking	2,160,377	6,010,150	96,292	31,123	109,590	(1,974)	(77,051)	**157,980**
Corporate Activities ('Other')	78,518	1,056,915	340,236	(1,656)	(46,567)	(127,332)	(11,805)	**152,876**
Total	**36,535,114**	**28,031,993**	**1,797,981**	**351,116**	**115,871**	**(382,951)**	**(799,864)**	**1,082,153**
Other operating income								1,662
Other operating expenses and impairments								(99,836)
Results of non-current assets and disposal groups not qualifying for discontinued operations								1,538
Results from investments in companies								(475)
Results from continuing operations before taxes								**985,042**
Income tax								(196,148)
Profit from continuing operations after taxes								**788,894**
Results from discontinued operations before taxes								-
Discontinued operations tax								-
Results from discontinued operations after taxes								-
Net income for the period								**788,894**

(1) Loans receivable from customers plus the balance indebted by banks, without deducting their allowances for loan losses
(2) Corresponds to deposits, demand liabilities, and other time deposits.
(3) Corresponds to the sum of net income (loss) from financial operations and net foreign exchange gain (loss).
(4) Corresponds to the sum of personnel salaries and expenses, administrative expenses, depreciation and amortisation.

NOTE 07 - CASH AND CASH EQUIVALENTS

a. The detail of the balances included under cash and cash equivalents is as follows:

	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Cash and deposits in banks			
Cash	1,110,830	883,322	665,397
Deposits at the Central Bank of Chile	444,491	673,396	1,313,394
Deposits in foreign Central Banks	-	-	-
Deposits in domestic banks	2,646	30,265	1,571
Deposits foreign banks	424,975	1,294,575	822,926
Subtotals cash and deposits with banks	**1,982,942**	**2,881,558**	**2,803,288**
Cash items in collection process	96,944	10,337	91,332
Other cash equivalents	-	-	-
Total cash and cash equivalents	**2,079,886**	**2,891,895**	**2,894,620**

The balance of funds held in cash at the Central Bank of Chile follows regulations concerning requirements and technical reserves that the Bank must maintain on average every month, although these funds are immediately available.

b. Operations in process of settlement:

Cash items in collection process are transactions in which only the settlement— that will increase or decrease the funds at the Central Bank or abroad – is pending. This process usually happens within the next 24 to 48 working hours following the transaction. These operations are presented as follows:

	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Assets			
Documents held by other banks (document to be cleared)	93,650	122,474	137,396
Funds to be received	750,166	267,797	315,567
Subtotal	**843,816**	**390,271**	**452,963**
Liabilities			
Funds to be paid	746,872	379,934	361,631
Subtotal	**746,872**	**379,934**	**361,631**
Cash items in collection process	**96,944**	**10,337**	**91,332**

NOTE 08 - FINANCIAL ASSETS HELD FOR TRADING WITH CHANGES IN PROFIT AND LOSS

a) As of December 31, 2022, and 2021, and January 1, 2021, the Bank holds the following portfolio of financial assets held for trading at fair value through profit or loss:

	Fair value		
	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Financial derivatives contracts			
Forwards	1,669,807	1,088,194	1,085,327
Swaps	9,992,123	8,402,868	7,573,091
Call options	1,429	3,232	1,527
Put options	9,601	177	4,875
Future	-	-	-
Other	-	-	-
Subtotal	**11,672,960**	**9,494,471**	**8,664,820**
Debt financial instruments			
Instruments of the Chilean Central Bank and Government	153,967	68,649	132,246
Other financial debt instruments issued in the country	-	4,698	1,472
Financial debt instruments issued abroad	79	-	-
Subtotal	**154,046**	**73,347**	**133,718**
Other financial instruments			
Mutual Fund Investments	-	-	-
Equity instruments	-	-	-
Loans originated and purchased by the entity	-	-	-
Other	-	-	-
Subtotal	**-**	**-**	**-**
Total	**11,827,006**	**9,567,818**	**8,798,538**

b) Details of financial derivative contracts as of December 31, 2022 and 2021 and January 1, 2021 are as follows:

	December 31, 2022								
	Notional								
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total MCh$	Fair value MCh$
Financial derivatives contracts									
Currency forwards	-	9,245,832	7,653,539	9,828,036	6,178,376	1,009,395	737,202	**34,652,380**	**1,669,807**
Interest rate swaps	-	5,583,353	8,796,596	26,246,111	24,855,247	11,658,182	16,373,617	**93,513,106**	**4,283,817**
Currency and interest rate swaps	-	1,258,796	1,575,109	5,398,185	19,811,336	11,689,202	21,297,126	**61,029,754**	**5,708,306**
Currency call options	-	99,157	80,844	24,744	-	-	-	**204,745**	**1,429**
Call interest rate options	-	-	-	-	-	-	-	**-**	**-**
Put currency options	-	309,713	1,699	7,816	-	-	-	**319,228**	**9,601**
Put interest rate options	-	-	-	-	-	-	-	**-**	**-**
Interest rate futures	-	-	-	-	-	-	-	**-**	**-**
Other derivatives	-	-	-	-	-	-	-	**-**	**-**
Total	**-**	**16,496,851**	**18,107,787**	**41,504,892**	**50,884,959**	**24,356,779**	**38,407,945**	**189,719,213**	**11,672,960**

NOTE 08 - FINANCIAL ASSETS HELD FOR TRADING WITH CHANGES IN PROFIT AND LOSS, continued

As of December 31, 2022 and 2021 and January 1, 2021, the detail of the derivative financial instruments portfolio for trading is as follows

	December 31, 2021								
	Notional								
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total MCh$	Fair value MCh$
Financial derivatives contracts									
Currency forwards	-	4,975,740	4,892,023	5,873,439	2,272,048	1,404,498	572,858	**19,990,606**	**1,088,194**
Interest rate swaps	-	3,073,729	4,409,984	11,320,119	19,002,414	14,025,972	19,384,413	**71,216,631**	**3,009,922**
Currency and interest rate swaps	-	1,134,097	1,717,410	6,962,984	21,317,376	22,326,462	37,994,088	**91,452,417**	**5,392,946**
Currency call options	-	3,344	24,593	36,394	-	-	-	**64,331**	**3,232**
Call interest rate options	-	-	-	-	-	-	-	**-**	**-**
Put currency options	-	10,715	5,268	8,545	-	-	-	**24,528**	**177**
Put interest rate options	-	-	-	-	-	-	-	**-**	**-**
Interest rate futures	-	-	-	-	-	-	-	**-**	**-**
Other derivatives	-	-	-	-	-	-	-	**-**	**-**
Total	**-**	**9,197,625**	**11,049,278**	**24,201,481**	**42,591,838**	**37,756,932**	**57,951,359**	**182,748,513**	**9,494,471**

	January 1, 2021								
	Notional								
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total MCh$	Fair value MCh$
Financial derivatives contracts									
Currency forwards	-	-	-	1,244,754	5,645,675	1,783,647	11,250,025	**19,924,101**	**1,085,327**
Interest rate swaps	-	-	-	384,663	3,029,804	1,101,706	59,850,516	**64,366,689**	**3,651,652**
Currency and interest rate swaps	-	-	4	768,763	1,176,087	377,713	80,292,346	**82,614,913**	**3,921,439**
Currency call options	-	-	-	30,895	11,406	3,042	11,484	**56,827**	**1,527**
Call interest rate options	-	-	-	-	-	-	-	**-**	**-**
Put currency options	-	-	-	87,705	2,054	7,595	68,624	**165,978**	**4,875**
Put interest rate options	-	-	-	-	-	-	-	**-**	**-**
Interest rate futures	-	-	-	-	-	-	-	**-**	**-**
Other derivatives	-	-	-	-	-	-	-	**-**	**-**
Total	**-**	**-**	**4**	**2,516,780**	**9,865,026**	**3,273,703**	**151,472,995**	**167,128,508**	**8,664,820**

NOTE 09 - NON-MARKETABLE FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Bank has no assets classified in this category.

NOTE 10 - FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Bank has no assets classified in this category.

NOTE 11 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income correspond to:

Financial assets at fair value through other comprehensive income	As of December 31,		As of January 1,
Debt financial instruments	**2022 MCh$**	**2021 MCh$**	**2021 MCh$**
Instruments of the Chilean Central Bank and Government			
Debt financial instruments of the Central Bank of Chile	3,331,264	3,258,417	1,008,450
Bonds and promissory notes of the Treasury General of the Republic	742,717	981,939	5,344,910
Other fiscal debt financial instruments	432	-	-
Subtotal	**4,074,413**	**4,240,356**	**6,353,360**
Under repurchase agreement	*207,280*	*86,554*	*969,409*
Other financial debt instruments issued in the country			
Debt financial instruments of other banks in the country	9,891	11,773	14,514
Bonds and bills of exchange of domestic companies	-	-	-
Other financial debt instruments issued in the country	7	-	-
Subtotal	**9,898**	**11,773**	**14,514**
Under repurchase agreement	*91*	*80*	*399*
Financial debt instruments issued abroad			
Foreign Central Bank debt financial instruments	1,668,670	1,438,155	269,803
Financial debt instruments of foreign governments and fiscal entities abroad	-	-	-
Debt financial instruments of other banks abroad	-	-	-
Bonds and bills of exchange of companies abroad	-	-	-
Other financial debt instruments issued abroad	127,752	111,094	522,648
Subtotal	**1,796,422**	**1,549,249**	**792,451**
Under repurchase agreement	*127,752*	**-**	**-**
Other financial instruments			
Loans originated and purchased by the entity			
Interbank loans	-	-	-
Commercial loans	142,306	99,418	69,314
Mortgage loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Subtotal	**142,306**	**99,418**	**69,314**
TOTAL	**6,023,039**	**5,900,796**	**7,229,639**

In debt financial instruments, the item “Of Chilean Central Bank and Government' includes instruments that guarantee margins on derivative transactions through Comder Contraparte Central SA for MCh$133,480, MCh$115,680 and MCh$158,600 as of December 31, 2022 and 2021 and January 1, 2021, respectively.

In debt financial instruments, the item 'Debt financial instruments issued abroad' includes instruments that guarantee margins on derivative transactions through the London Clearing House (LCH) in the amount of MCh$69,666 and MCh$83,673 and MCh$67,685 as of December 31, 2022 and 2021 and January 1, 2021, respectively. Furthermore, to comply with the initial margin specified by the European Market Infrastructure Regulation (EMIR), collateral instruments are held with Euroclear for an amount of MCh$590,466, MCh$461,419, MCh$258,183 as of December 31, 2022, December 31, 2021 and January 1, 2021, respectively.

Provisions for credit risk on debt financial instruments amounted to MCh$877, MCh$ 703 and MCh$1,138 as of December 31, 2022, December 31, 2021 and January 1, 2021, respectively.

Provisions for credit risk on commercial loans amounted to MCh$326, MCh$226 and MCh$1,371 as of December 31, 2022, December 31, 2021 and January 1, 2021, respectively.

NOTE 11 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, continued

As of December 31, 2022 and 2021 and January 1, 2021, fair value changes from debt financial instruments and commercial loans are included in other comprehensive income accrued as of March 31, 2022, December 31, 2021 and January 1, 2021:

	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Unrealised profit (loss)	**(109,392)**	**(112,926)**	**101,719**
Attributable to equity holders	(110,130)	(113,696)	100,559
Attributable to non-controlling interest	738	770	1,160

NOTE 11 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, continued

Debt financial instruments generated the following gross realised gains and losses on the sale of instruments. There are no sales of commercial loans at fair value with effects in other comprehensive income:

	As of December 31,	
	2022 MCh$	2021 MCh$
Sales of available-for-sale investments that generate realised profit	452,668	2,362,635
Profit incurred	121	11,201
Sales of available-for-sale investments that generate realised loss	1,122,222	978,228
Loss incurred	22,195	4,476

The movement of expected credit loss as of December 31, 2022, is as follows:

Debt financial instruments	Phase 1 MCh$	Phase 2 MCh$	Phase 3 MCh$	Total
Expected credit loss as of January 1, 2022	**703**	**-**	**-**	**703**
Newly acquired assets	5,627	-	-	**5,627**
Transfer to phase 1	-	-	-	**-**
Transfer to phase 2	-	-	-	**-**
Transfer to phase 3	-	-	-	**-**
Assets derecognised (excluding charge-offs)	(5,553)	-	-	**(5,553)**
Change in measurement without portfolio reclassifying during the period	100	-	-	**100**
Sale or assignment of loans	-	-	-	
Adjustment for changes and other	-	-	-	**-**
As of December 31, 2022	**877**	**-**	**-**	**877**

Commercial loans	Phase 1 MCh$	Phase 2 MCh$	Phase 3 MCh$	Total
Expected credit loss as of January 1, 2022	**226**	**-**	**-**	**226**
New assets originated	76	-	-	**76**
Transfer to phase 1	-	-	-	**-**
Transfer to phase 2	-	-	-	**-**
Transfer to phase 3	-	-	-	**-**
Assets derecognised (excluding charge-offs)	(53)	-	-	**(53)**
Change in measurement without portfolio reclassifying during the period	77	-	-	**77**
Sale or assignment of loans	-	-	-	**-**
Adjustment for changes and other	-	-	-	**-**
As of December 31, 2022	**326**	**-**	**-**	**326**

NOTE 11 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, continued

The movement of expected credit loss as of December 31, 2021, is as follows:

Debt financial instruments	Phase 1 MCh$	Phase 2 MCh$	Phase 3 MCh$	Total
Expected credit loss as of January 1, 2021	**1,138**	**-**	**-**	**1,138**
Newly acquired assets	3,293	-	-	**3,293**
Transfer to phase 1	-	-	-	-
Transfer to phase 2	-	-	-	-
Transfer to phase 3	-	-	-	-
Assets derecognised (excluding charge-offs)	(3,608)	-	-	**(3,608)**
Change in measurement without portfolio reclassifying during the period	(120)	-	-	**(120)**
Sale or assignment of loans	-	-	-	-
Adjustment for changes and other	-	-	-	-
As of December 31, 2021	**703**	**-**	**-**	**703**

Commercial loans	Phase 1 MCh$	Phase 2 MCh$	Phase 3 MCh$	Total
Expected credit loss as of January 1, 2021	**1,371**	**-**	**-**	**1,371**
New assets originated	151	-	-	**151**
Transfer to phase 1	-	-	-	-
Transfer to phase 2	-	-	-	-
Transfer to phase 3	-	-	-	-
Assets derecognised (excluding charge-offs)	(1,358)	-	-	**(1,358)**
Change in measurement without portfolio reclassifying during the period	88	-	-	**88**
Sale or assignment of loans	(26)	-	-	**(26)**
Adjustment for changes and other	-	-	-	-
As of December 31, 2021	**226**	**-**	**-**	**226**

The Bank assessed those instruments with unrealised loss as of December 31, 2022 and concluded they were not impaired. This review assessed the economic drivers of any decline, the securities' issuer credit ratings and the Bank's intention and ability to hold the securities until the unrealised loss is recovered. Based on this analysis, the Bank considers there are no significant or prolonged declines or changes in credit risk to cause impairment in its investment portfolio. Most of these instruments' fair value decline was caused by market conditions that the Bank considers temporary. All instruments with unrealised loss as of December 31, 2022 were not in a continuous unrealised loss position for over one year.

NOTE 11 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, continued

The following table shows debt instruments and trading placements at fair value through accumulated other comprehensive income of unrealised gains and losses as of December 31, 2022 and 2021 and January 1, 2021:

	As of December 31, 2022			
	Amortised cost MCh$	Fair value MCh$	Unrealised profit MCh$	Unrealised loss MCh$
Instruments of the Chilean Central Bank and Government				
Debt financial instruments of the Central Bank of Chile	3,331,635	3,331,264	2,270	(2,641)
Bonds and promissory notes of the Treasury General of the Republic	834,908	742,717	27	(92,218)
Other fiscal debt financial instruments	407	432	25	-
Subtotal	**4,166,950**	**4,074,413**	**2,322**	**(94,859)**
Other financial debt instruments issued in the country				
Debt financial instruments of other banks in the country	10,082	9,891	16	(207)
Bonds and bills of exchange of domestic companies	-	-	-	-
Other financial debt instruments issued in the country	6	7	1	-
Subtotal	**10,088**	**9,898**	**17**	**(207)**
Foreign Central Bank debt financial instruments				
Financial debt instruments of foreign governments and fiscal entities abroad	1,683,052	1,668,670	39,210	(53,592)
Debt financial instruments of other banks abroad	-	-	-	-
Bonds and bills of exchange of companies abroad	-	-	-	-
Other financial debt instruments issued abroad	116,351	127,752	11,401	-
Subtotal	**1,799,403**	**1,796,422**	**50,611**	**(53,592)**
Loans originated and purchased by the entity				
Commercial loans	155,990	142,306	-	(13,684)
Subtotal	**155,990**	**142,306**	**-**	**(13,684)**
Total	**6,132,431**	**6,023,039**	**52,950**	**(162,342)**

NOTE 11 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, continued

	As of December 31, 2021			
	Amortised cost MCh$	Fair value MCh$	Unrealised profit MCh$	Unrealised loss MCh$
Instruments of the Chilean Central Bank and Government				
Debt financial instruments of the Central Bank of Chile	3,257,912	3,256,656	515	(12)
Bonds and promissory notes of the Treasury General of the Republic	1,087,503	981,939	1,051	(106,615)
Other fiscal debt financial instruments	-	-	-	-
Subtotal	**4,345,415**	**4,238,595**	**1,566**	**(106,627)**
Other financial debt instruments issued in the country				
Debt financial instruments of other banks in the country	11,933	13,534	1,639	(38)
Bonds and bills of exchange of domestic companies	-	-	-	-
Financial institution bond	-	-	-	-
Chilean companies' bond	-	-	-	-
Other financial debt instruments issued in the country	-	-	-	-
Subtotal	**11,933**	**13,534**	**1,639**	**(38)**
Foreign Central Bank debt financial instruments	1,442,753	1,438,155	1,145	(5,743)
Financial debt instruments of foreign governments and fiscal entities abroad	-	-	-	-
Debt financial instruments of other banks abroad	-	-	-	-
Bonds and bills of exchange of companies abroad	-	-	-	-
Other financial debt instruments issued abroad	109,901	111,094	1,193	-
Subtotal	**1,552,654**	**1,549,249**	**2,338**	**(5,743)**
Loans originated and purchased by the entity				
Commercial loans	105,480	99,418	-	(6,062)
Subtotal	**105,480**	**99,418**	**-**	**(6,062)**
Total	**6,015,482**	**5,900,796**	**5,543**	**(118,470)**

	As of January 1, 2021			
	Amortised cost MCh$	Fair value MCh$	Unrealised profit MCh$	Unrealised loss MCh$
Instruments of the Chilean Central Bank and Government				
Debt financial instruments of the Central Bank of Chile	1,008,450	1,008,450	-	-
Bonds and promissory notes of the Treasury General of the Republic	5,288,189	5,344,910	98,996	(39,459)
Other fiscal debt financial instruments	-	-	-	-
Subtotal	**6,296,639**	**6,353,360**	**98,996**	**(39,459)**
Other financial debt instruments issued in the country				
Debt financial instruments of other banks in the country	11,680	14,514	2,834	-
Bonds and bills of exchange of domestic companies	-	-	-	-
Financial institution bond	-	-	-	-
Chilean companies' bond	-	-	-	-
Other financial debt instruments issued in the country	-	-	-	-
Subtotal	**11,680**	**14,514**	**2,834**	**-**
Foreign Central Bank debt financial instruments	269,301	269,803	20,443	(19,941)
Financial debt instruments of foreign governments and fiscal entities abroad	-	-	-	-
Debt financial instruments of other banks abroad	-	-	-	-
Bonds and bills of exchange of companies abroad	-	-	-	-
Other financial debt instruments issued abroad	482,394	522,648	40,254	-
Subtotal	**751,695**	**792,451**	**60,697**	**(19,941)**
Loans originated and purchased by the entity				
Commercial loans	67,906	69,314	(1,408)	-
Subtotal	**67,906**	**69,314**	**(1,408)**	**-**
Total	**7,127,920**	**7,229,639**	**161,119**	**(59,400)**

NOTE 12 - FINANCIAL DERIVATIVES CONTRACTS FOR HEDGE ACCOUNTING PURPOSES

As of December 31, 2022, and 2021, and January 1, 2021, the Bank holds the following portfolio of fair value hedging and cash flow hedge derivatives:

	As of December 31, 2022									
	Notional amount								Fair value	
	On demand	Up to 1 month	Between 1 month and 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Fair value hedge derivatives										
Currency forwards	-	-	-	-	-	-	-	**-**	-	-
Interest rate swaps	-	206,630	447,773	722,845	7,300,878	608,013	1,728,916	**11,015,055**	213,478	1,166,339
Currency and interest rate swaps	-	84,959	706,859	1,512,048	3,149,733	1,200,889	1,462,413	**8,116,901**	75,848	333,097
Currency call options	-	-	-	-	-	-	-	**-**	-	-
Call interest rate options	-	-	-	-	-	-	-	**-**	-	-
Put currency options	-	-	-	-	-	-	-	**-**	-	-
Put interest rate options	-	-	-	-	-	-	-	**-**	-	-
Interest rate futures	-	-	-	-	-	-	-	**-**	-	-
Other derivatives	-	-	-	-	-	-	-	**-**	-	-
Subtotal	-	**291,589**	**1,154,632**	**2,234,893**	**10,450,611**	**1,808,902**	**3,191,329**	**19,131,956**	**289,326**	**1,499,436**
Cash flow hedge derivatives										
Currency forwards	-	176,664	1,839,766	554,696	-	-	-	**2,571,126**	823	35,332
Interest rate swaps	-	-	-	-	-	-	-	**-**	-	-
Currency and interest rate swaps	-	486,032	932,204	2,019,072	6,703,372	2,077,260	2,261,958	**14,479,898**	187,613	1,254,026
Currency call options	-	-	-	-	-	-	-	**-**	**-**	**-**
Call interest rate options	-	-	-	-	-	-	-	**-**	**-**	**-**
Put currency options	-	-	-	-	-	-	-	**-**	**-**	**-**
Put interest rate options	-	-	-	-	-	-	-	**-**	**-**	**-**
Interest rate futures	-	-	-	-	-	-	-	**-**	**-**	**-**
Other derivatives	-	-	-	-	-	-	-	**-**	**-**	**-**
Subtotal	**-**	**662,696**	**2,771,970**	**2,573,768**	**6,703,372**	**2,077,260**	**2,261,958**	**17,051,024**	**188,436**	**1,289,358**
Total	**-**	**954,285**	**3,926,602**	**4,808,661**	**17,153,983**	**3,886,162**	**5,453,287**	**36,182,980**	**477,762**	**2,788,794**

NOTE 12 - FINANCIAL DERIVATIVES CONTRACTS FOR HEDGE ACCOUNTING PURPOSES, continued

	As of December 31, 2021									
	Notional amount								Fair value	
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total MCh$	Assets MCh$	Liabilities MCh$
Fair value hedge derivatives										
Currency forwards	-	-	-	-	-	-	-	**-**	-	-
Interest rate swaps	-	20,000	190,000	87,817	6,278,000	384,713	1,842,686	**8,803,216**	22,933	587,702
Currency and interest rate swaps	-	42,926	295,548	3,056,063	1,168,120	2,272,472	1,585,870	**8,420,999**	493,175	118,199
Currency call options	-	-	-	-	-	-	-	**-**	-	-
Call interest rate options	-	-	-	-	-	-	-	**-**	-	-
Put currency options	-	-	-	-	-	-	-	**-**	-	-
Put interest rate options	-	-	-	-	-	-	-	**-**	-	-
Interest rate futures	-	-	-	-	-	-	-	**-**	-	-
Other derivatives	-	-	-	-	-	-	-	**-**	-	-
Subtotal	**-**	**62,926**	**485,548**	**3,143,880**	**7,446,120**	**2,657,185**	**3,428,556**	**17,224,215**	**516,108**	**705,901**
Cash flow hedge derivatives										
Currency forwards	-	238,719	120,343	920,279	-	-	-	**1,279,341**	3,497	1,590
Interest rate swaps	-	-	-	-	-	-	-	**-**	-	-
Currency and interest rate swaps	-	221,147	235,537	1,033,671	5,103,045	3,341,606	3,024,988	**12,959,994**	109,531	656,719
Currency call options	-	-	-	-	-	-	-	**-**	-	-
Call interest rate options	-	-	-	-	-	-	-	**-**	-	-
Put currency options	-	-	-	-	-	-	-	**-**	-	-
Put interest rate options	-	-	-	-	-	-	-	**-**	-	-
Interest rate futures	-	-	-	-	-	-	-	**-**	-	-
Other derivatives	-	-	-	-	-	-	-	**-**	-	-
Subtotal	**-**	**459,866**	**355,880**	**1,953,950**	**5,103,045**	**3,341,606**	**3,024,988**	**14,239,335**	**113,028**	**658,309**
Total	**-**	**522,792**	**841,428**	**5,097,830**	**12,549,165**	**5,998,791**	**6,453,544**	**31,463,550**	**629,136**	**1,364,210**

NOTE 12 - FINANCIAL DERIVATIVES CONTRACTS FOR HEDGE ACCOUNTING PURPOSES, continued

	As of January 1, 2021									
	Notional amount								Fair value	
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total MCh$	Assets MCh$	Liabilities MCh$
Fair value hedge derivatives										
Currency forwards	-	-	-	-	-	-	-	**-**	-	-
Interest rate swaps	-	-	-	-	-	-	5,524,801	**5,524,801**	33,816	83,666
Currency and interest rate swaps	-	-	17,442	58,141	139,634	-	6,338,869	**6,554,086**	294,562	178,529
Currency call options	-	-	-	-	-	-	-	**-**	-	-
Call interest rate options	-	-	-	-	-	-	-	**-**	-	-
Put currency options	-	-	-	-	-	-	-	**-**	-	-
Put interest rate options	-	-	-	-	-	-	-	**-**	-	-
Interest rate futures	-	-	-	-	-	-	-	**-**	-	-
Other derivatives	-	-	-	-	-	-	-	**-**	-	-
Subtotal	**-**	**-**	**17,442**	**58,141**	**139,634**	**-**	**11,863,670**	**12,078,887**	**328,378**	**262,195**
Cash flow hedge derivatives										
Currency forwards	-	-	-	-	871,829	817,761	1,536,598	**3,226,188**	2,985	3,556
Interest rate swaps	-	-	-	-	-	-	-	**-**	-	-
Currency and interest rate swaps	-	-	-	29,070	113,995	93,764	10,463,393	**10,700,222**	35,902	183,386
Currency call options	-	-	-	-	-	-	-	**-**	-	-
Call interest rate options	-	-	-	-	-	-	-	**-**	-	-
Put currency options	-	-	-	-	-	-	-	**-**	-	-
Put interest rate options	-	-	-	-	-	-	-	**-**	-	-
Interest rate futures	-	-	-	-	-	-	-	**-**	-	-
Other derivatives	-	-	-	-	-	-	-	**-**	-	-
Subtotal	**-**	**-**	**-**	**29,070**	**985,824**	**911,525**	**11,999,991**	**13,926,410**	**38,887**	**186,942**
Total	**-**	**-**	**17,442**	**87,211**	**1,125,458**	**911,525**	**23,863,661**	**26,005,297**	**367,265**	**449,137**

NOTE 12 - FINANCIAL DERIVATIVES CONTRACTS FOR HEDGE ACCOUNTING PURPOSES, continued

a. Micro-hedge accounting

Fair value micro-hedges

The Bank uses cross-currency swaps, interest rate swaps, and call money swaps to cover its exposure to changes in the hedged item's fair value attributable to the interest rate. These hedging instruments change the effective cost of long-term issues from a fixed to a floating interest rate.

The following is a notional breakdown of hedged items and hedging instruments under fair value hedges, effective as of December 31, 2022 and 2021 and January 1, 2021, separated by term to maturity:

	As of December 31, 2022							
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Credits and receivables from customers								
Commercial loans	-	-	-	180,963	-	-	-	**180,963**
Investment instruments at FVOCI								
Sovereign bond Chile	-	-	-	-	-	-	-	**-**
Mortgage bills	-	-	-	-	-	-	-	**-**
US Treasury bonds	-	-	-	-	-	594,713	1,389,080	**1,983,793**
Bonds of the General Treasury of the Republic	-	-	-	-	-	-	-	**-**
Bonds of the Central Bank of Chile	-	-	-	-	-	-	-	**-**
Deposits and other time equivalents:								
Term deposit	-	206,630	447,773	873,822	141,539	-	-	**1,669,764**
Issued debt instruments:								
Current or senior bonds	-	-	-	122,638	2,569,632	1,038,634	757,861	**4,488,765**
Subordinated Bonds	-	-	-	-	84,959	175,555	485,917	**746,431**
Interbank borrowing:								
Interbank loans	-	84,959	706,859	1,057,470	-	-	-	**1,849,288**
Loans from the Central Bank of Chile	-	-	-	-	6,178,000	-	-	**6,178,000**
Total	**-**	**291,589**	**1,154,632**	**2,234,893**	**8,974,130**	**1,808,902**	**2,632,858**	**17,097,004**
Hedging instrument:								
Currency and interest rate swaps	-	84,959	706,859	1,512,048	2,573,252	1,200,890	903,942	**6,981,950**
Forwards	-	206,630	447,773	722,845	6,400,878	608,012	1,728,916	**10,115,054**
Total	**-**	**291,589**	**1,154,632**	**2,234,893**	**8,974,130**	**1,808,902**	**2,632,858**	**17,097,004**

NOTE 12 - FINANCIAL DERIVATIVES CONTRACTS FOR HEDGE ACCOUNTING PURPOSES, continued

	As of December 31, 2021							
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Credits and receivables from customers								
Commercial loans	-	42,724	183,713	42,724	-	-	-	**269,161**
Investment instruments at FVOCI								
Sovereign bond Chile	-	-	-	12,817	-	71,093	18,371	**102,281**
Mortgage bills	-	202	-	-	-	-	-	**202**
US Treasury bonds	-	-	-	-	-	213,620	1,226,179	**1,439,799**
Bonds of the General Treasury of the Republic	-	-	-	-	-	73,915	-	**73,915**
Bonds of the Central Bank of Chile	-	-	-	-	-	-	-	**-**
Deposits and other time equivalents:								
Term deposit	-	20,000	162,538	68,358	-	-	-	**250,896**
Issued debt instruments:								
Current or senior bonds	-	-	30,000	616,751	1,182,672	2,198,556	1,414,970	**5,442,949**
Subordinated Bonds	-	-	-	-	85,448	-	170,896	**256,344**
Interbank borrowing:								
Interbank loans	-	-	-	1,779,882	-	-	-	**1,779,882**
Loans from the Central Bank of Chile	-	-	-	-	6,178,000	-	-	**6,178,000**
Total	**-**	**62,926**	**376,251**	**2,520,532**	**7,446,120**	**2,557,184**	**2,830,416**	**15,793,429**
Hedging instrument:								
Currency and interest rate swaps	-	42,926	286,251	2,482,715	1,168,120	2,272,471	987,730	**7,240,215**
Forwards	-	20,000	90,000	37,817	6,278,000	284,713	1,842,686	**8,553,216**
Total	**-**	**62,926**	**376,251**	**2,520,532**	**7,446,120**	**2,557,184**	**2,830,416**	**15,793,429**

	As of January 1, 2021							
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Investment instruments at FVOCI								
Sovereign bond Chile	-	-	-	10,687	10,687	40,662	346,822	**408,858**
Mortgage bills	-	-	-	-	918	-	-	**918**
US Treasury bonds	-	-	-	-	-	142,494	35,624	**178,118**
Bonds of the General Treasury of the Republic	-	-	-	-	-	-	-	**-**
Bonds of the Central Bank of Chile	-	-	-	-	-	-	-	**-**
Deposits and other time equivalents:								
Term deposit	-	58,238	-	-	58,217	-	-	**116,454**
Issued debt instruments:								
Current or senior bonds	-	17,442	50,000	20,580	721,264	1,730,754	1,682,682	**4,222,722**
Subordinated Bonds	-	-	-	-	-	249,365	142,494	**391,859**
Interbank borrowing:								
Interbank loans	-	-	-	-	-	-	-	**-**
Loans from the Central Bank of Chile	-	-	-	-	-	3,865,000	-	**3,865,000**
Total	**-**	**75,680**	**50,000**	**31,267**	**791,086**	**6,028,275**	**2,207,622**	**9,183,929**
Hedging instrument:								
Currency and interest rate swaps	-	75,680	-	20,580	755,398	1,643,808	1,713,663	**4,209,129**
Forwards	-	-	50,000	10,687	35,687	4,384,467	493,960	**4,974,801**
Total	**-**	**75,680**	**50,000**	**31,267**	**791,085**	**6,028,275**	**2,207,623**	**9,183,930**

NOTE 12 - FINANCIAL DERIVATIVES CONTRACTS FOR HEDGE ACCOUNTING PURPOSES, continued

Cash flow micro-hedging

The Bank uses cross-currency swaps to hedge the risk of the variability of cash flows attributable to changes in the interest rate of bonds and interbank loans issued at floating rates and to hedge foreign currency fluctuations, mainly in US dollars. In addition, it uses both forward and cross-currency swaps to hedge the inflation risk on certain items.

The following are the notional amounts of the hedged item as of December 31, 2022 and 2021 and January 1, 2021 and the period in which the flows will occur:

	As of December 31, 2022							
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Loans and receivables at amortised cost								
Mortgage loans	-	545,747	2,563,558	1,999,451	5,568,862	1,026,081	1,577,002	**13,280,701**
Investment instruments at FVOCI								
Sovereign bond Chile	-	-	-	-	-	-	-	**-**
Bonds of the Central Bank of Chile	-	-	-	-	-	-	-	**-**
Bonds of the General Treasury of the Republic	-	-	-	-	-	492,370	191,906	**684,276**
Deposits and other time equivalents:								
Term deposit	-	-	-	-	-	-	-	**-**
Issued debt instruments:								
Current or senior bonds	-	-	-	-	315,999	-	-	**315,999**
Subordinated Bonds	-	70,222	140,444	245,526	818,511	558,809	493,051	**2,326,563**
Interbank borrowing:								
Interbank loans	-	46,727	67,967	328,791	-	-	-	**443,485**
Total	**-**	**662,696**	**2,771,969**	**2,573,768**	**6,703,372**	**2,077,260**	**2,261,959**	**17,051,024**
Hedging instrument:								
Currency and interest rate swaps	-	486,032	932,203	2,019,072	6,703,372	2,077,260	2,261,959	**14,479,898**
Forwards	-	176,664	1,839,766	554,696	-	-	-	**2,571,126**
Total	**-**	**662,696**	**2,771,969**	**2,573,768**	**6,703,372**	**2,077,260**	**2,261,959**	**17,051,024**

NOTE 12 - FINANCIAL DERIVATIVES CONTRACTS FOR HEDGE ACCOUNTING PURPOSES, continued

	As of December 31, 2021							
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Loans and receivables at amortised cost								
Mortgage loans	-	331,694	355,880	1,131,422	4,364,910	2,015,703	2,176,996	**10,376,605**
Investment instruments at FVOCI								
Sovereign bond Chile	-	-	-	-	-	-	-	**-**
Bonds of the Central Bank of Chile	-	-	-	-	-	-	-	**-**
Bonds of the General Treasury of the Republic	-	-	-	-	-	532,190	209,411	**741,601**
Deposits and other time equivalents:								
Term deposit	-	-	-	85,448	-	-	-	**85,448**
Issued debt instruments:								
Current or senior bonds	-	-	-	-	-	-	-	**-**
Subordinated Bonds	-	85,448	-	480,736	738,135	793,713	638,581	**2,736,613**
Interbank borrowing:								
Interbank loans	-	42,724	-	256,344	-	-	-	**299,068**
Total	**-**	**459,866**	**355,880**	**1,953,950**	**5,103,045**	**3,341,606**	**3,024,988**	**14,239,335**
Hedging instrument:								
Currency and interest rate swaps	-	221,147	235,537	1,033,671	5,103,045	3,341,606	3,024,988	**12,959,994**
Forwards	-	238,719	120,343	920,279	-	-	-	**1,279,341**
Total	**-**	**459,866**	**355,880**	**1,953,950**	**5,103,045**	**3,341,606**	**3,024,988**	**14,239,335**

	As of January 1, 2021							
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Loans and receivables at amortised cost								
Mortgage loans	-	493,914	1,016,935	416,069	2,520,951	1,396,163	3,449,759	**9,293,790**
Investment instruments at FVOCI								
Sovereign bond Chile	-	-	-	-	-	28,282	14,249	**42,532**
Mortgage bills								
US Treasury bonds								
Bonds of the General Treasury of the Republic	-	-	-	-	175,875	174,422	913,797	**1,264,094**
Bonds of the Central Bank of Chile	-	-	-	-	-	-	-	**-**
Deposits and other time equivalents:								
Term deposit	-	-	-	-	-	-	-	**-**
Issued debt instruments:								
Current or senior bonds	-	-	-	167,430	-	-	-	**167,430**
Subordinated Bonds	-	406,985	406,985	311,283	530,300	581,397	558,254	**2,795,204**
Interbank borrowing:								
Interbank loans	-	-	220,866	106,871	35,624	-	-	**363,361**
Loans from the Central Bank of Chile	-	-	-	-	-	-	-	**-**
Total	**-**	**900,899**	**1,644,786**	**1,001,653**	**3,262,750**	**2,180,264**	**4,936,059**	**13,926,411**
Hedging instrument:								
Currency and interest rate swaps	-	29,070	395,288	498,373	2,661,167	2,180,264	4,936,059	**10,700,221**
Forwards	-	871,829	1,249,498	503,280	601,583	-	-	**3,226,190**
Total	**-**	**900,899**	**1,644,786**	**1,001,653**	**3,262,750**	**2,180,264**	**4,936,059**	**13,926,411**

NOTE 12 - FINANCIAL DERIVATIVES CONTRACTS FOR HEDGE ACCOUNTING PURPOSES, continued

i. Projection of flows by interest rate risk:

The estimation of the periods in which the flows are expected to arise is presented below:

	As of December 31, 2022							
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Inflows	-	-	4,267	4,627	-	-	-	**8,894**
Outflows	-	(288)	(733)	(5,993)	(10,273)	(5,063)	(4,310)	**(26,660)**
Net flows	**-**	**(288)**	**3,534**	**(1,366)**	**(10,273)**	**(5,063)**	**(4,310)**	**(17,766)**
Hedging instrument								
Inflows	-	-	(4,267)	(4,627)	-	-	-	**(8,894)**
Outflows (*)	-	288	733	5,993	10,273	5,063	4,310	**26,660**
Net flows	**-**	**288**	**(3,534)**	**1,366**	**10,273**	**5,063**	**4,310**	**17,766**

(*) Includes only that portion of the hedging instrument's projected cash flows (derivative) used to hedge interest rate risk.

	As of December 31, 2021							
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Inflows	-	-	-	-	-	-	-	**-**
Outflows	-	(86)	-	(97)	(11,819)	(7,727)	(5,619)	**(25,348)**
Net flows	**-**	**(86)**	**-**	**(97)**	**(11,819)**	**(7,727)**	**(5,619)**	**(25,348)**
Hedging instrument								
Inflows	-	-	-	-	-	-	-	-
Outflows (*)	-	86	-	97	11,819	7,727	5,619	**25,348**
Net flows	-	**86**	**-**	**97**	**11,819**	**7,727**	**5,619**	**25,348**

(*) Includes only that portion of the hedging instrument's projected cash flows (derivative) used to hedge interest rate risk.

	As of January 1, 2021							
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Inflows	-	539	-	17,680	2,284	2,220	292	**23,015**
Outflows	-	(37,846)	(2,679)	(49,778)	(121,885)	(77,936)	(111,379)	**(401,503)**
Net flows	**-**	**(37,307)**	**(2,679)**	**(32,098)**	**(119,601)**	**(75,716)**	**(111,087)**	**(378,488)**
Hedging instrument								
Inflows	-	(539)	-	(17,680)	(2,284)	(2,220)	(292)	**(23,015)**
Outflows (*)	-	37,846	2,679	49,778	121,885	77,936	111,379	**401,503**
Net flows	**-**	**37,307**	**2,679**	**32,098**	**119,601**	**75,716**	**111,087**	**378,488**

(*) Includes only that portion of the hedging instrument's projected cash flows (derivative) used to hedge interest rate risk.

NOTE 12 - FINANCIAL DERIVATIVES CONTRACTS FOR HEDGE ACCOUNTING PURPOSES, continued

ii. Projection of cash flows by inflation risk:

As of December 31, 2022								
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Inflows	-	112,209	410,507	397,542	1,197,961	393,717	702,610	**3,214,546**
Outflows	-	(10,882)	(24,505)	(20,551)	(98,565)	(52,368)	(52,297)	**(259,168)**
Net flows	-	**101,327**	**386,002**	**376,991**	**1,099,396**	**341,349**	**650,313**	**2,955,378**
Hedging instrument								
Inflows	-	10,882	24,505	20,551	98,565	52,368	52,297	**259,168**
Outflows	-	(112,209)	(410,507)	(397,542)	(1,197,961)	(393,717)	(702,610)	**(3,214,546)**
Net flows	-	**(101,327)**	**(386,002)**	**(376,991)**	**(1,099,396)**	**(341,349)**	**(650,313)**	**(2,955,378)**

As of December 31, 2021								
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Inflows	-	29,673	69,969	124,365	756,915	611,335	824,048	**2,416,305**
Outflows	-	-	(1,722)	(45,306)	(40,278)	(65,673)	(45,406)	**(198,385)**
Net flows	**-**	**29,673**	**68,247**	**79,059**	**716,637**	**545,662**	**778,642**	**2,217,920**
Hedging instrument								
Inflows	-	-	1,722	45,306	40,278	65,673	45,406	**198,385**
Outflows	-	(29,673)	(69,969)	(124,365)	(756,915)	(611,335)	(824,048)	**(2,416,305)**
Net flows	-	**(29,673)**	**(68,247)**	**(79,059)**	**(716,637)**	**(545,662)**	**(778,642)**	**(2,217,920)**

As of January 1, 2021								
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Inflows	-	114,778	279,780	1,125,286	58,696	-	-	**1,578,540**
Outflows	-	(32,768)	(19,702)	(82,381)	-	-	-	**(134,851)**
Net flows	**-**	**82,010**	**260,078**	**1,042,905**	**58,696**	**-**	**-**	**1,443,689**
Hedging instrument								
Inflows	-	32,768	19,702	82,381	-	-	-	**134,851**
Outflows	-	(114,778)	(279,780)	(1,125,286)	(58,696)	-	-	**(1,578,540)**
Net flows	-	**(82,010)**	**(260,078)**	**(1,042,905)**	**(58,696)**	-	-	**(1,443,689)**

NOTE 12 - FINANCIAL DERIVATIVES CONTRACTS FOR HEDGE ACCOUNTING PURPOSES, continued

iii. Projection of cash flows by exchange rate risk

	As of December 31, 2022							
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Inflows	-	-	-	-	-	-	-	**-**
Outflows	-	(5,687)	(4,281)	(20,192)	(6,784)	(3,208)	(1,606)	**(41,759)**
Net flows	**-**	**(5,687)**	**(4,281)**	**(20,192)**	**(6,784)**	**(3,208)**	**(1,606)**	**(41,759)**
Hedging instrument								
Inflows	-	-	-	-	-	-	-	**-**
Outflows	-	5,687	4,281	20,192	6,784	3,208	1,606	**41,759**
Net flows	**-**	**5,687**	**4,281**	**20,192**	**6,784**	**3,208**	**1,606**	**41,759**

	As of December 31, 2021							
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Inflows	-	-	-	-	-	-	-	**-**
Outflows	-	-	-	-	-	-	-	**-**
Net flows	**-**	**-**	**-**	-	-	-	-	**-**
Hedging instrument								
Inflows	-	-	-	-	-	-	-	**-**
Outflows	-	-	-	-	-	-	-	**-**
Net flows	**-**	**-**	**-**	-	-	-	-	**-**

	As of January 1, 2021							
	On demand MCh$	Up to 1 month MCh$	Between 1 month and 3 months MCh$	Between 3 months and 1 year MCh$	Between 1 year and 3 years MCh$	Between 3 years and 5 years MCh$	More than 5 years MCh$	Total
Hedged item								
Inflows	-	-	-	-	-	-	-	**-**
Outflows	-	-	-	-	-	-	-	**-**
Net flows	**-**	**-**	**-**	-	-	-	-	**-**
Hedging instrument								
Inflows	-	-	-	-	-	-	-	**-**
Outflows	-	-	-	-	-	-	-	**-**
Net flows	**-**	**-**	**-**	-	-	-	-	**-**

NOTE 12 - FINANCIAL DERIVATIVES CONTRACTS FOR HEDGE ACCOUNTING PURPOSES, continued

b. Effect on other comprehensive income

The valuation generated by those hedging instruments used in cash flow hedges whose effect was recorded in the Consolidated Statements of Changes in Equity, specifically within 'accumulated other comprehensive income', in cash flow hedges, is presented as follows:

Hedged item	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Interbank borrowing	(2,343)	974	(962)
Time deposits and other term equivalents	-	(8,816)	-
Issued debt instruments	415	21,701	(6,990)
Debt instruments at FVOCI	(22,571)	(33,509)	(25,833)
Loans and receivables at amortised cost	(94,339)	(353,931)	(102,980)
Total	**(118,838)**	**(373,581)**	**(136,765)**

Considering that the variable flows of both the hedged item and the hedging instrument are mirrors of each other, the hedges are close to 100% efficient; This entails that all variations in value attributable to components of the hedged risk are almost fully netted.
The Bank did not record any forecasted future transactions in its cash flow hedge accounting portfolio during the period.

c. Effect on results

The result generated by the cash flow derivatives whose effect was transferred from other comprehensive income into the results for the period is presented below:

Hedged item	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Bond hedge derivatives	(826)	(3,248)	(3,149)
Interbank loans hedge derivatives	(4,762)	(286)	1
Mortgage loans hedge derivatives	(37,698)	(22,160)	-
Cash flow hedge net income(*)	**(43,286)**	**(25,694)**	**(3,148)**

(*) See Note 28 'Equity', letter f.

d. Net investment hedges in foreign operations

As of December 31, 2022 and 2021 and January 1, 2021, the Bank does not have any net foreign investment hedges in its hedge accounting portfolio.

NOTE 12 - FINANCIAL DERIVATIVES CONTRACTS FOR HEDGE ACCOUNTING PURPOSES, continued

e. Fair value macro-hedges

The Bank has macro-hedges for loans and accounts receivable from clients, specifically for the mortgage and commercial loan portfolios. The details are presented below:

	Notional amount							
As of December 31, 2022	**On demand MCh$**	**Up to 1 month MCh$**	**Between 1 month and 3 months MCh$**	**Between 3 months and 1 year MCh$**	**Between 1 year and 3 years MCh$**	**Between 3 years and 5 years MCh$**	**More than 5 years MCh$**	**Total**
Hedged item								
Loans and receivables at amortised cost:								
Mortgage loans	-	-	-	-	576,481	-	558,470	**1,134,951**
Commercial loans	-	-		-	900,000	-	-	**900,000**
TOTAL	**-**	**-**		-	**1,476,481**	-	**558,470**	**2,034,951**
Hedging instrument								
Currency and interest rate swaps	-	-	-	-	576,481	-	558,470	**1,134,951**
Interest rate swaps	-	-		-	900,000	-	-	**900,000**
TOTAL	**-**	**-**		-	**1,476,481**	-	**558,470**	**2,034,951**

	Notional amount							
As of December 31, 2021	**On demand MCh$**	**Up to 1 month MCh$**	**Between 1 month and 3 months MCh$**	**Between 3 months and 1 year MCh$**	**Between 1 year and 3 years MCh$**	**Between 3 years and 5 years MCh$**	**More than 5 years MCh$**	**Total**
Hedged item								
Loans and receivables at amortised cost:								
Mortgage loans	-	-	9,298	573,347	-	-	412,190	**994,835**
Commercial loans	-	-	100,000	50,000	-	100,000	185,950	**435,950**
TOTAL	**-**	**-**	**109,298**	**623,347**	**-**	**100,000**	**598,140**	**1,430,785**
Hedging instrument								
Currency and interest rate swaps	-	-	9,298	573,347	-	-	598,140	**1,180,785**
Interest rate swaps	-	-	100,000	50,000	-	100,000	-	**250,000**
TOTAL	**-**	**-**	**109,298**	**623,347**	**-**	**100,000**	**598,140**	**1,430,785**

	Notional amount							
As of January 1, 2021	**On demand MCh$**	**Up to 1 month MCh$**	**Between 1 month and 3 months MCh$**	**Between 3 months and 1 year MCh$**	**Between 1 year and 3 years MCh$**	**Between 3 years and 5 years MCh$**	**More than 5 years MCh$**	**Total**
Hedged item								
Loans and receivables at amortised cost:								
Mortgage loans	-	66,862	174,858	581,407	786,352	-	735,479	**2,344,958**
Commercial loans	-	-	-	400,000	150,000	-	-	**550,000**
TOTAL	-	**66,862**	**174,858**	**981,407**	**936,352**	**-**	**735,479**	**2,894,958**
Hedging instrument								
Currency and interest rate swaps	-	66,862	174,858	581,407	786,352	-	735,479	**2,344,958**
Interest rate swaps	-	-	-	400,000	150,000	-	-	**550,000**
TOTAL	**-**	**66,862**	**174,858**	**981,407**	**936,352**	**-**	**735,479**	**2,894,958**

As of December 31, 2022 and 2021 and January 1, 2021, MCh$160,531, MCh$217,979 and MCh$327,938 are presented in 'other assets' for the mark to market valuation of the net assets or liabilities hedged in a macro hedge (Note 19). As of December 31, 2022, December 31, and January 1, 2021, MCh$85,725, MCh$68,524 and MCh$51,090 are presented in 'other liabilities', respectively, for the mark to market valuation of hedged liabilities in a macro hedge (Note 27).

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST

The composition and balances as of December 31, 2022 and 2021 and January 1, 2021 of financial assets at amortised cost are as follows:

	As of December 31, 2022 MCh$	As of December 31, 2021 MCh$	As of January 1, 2021 MCh$
Financial assets at amortised cost			
Rights under repurchase and securities lending agreements			
Transactions with domestic banks	-	-	-
Transactions with foreign banks	-	-	-
Transactions with other entities in the country	-	-	-
Transactions with other entities abroad	-	-	-
Accrued impairment on rights under repurchase agreements and securities lending agreements	-	-	-
Subtotal	**-**	**-**	**-**
Debt financial instruments			
Instruments of the Chilean Central Bank and Government	4,868,485	4,692,440	-
Other financial debt instruments issued in the country	-	-	-
Financial debt instruments issued abroad	-	-	-
Accrued impairment on debt financial instruments	(894)	(710)	-
Subtotal	**4,867,591**	**4,691,730**	**-**
Interbank loans			
Domestic bank	-	-	4,591
Provisions for loans to domestic banks	-	-	(4)
Foreign banks	32,991	428	14,339
Provisions for loans to foreign banks	(36)	-	(6)
Central Bank of Chile	-	-	-
Foreign Central Banks	-	-	-
Subtotal	**32,955**	**428**	**18,920**
Credits and receivables from customers			
Commercial loans	**17,684,589**	**17,653,445**	**16,966,046**
Commercial loans	13,292,397	13,720,913	13,559,725
Foreign trade loans	1,612,508	1,534,792	1,239,272
Current account debtors	132,261	102,361	125,609
Credit card debtors	132,677	116,924	113,917
Factoring transactions	878,390	678,502	497,679
Commercial leasing transactions	1,345,977	1,337,697	1,353,313
Student loans	52,833	56,014	63,380
Other loans and accounts receivable	237,546	106,242	13,151
Mortgage loans	**15,729,009**	**13,876,175**	**12,289,264**
Mortgage loans with letters of credit	1,913	4,302	7,809
Endorsable mortgage loans	2,238	3,923	6,585
Mortgage bond-financed loans	87,621	84,974	86,414
Other mutual mortgage loans	15,557,695	13,781,280	12,186,608
Financial leasing transactions for housing	-	-	-
Other loans and accounts receivable	79,542	1,696	1,848
Consumer loans	**5,282,812**	**4,999,248**	**4,926,082**
Consumer loans in instalments	3,579,360	3,592,913	3,671,303
Current account debtors	155,656	122,596	125,528
Credit card debtors	1,544,176	1,280,325	1,125,908
Consumer finance leasing transactions	2,652	3,200	3,121
Other loans and accounts receivable	968	214	222
Provisions established for credit risk	**(1,036,525)**	**(958,769)**	**(958,429)**
Provisions for commercial loans	(641,014)	(619,989)	(643,105)
Provisions for mortgage loans	(106,591)	(73,961)	(61,280)
Provisions for consumer loans	(288,920)	(264,819)	(254,044)
Subtotal	**37,659,885**	**35,570,099**	**33,345,523**
Total Financial Assets at amortised cost	**42,560,431**	**40,262,257**	**33,364,443**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

a. Rights under repurchase and securities lending agreements

As of December 31, 2022 and 2021 and January 1, 2021, the Bank does not hold any instruments with purchase commitment rights.

b. Debt financial instruments

As of December 31, 2022, and 2021, and January 1, 2021, the composition of debt financial instruments is as follows:

	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Instruments of the Chilean Central Bank and Government			
Debt financial instruments of the Central Bank of Chile	-	-	-
Bonds and promissory notes of the Treasury General of the Republic	4,868,485	4,692,440	-
Other fiscal debt financial instruments	-	-	-
Subtotal	**4,868,485**	**4,692,440**	**-**
Other financial debt instruments issued in the country			
Debt financial instruments of other banks in the country	-	-	-
Bonds and bills of exchange of domestic companies	-	-	-
Other financial debt instruments issued in the country	-	-	-
Subtotal	**-**	**-**	**-**
Financial debt instruments issued abroad			
Foreign Central Bank debt financial instruments	-	-	-
Financial debt instruments of foreign governments and fiscal entities abroad	-	-	-
Debt financial instruments of other banks abroad	-	-	-
Bonds and bills of exchange of companies abroad	-	-	-
Other financial debt instruments issued abroad	-	-	-
Subtotal	**-**	**-**	**-**
Accrued impairment on debt financial instruments	**(894)**	**(710)**	**-**
Subtotal	**(894)**	**(710)**	**-**
Total	**4,867,591**	**4,691,730**	**-**

This portfolio has no instruments sold to customers and financial institutions under repurchase agreements.

Provisions for credit risk amounted to MCh$894, MCh$710 and MCh$0 as of December 31, 2022 and 2021 and January 1, 2021, respectively.

Analysis of changes in the impairment value as of December 31, 2022 and 2021 is as follows:

	Phase 1 MCh$	Phase 2 MCh$	Phase 3 MCh$	Total
Balance as of January 1, 2022	**710**	**-**	**-**	**710**
Change in measurement without portfolio reclassifying during the period	184	-	-	**184**
Transfer to phase 1	-	-	-	**-**
Transfer to phase 2	-	-	-	**-**
Transfer to phase 3	-	-	-	**-**
New assets originated	-	-	-	**-**
Sale or assignment of credits	-	-	-	**-**
Paid from credits	-	-	-	**-**
Other changes in provisions	-	-	-	**-**
Balance as of December 31, 2022	**894**	**-**	**-**	**894**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

	Phase 1 MCh$	Phase 2 MCh$	Phase 3 MCh$	Total
Balance as of January 1, 2021	**-**	**-**	**-**	**-**
Change in measurement without portfolio reclassifying during the period	1	-	-	**1**
Transfer to phase 1	-	-	-	**-**
Transfer to phase 2	-	-	-	**-**
Transfer to phase 3	-	-	-	**-**
New assets originated	709	-	-	**709**
Sale or assignment of credits	-	-	-	**-**
Paid from credits	-	-	-	**-**
Other changes in provisions	-	-	-	**-**
Balance as of December 31, 2021	**710**	**-**	**-**	**710**

c. Interbank loans

As of December 31, 2022 the detail of amounts owed to banks is as follows:

Interbank loans As of December 31, 2022 (In MCh$)	Financial assets before provisions				Established provisions				Net financial assets
	Normal portfolio Evaluation Individual	Substandard Portfolio Evaluation Individual	Non-performing portfolio Evaluation Individual	Total	Normal portfolio Evaluation Individual	Substandard Portfolio Evaluation Individual	Non-performing portfolio Evaluation Individual	Total	
Banks in the country									
Interbank liquidity loans	-	-	-	**-**	-	-	-	-	**-**
Commercial interbank loans	-	-	-	**-**	-	-	-	-	**-**
Current account overdrafts	-	-	-	**-**	-	-	-	-	**-**
Foreign trade credits Chilean exports	-	-	-	**-**	-	-	-	-	**-**
Foreign trade credits Chilean imports	-	-	-	**-**	-	-	-	-	**-**
Foreign trade credits between third countries	-	-	-	**-**	-	-	-	-	**-**
Non-transferable deposits in domestic bank	-	-	-	**-**	-	-	-	-	**-**
Other loans with domestic banks	-	-	-	**-**	-	-	-	-	**-**
Foreign banks									
Interbank liquidity loans	-	-	-	**-**	-	-	-	-	**-**
Commercial interbank loans	-	-	-	**-**	-	-	-	-	**-**
Current account overdrafts	-	-	-	**-**	-	-	-	-	**-**
Foreign trade credits Chilean exports	32,991	-	-	**32,991**	36	-	-	**36**	**32,955**
Foreign trade credits Chilean imports	-	-	-	**-**	-	-	-	**-**	**-**
Foreign trade credits between third countries	-	-	-	**-**	-	-	-	**-**	**-**
Current account deposits with banks abroad for derivative transactions	-	-	-	**-**	-	-	-	**-**	**-**
Other non-transferable deposits with banks abroad	-	-	-	**-**	-	-	-	**-**	**-**
Other loans with foreign banks	-	-	-	**-**	-	-	-	**-**	-
Subtotal domestic and foreign banks	**32,991**	**-**	**-**	**32,991**	**36**	**-**	**-**	**36**	**32,955**
Central Bank of Chile									
Current account deposits for derivatives transactions with a central counterparty	-	-	-	**-**	-	-	-	**-**	-
Other unavailable deposits	-	-	-	**-**	-	-	-	**-**	-
Other loans	-	-	-	**-**	-	-	-	**-**	-
Foreign central banks	-	-	-	**-**	-	-	-	**-**	-
Current account deposits for derivatives transactions with a central counterparty	-	-	-	**-**	-	-	-	**-**	-
Other unavailable deposits	-	-	-	**-**	-	-	-	**-**	-
Other loans	-	-	-	**-**	-	-	-	**-**	-
Subtotal Central Bank of Chile and foreign Central Banks	-	-	-	**-**	-	-	-	**-**	-
TOTAL	**32,991**	**-**	**-**	**32,991**	**36**	**-**	**-**	**36**	**32,955**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

As of December 31, the detail of amounts owed to banks is as follows:

Interbank loans As of December 31, 2021 (In MCh$)	Financial assets before provisions				Established provisions				Net financial assets
	Normal portfolio Evaluation Individual	Substandard Portfolio Evaluation Individual	Non-performing portfolio Evaluation Individual	Total	Normal portfolio Evaluation Individual	Substandard Portfolio Evaluation Individual	Non-performing portfolio Evaluation Individual	Total	
Banks in the country									
Interbank liquidity loans	-	-	-	-	-	-	-	-	-
Commercial interbank loans	-	-	-	-	-	-	-	-	-
Current account overdrafts	-	-	-	-	-	-	-	-	-
Foreign trade credits Chilean exports	-	-	-	-	-	-	-	-	-
Foreign trade credits Chilean imports	-	-	-	-	-	-	-	-	-
Foreign trade credits between third countries	-	-	-	-	-	-	-	-	-
Non-transferable deposits in domestic bank	-	-	-	-	-	-	-	-	-
Other loans with domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks									
Interbank liquidity loans	-	-	-	-	-	-	-	-	-
Commercial interbank loans	-	-	-	-	-	-	-	-	-
Current account overdrafts	-	-	-	-	-	-	-	-	-
Foreign trade credits Chilean exports	428	-	-	**428**	-	-	-	-	**428**
Foreign trade credits Chilean imports	-	-	-	-	-	-	-	-	-
Foreign trade credits between third countries	-	-	-	-	-	-	-	-	-
Current account deposits with banks abroad for derivative transactions	-	-	-	-	-	-	-	-	-
Other non-transferable deposits with banks abroad	-	-	-	-	-	-	-	-	-
Other loans with foreign banks	-	-	-	-	-	-	-	-	-
Subtotal domestic and foreign banks	**428**	**-**	**-**	**428**	**-**	**-**	**-**	**-**	**428**
Central Bank of Chile									
Current account deposits for derivatives transactions with a central counterparty	-	-	-	-	-	-	-	-	-
Other unavailable deposits	-	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-	-
Foreign central banks	-	-	-	-	-	-	-	-	-
Current account deposits for derivatives transactions with a central counterparty	-	-	-	-	-	-	-	-	-
Other unavailable deposits	-	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-	-
Subtotal Central Bank of Chile and foreign Central Banks	-	-	-	-	-	-	-	-	-
TOTAL	**428**	**-**	**-**	**428**	**-**	**-**	**-**	**-**	**428**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

d. Credits and receivables from customers

The balances of Loans and receivables from customers as of December 31, 2022 and 2021 are as follows:

Loans and receivables to customers As of December 31, 2022 (MCh$)	Financial assets before provisions						Established provisions								
	Normal portfolio		Substandard Portfolio	Non-performing portfolio		Total	Normal portfolio		Substandard Portfolio	Non-performing portfolio		Subtotal	Deductible FOGAPE Covid-19 guarantees	Total	Net financial assets
	Evaluation		Evaluation	Evaluation			Evaluation		Evaluation	Evaluation					
	Individual	Group	Individual	Individual	Group		Individual	Group	Individual	Individual	Group				
Commercial loans															
Commercial loans	7,627,519	3,866,928	885,271	585,601	327,078	**13,292,397**	56,668	65,883	26,801	184,998	161,386	**495,736**	19,387	**515,123**	**12,777,274**
Foreign trade credits Chilean exports	685,220	8,382	50,006	7,297	1,731	**752,636**	12,438	212	3,936	5,293	1,432	**23,311**	-	**23,311**	**729,325**
Foreign trade credits Chilean imports	790,431	41,652	10,309	14,476	1,689	**858,557**	15,062	1,133	1,049	8,549	1,322	**27,115**	-	**27,115**	**831,442**
Foreign trade credits between third countries	1,315	-	-	-	-	**1,315**	17	-	-	-	-	**17**	-	**17**	**1,298**
Current account debtors	72,152	38,402	12,368	2,501	6,838	**132,261**	1,190	1,237	1,209	1,325	5,098	**10,059**	-	**10,059**	**122,202**
credit card debtors	29,402	91,021	3,430	1,145	7,679	**132,677**	754	3,001	400	565	5,610	**10,330**	-	**10,330**	**122,347**
Factoring transactions	819,243	41,255	12,170	3,089	2,633	**878,390**	7,121	981	690	1,827	1,242	**11,861**	-	**11,861**	**866,529**
Commercial leasing transactions	922,770	203,517	136,773	73,144	9,773	**1,345,977**	3,767	4,429	2,242	9,416	6,778	**26,632**	37	**26,669**	**1,319,308**
Student loans	-	44,877	-	-	7,956	**52,833**	-	1,472	-	-	2,078	**3,550**	-	**3,550**	**49,283**
Other loans and accounts receivable	4,188	218,106	390	11,537	3,325	**237,546**	53	2,833	93	8,116	1,884	**12,979**	-	**12,979**	**224,567**
Subtotal	**10,952,240**	**4,554,140**	**1,110,717**	**698,790**	**368,702**	**17,684,589**	**97,070**	**81,181**	**36,420**	**220,089**	**186,830**	**621,590**	**19,424**	**641,014**	**17,043,575**
Mortgage loans															
Loans with mortgage finance	-	1,809	-	-	104	**1,913**	-	3	-	-	28	**31**	-	**31**	**1,882**
Endorsable mortgage mutual loans	-	2,000	-	-	238	**2,238**	-	4	-	-	80	**84**	-	**84**	**2,154**
Mortgage bond-financed loans	-	85,395	-	-	2,226	**87,621**	-	139	-	-	241	**380**	-	**380**	**87,241**
Other mutual mortgage loans	-	15,141,159	-	-	416,536	**15,557,695**	-	29,302	-	-	75,640	**104,942**	-	**104,942**	**15,452,753**
Financial leasing transaction for housing	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	**-**	**-**
Other loans and accounts receivable	-	76,582	-	-	2,960	**79,542**	-	145	-	-	1,009	**1,154**	-	**1,154**	**78,388**
Subtotal	**-**	**15,306,945**	**-**	**-**	**422,064**	**15,729,009**	**-**	**29,593**	**-**	**-**	**76,998**	**106,591**	**-**	**106,591**	**15,622,418**
Consumer loans															
Consumer loans in instalments	-	3,429,217	-	-	150,143	**3,579,360**	-	119,050	-	-	97,598	**216,648**	-	**216,648**	**3,362,712**
Current account debtors	-	149,167	-	-	6,489	**155,656**	-	8,402	-	-	5,107	**13,509**	-	**13,509**	**142,147**
Credit card debtors	-	1,521,922	-	-	22,254	**1,544,176**	-	40,587	-	-	17,536	**58,123**	-	**58,123**	**1,486,053**
Consumer finance leasing transactions	-	2,652	-	-	-	**2,652**	-	34	-	-	-	**34**	-	**34**	**2,618**
Other loans and accounts receivable	-	261	-	-	707	**968**	-	46	-	-	560	**606**	-	**606**	**362**
Subtotal	**-**	**5,103,219**	**-**	**-**	**179,593**	**5,282,812**	**-**	**168,119**	**-**	**-**	**120,801**	**288,920**	**-**	**288,920**	**4,993,892**
TOTAL	**10,952,240**	**24,964,304**	**1,110,717**	**698,790**	**970,359**	**38,696,410**	**97,070**	**278,893**	**36,420**	**220,089**	**384,629**	**1,017,101**	**19,424**	**1,036,525**	**37,659,885**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

Loans and receivables from customers As of December 31, 2021 (MCh$)	Financial assets before provisions						Established provisions								
	Normal portfolio Evaluation		Substandard Portfolio Evaluation	Non-performing portfolio Evaluation		Total	Normal portfolio Evaluation		Substandard Portfolio Evaluation	Non-performing portfolio Evaluation		Subtotal	Deductible FOGAPE Covid-19 guarantees	Total	Net financial assets
	Individual	Group	Individual	Individual	Group		Individual	Group	Individual	Individual	Group				
Commercial loans															
Commercial loans	7,611,318	4,376,038	935,943	472,545	325,069	**13,720,913**	58,519	64,216	33,382	158,662	158,793	**473,572**	**29,549**	**503,121**	**13,217,792**
Foreign trade credits Chilean exports	724,029	9,711	33,504	2,621	1,132	**770,997**	13,306	327	2,304	1,454	705	**18,096**	**-**	**18,096**	**752,901**
Foreign trade credits Chilean imports	676,870	52,526	11,571	18,177	1,852	**760,996**	16,377	1,503	1,365	10,335	1,106	**30,686**	**-**	**30,686**	**730,310**
Foreign trade credits between third countries	2,799	-	-	-	-	**2,799**	65	-	-	-	-	**65**	**-**	**65**	**2,734**
Current account debtors	49,365	32,316	11,504	1,284	7,892	**102,361**	1,357	1,028	1,448	676	5,547	**10,056**	**-**	**10,056**	**92,305**
credit card debtors	23,780	81,850	3,197	676	7,421	**116,924**	694	2,479	371	301	4,942	**8,787**	**-**	**8,787**	**108,137**
Factoring transactions	630,518	32,819	11,691	3,063	411	**678,502**	6,520	621	585	2,160	411	**10,297**	**-**	**10,297**	**668,205**
Commercial leasing transactions	882,356	221,798	154,469	69,571	9,503	**1,337,697**	3,361	4,239	3,227	10,230	6,809	**27,866**	**739**	**28,605**	**1,309,092**
Student loans	-	49,287	-	-	6,727	**56,014**	-	1,172	-	-	2,323	**3,495**	**-**	**3,495**	**52,519**
Other loans and accounts receivable	3,114	93,823	589	5,566	3,150	**106,242**	37	1,440	133	3,318	1,853	**6,781**	**-**	**6,781**	**99,461**
Subtotal	**10,604,149**	**4,950,168**	**1,162,468**	**573,503**	**363,157**	**17,653,445**	**100,236**	**77,025**	**42,815**	**187,136**	**182,489**	**589,701**	**30,288**	**619,989**	**17,033,456**
Mortgage loans															
Loans with mortgage finance	-	4,094	-	-	208	**4,302**	-	6	-	-	25	**31**	-	**31**	**4,271**
Endorsable mortgage mutual loans	-	3,606	-	-	317	**3,923**	-	14	-	-	45	**59**	-	**59**	**3,864**
Mortgage bond-financed loans	-	83,144	-	-	1,830	**84,974**	-	119	-	-	173	**292**	-	**292**	**84,682**
Other mutual mortgage loans	-	13,391,441	-	-	389,839	**13,781,280**	-	20,038	-	-	53,348	**73,386**	-	**73,386**	**13,707,894**
Financial leasing transaction for housing	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	**-**	**-**
Other loans and accounts receivable	-	934	-	-	762	**1,696**	-	5	-	-	188	**193**	-	**193**	**1,503**
Subtotal	**-**	**13,483,219**	**-**	**-**	**392,956**	**13,876,175**	**-**	**20,182**	**-**	**-**	**53,779**	**73,961**	**-**	**73,961**	**13,802,214**
Consumer loans															
Consumer loans in instalments	-	3,447,432	-	-	145,481	**3,592,913**	-	109,319	-	-	117,613	**226,932**	-	**226,932**	**3,365,981**
Current account debtors	-	121,230	-	-	1,366	**122,596**	-	5,896	-	-	1,075	**6,971**	-	**6,971**	**115,625**
Credit card debtors	-	1,272,589	-	-	7,736	**1,280,325**	-	24,748	-	-	6,007	**30,755**	-	**30,755**	**1,249,570**
Consumer finance leasing transactions	-	3,184	-	-	16	**3,200**	-	28	-	-	14	**42**	-	**42**	**3,158**
Other loans and accounts receivable	-	91	-	-	123	**214**	-	21	-	-	98	**119**	-	**119**	**95**
Subtotal	**-**	**4,844,526**	**-**	**-**	**154,722**	**4,999,248**	**-**	**140,012**	**-**	**-**	**124,807**	**264,819**	**-**	**264,819**	**4,734,429**
TOTAL	**10,604,149**	**23,277,913**	**1,162,468**	**573,503**	**910,835**	**36,528,868**	**100,236**	**237,219**	**42,815**	**187,136**	**361,075**	**928,481**	**30,288**	**958,769**	**35,570,099**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

e. Contingent loans

Contingent credit balances as of December 31, 2022 and 2021 are as follows:

Exposure to credit risk from contingent loans As of December 31, 2022 (MCh$)	Contingent credit exposure before provisions: Normal portfolio – Evaluation – Individual	Normal portfolio – Evaluation – Group	Substandard Portfolio – Evaluation – Individual	Non-performing portfolio – Evaluation – Individual	Non-performing portfolio – Evaluation – Group	Total	Established provisions: Normal portfolio – Evaluation – Individual	Normal portfolio – Evaluation – Group	Substandard Portfolio – Evaluation – Individual	Non-performing portfolio – Evaluation – Individual	Non-performing portfolio – Evaluation – Group	Total	Net contingent credit risk exposure
Guarantees and sureties	902,883	615	20,547	127	-	**924,172**	2,825	13	6,299	115	-	**9,252**	**914,920**
Letters of credit for goods movement operations	50,835	253	16	-	-	**51,104**	338	6	2	-	-	**346**	**50,758**
Debt purchase commitments in local currencies abroad	-	-	-	-	-	**-**	-	-	-	-	-	**-**	**-**
Transactions related to contingent events	689,499	29,963	29,707	7,489	775	**757,433**	9,512	731	2,387	3,964	624	**17,218**	**740,215**
Immediately repayable unrestricted credit lines	235,723	729,568	1,997	848	4,108	**972,244**	1,308	5,177	185	298	2,922	**9,890**	**962,354**
Unrestricted credit lines	-	-	-	-	-	**-**	-	-	-	-	-	**-**	**-**
Credits for higher studies Law No 20,027 (CAE)	-	-	-	-	-	**-**	-	-	-	-	-	**-**	**-**
Other irrevocable credit commitments	239,962	103,468	-	-	-	**343,430**	1,053	210	-	-	-	**1,263**	**342,167**
Other contingent credits	-	-	-	-	-	**-**	-	-	-	-	-	**-**	**-**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

Exposure to credit risk from contingent loans As of December 31, 2021 (MCh$)	Contingent credit exposure before provisions						Established provisions						Net contingent credit risk exposure
	Normal portfolio		Substandard Portfolio	Non-performing portfolio		Total	Normal portfolio		Substandard Portfolio	Non-performing portfolio		Total	
	Evaluation		Evaluation	Evaluation			Evaluation		Evaluation	Evaluation			
	Individual	Group	Individual	Individual	Group		Individual	Group	Individual	Individual	Group		
Guarantees and sureties	561,195	1,117	16,612	128	-	**579,052**	1,927	27	5,940	115	-	**8,009**	**571,042**
Letters of credit for goods movement operations	74,856	322	284	-	-	**75,462**	1,082	12	37	-	-	**1,131**	**74,331**
Debt purchase commitments in local currencies abroad	-	-	-	-	-	**-**	-	-	-	-	-	**-**	**-**
Transactions related to contingent events	643,603	27,201	22,196	3,703	708	**697,411**	7,813	641	1,456	1,909	522	**12,341**	**685,070**
Immediately repayable unrestricted credit lines	751,978	2,612,548	8,252	950	5,085	**3,378,813**	921	4,993	472	767	581	**7,734**	**3,371,079**
Unrestricted credit lines	-	-	-	-	-	**-**	-	-	-	-	-	**-**	**-**
Credits for higher studies Law No 20,027 (CAE)	-	-	-	-	-	**-**	-	-	-	-	-	**-**	**-**
Other irrevocable credit commitments	197,410	65,507	-	-	-	**262,917**	1,367	219	-	-	-	**1,586**	**261,331**
Other contingent credits	-	-	-	-	-	**-**	-	-	-	-	-	**-**	**-**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

f. Breakdown of movement in established provisions - Receivable from banks

Breakdown of movement in established provisions - Receivable from banks, as of December 31, 2022 and 2021 is as follows:

Breakdown of movement in provisions established for credit risk portfolio during the period As of December 31, 2022 (MCh$)	Movement in portfolio provisions for the period Individual assessment			
	Normal Portfolio	Substandard Portfolio	Non-performing Portfolio	Total
Balance as of January 1, 2022	-	-	-	**-**
Provision establishment/(release) by:	-			**-**
Change in measurement without portfolio reclassifying during the period:	-	-	-	**-**
Change in measurement due to portfolio reclassifying from the beginning to the end of the period [portfolio from (-) to (+)]:	-	-	-	**-**
Individual normal to Substandard	-	-	-	**-**
Individual normal to Individual non-performing	-	-	-	**-**
Substandard to Individual Non-performing	-	-	-	**-**
Substandard to Individual Normal	-	-	-	**-**
Individual non-performing to Substandard	-	-	-	**-**
Individual non-performing to Individual normal	-	-	-	**-**
New credits originated	32	-	-	32
New credits due to translation from contingent to loan	-	-	-	-
New credits purchased	-	-	-	-
Sale or assignment of credits	-	-	-	-
Paid from credits	-	-	-	-
Provision application for charge-offs	-	-	-	-
Recovery of impaired loans	-	-	-	-
Exchange rate difference	4	-	-	4
Other changes in provisions	-	-	-	-
Balance as of December 31, 2022	**36**	-	-	**36**

Breakdown of movement in provisions established for credit risk portfolio during the period As of December 31, 2021 (MCh$)	Movement in portfolio provisions for the period Individual assessment			
	Normal Portfolio	Substandard Portfolio	Non-performing portfolio	Total
Balance as of January 1, 2021		**-**	**-**	
Provision establishment/(release) by:	-			**-**
Change in measurement without portfolio reclassifying during the period:	-	-	-	**-**
Change in measurement due to portfolio reclassifying from the beginning to the end of the period [portfolio from (-) to (+)]:	-	-	-	**-**
Individual normal to Substandard	-	-	-	**-**
Individual normal to Individual non-performing	-	-	-	**-**
Substandard to Individual Non-performing	-	-	-	**-**
Substandard to Individual Normal	-	-	-	**-**
Individual non-performing to Substandard	-	-	-	**-**
Individual non-performing to Individual normal	-	-	-	**-**
New credits originated	-	-	-	**-**
New credits due to translation from contingent to loan	-	-	-	-
New credits purchased	-	-	-	-
Sale or assignment of credits	-	-	-	-
Paid from credits	-	-	-	-
Provision application for charge-offs	-	-	-	-
Recovery of impaired loans	-	-	-	-
Exchange rate difference	-	-	-	-
Other changes in provisions	-	-	-	**-**
Balances as of December 31, 2021	-	-	-	**-**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

g. Breakdown of movement in established provisions - Commercial Loans

Breakdown of movement in established provisions - Commercial Loans, as of December 31, 2022 and 2021 is as follows:

Breakdown of movement in provisions established for credit risk portfolio during the period As of December 31, 2022 (MCh$)	Movement in portfolio provisions for the period							
	Normal portfolio Evaluation		Substandard Portfolio	Non-performing portfolio Evaluation		Subtotal	Deductible FOGAPE Covid-19 guarantees	Total
	individual	group		individual	group			
Commercial loans								
Balance as of January 1, 2022	**100,236**	**77,025**	**42,815**	**187,136**	**182,489**	**589,701**	**30,288**	**619,989**
Provision establishment/(release) by:								
Change in measurement without portfolio reclassifying during the period:	26,136	92,049	19,040	37,576	78,427	**253,228**	71	**253,299**
Change in measurement due to portfolio reclassifying from the beginning to the end of the period [portfolio from (-) to (+)]:								
Individual normal to Substandard	(9,896)	-	18,147	-	-	**8,251**	880	**9,131**
Individual normal to Individual non-performing	(110)	-	-	202	-	**92**	-	**92**
Substandard to Individual Non-performing	-	-	(18,228)	44,675	-	**26,447**	11	**26,458**
Substandard to Individual Normal	5,179	-	(8,479)	0	-	**(3,300)**	552	**(2,748)**
Individual non-performing to Substandard	-	-	1,109	(2,309)	-	**(1,200)**	-	**(1,200)**
Individual non-performing to Individual normal	17	-	-	(36)	-	**(19)**	-	**(19)**
Group normal to Group non-performing	-	(31,489)	-	-	68,623	**37,134**	724	**37,858**
Group non-performing to Group normal	-	14,224	-	-	(51,455)	**(37,231)**	65	**(37,166)**
Individual (normal, substandard, non-performing) to Group (normal, non-compliance)	1,586	-	417	(4,142)	-	**(2,139)**	392	**(1,747)**
Group (normal, non-performing) to Individual (normal, substandard, non-compliance)	(6)	1,670	-	-	2,977	**4,641**	245	**4,886**
New credits originated	238,169	23,977	34,685	162,871	9,762	**469,464**	356	**469,820**
New credits due to translation from contingent to loan	912	1,408	543	53	39	**2,955**	-	**2,955**
New credits purchased	-	-	-	-	-	-	-	-
Sale or assignment of credits	-	-	-	-	(224)	**(224)**	-	**(224)**
Paid from credits	(265,643)	(97,169)	(53,612)	(197,479)	(81,568)	**(695,471)**	(14,160)	**(709,631)**
Provision application for charge-offs	-	(336)	-	(6,921)	(22,552)	**(29,809)**	-	**(29,809)**
Recovery of impaired loans	-	-	-	-	-	-	-	-
Changes in models and methodologies	-	-	-	-	-	-	-	-
Exchange rate difference	526	(5)	3	(1,565)	84	**(957)**	-	**(957)**
Other changes in provisions	(36)	(173)	(20)	28	228	**27**	-	**27**
Balance as of December 31, 2022	**97,070**	**81,181**	**36,420**	**220,089**	**186,830**	**621,590**	**19,424**	**641,014**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

Breakdown of movement in provisions established for credit risk portfolio during the period As of December 31, 2021 (MCh$)	Movement in portfolio provisions for the period							
	Normal portfolio		Substandard Portfolio	Non-performing portfolio		Subtotal	Deductible FOGAPE Covid-19 guarantees (i)	Total
	Evaluation			Evaluation				
	individual	group		individual	group			
Commercial loans								
Balance as of January 1, 2021	97,247	78,137	53,361	195,235	195,576	**619,556**	26,873	**646,429**
Provision establishment/(release) by:								
Change in measurement without portfolio reclassifying during the period:	26,334	63,490	16,371	35,380	63,720	**205,295**	1	**205,296**
Change in measurement due to portfolio reclassifying from the beginning to the end of the period [portfolio from (-) to (+)]:								
Individual normal to Substandard	(11,391)	-	17,940	-	-	**6,549**	689	**7,238**
Individual normal to Individual non-performing	(144)	-	-	1,035	-	**891**	-	**891**
Substandard to Individual Non-performing	-	-	(13,297)	31,454	-	**18,157**	-	**18,157**
Substandard to Individual Normal	2,106	-	(3,501)	-	-	**(1,395)**	46	**(1,349)**
Individual non-performing to Substandard	-	-	296	(724)	-	**(428)**	-	**(428)**
Individual non-performing to Individual normal	45	-	-	(28)	-	**17**	-	**17**
Group normal to Group non-performing	-	(20,072)	-	-	47,798	**27,726**	107	**27,833**
Group non-performing to Group normal	-	4,854	-	-	(26,574)	**(21,720)**	2	**(21,718)**
Individual (normal, substandard, non-performing) to Group (normal, non-compliance)	2,972	-	402	114	-	**3,488**	-	**3,488**
Group (normal, non-performing) to Individual (normal, substandard, non-compliance)	(4)	(1,403)	-	-	-	**(1,407)**	322	**(1,085)**
New credits originated	212,315	27,025	96,069	189,598	8,985	**533,992**	12,540	**546,532**
New credits due to translation from contingent to loan	654	1,235	185	44	48	**2,166**	-	**2,166**
New credits purchased	-	-	-	-	-	**-**	-	**-**
Sale or assignment of credits	-	-	-	-	(55,295)	**(55,295)**	-	**(55,295)**
Paid from credits	(235,965)	(74,837)	(126,695)	(247,892)	(28,657)	**(714,046)**	(10,292)	**(724,338)**
Provision application for charge-offs	-	(1,692)	-	(22,876)	(23,560)	**(48,128)**	-	**(48,128)**
Recovery of impaired loans	-	-	-	-	-	**-**	-	**-**
Changes in models and methodologies	-	-	-	-	-	**-**	-	**-**
Exchange rate difference	6,080	294	1,708	5,837	436	**14,355**	-	**14,355**
Other changes in provisions	(13)	(6)	(24)	(41)	12	**(72)**	-	**(72)**
Balances as of December 31, 2021	**100,236**	**77,025**	**42,815**	**187,136**	**182,489**	**589,701**	**30,288**	**619,989**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

h. Breakdown of movement in established provisions - Mortgage loans

Breakdown of movement in established provisions - Mortgage loans, as of December 31, 2022 and 2021 is, as follows:

Breakdown of movement in provisions established for credit risk portfolio during the period As of December 31, 2022 (MCh$)	Movement in portfolio provisions for the period Group Evaluation Normal Portfolio	Non-performing portfolio	Total
Mortgage loans			
Balance as of January 1, 2022	**20,182**	**53,779**	**73,961**
Provision establishment/(release) by:			
Change in measurement without portfolio reclassifying during the period:	42,405	60,453	**102,858**
Change in measurement due to portfolio reclassifying from the beginning to the end of the period [portfolio from (-) to (+)]:			
Group normal to group non-performing	(4,247)	21,596	**17,349**
Group non-performing to Group normal	1,943	(14,404)	**(12,461)**
New credits originated	894	447	**1,341**
New credits purchased	-	-	-
Sale or assignment of credits	-	-	-
Paid from credits	(30,614)	(37,475)	**(68,089)**
Provision application for charge-offs	(13)	(5,466)	**(5,479)**
Recovery of impaired loans	-	-	-
Changes in models and methodologies	-	-	-
Exchange rate difference	-	-	-
Other changes in provisions	(957)	(1,932)	**(2,889)**
Balance as of December 31, 2022	**29,593**	**76,998**	**106,591**

Breakdown of movement in provisions established for credit risk portfolio during the period As of December 31, 2021 (MCh$)	Movement in portfolio provisions for the period Group Evaluation Normal Portfolio	Non-performing portfolio	Total
Mortgage loans			
Balance as of January 1, 2021	**23,673**	**37,608**	**61,281**
Provision establishment/(release) by:			
Change in measurement without portfolio reclassifying during the period:	27,384	31,267	**58,651**
Change in measurement due to portfolio reclassifying from the beginning to the end of the period [portfolio from (-) to (+)]:			
Group normal to group non-performing	(1,704)	12,585	**10,881**
Group non-performing to Group normal	1,268	(7,989)	**(6,721)**
New credits originated	1,056	157	**1,213**
New credits purchased	-	-	**-**
Sale or assignment of credits	-	-	**-**
Paid from credits	(31,386)	(8,127)	**(39,513)**
Provision application for charge-offs	(109)	(11,722)	**(11,831)**
Recovery of impaired loans	-	-	**-**
Changes in models and methodologies	-	-	**-**
Exchange rate difference	-	-	**-**
Other changes in provisions	-	-	**-**
Balances as of December 31, 2021	**20,182**	**53,779**	**73,961**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

i. Breakdown of movement of established provisions - Consumer loans

Breakdown of movement of established provisions - Consumer loans, as of December 31, 2022 and 2021 is, as follows:

Breakdown of movement in provisions established for credit risk portfolio during the period As of December 31, 2022 (MCh$)	Movement in portfolio provisions for the period		
	Group Evaluation		
	Portfolio	Non-performing portfolio	Total
Consumer loans			
Balance as of January 1, 2022	**140,012**	**124,807**	**264,819**
Provision establishment/(release) by:			
Change in measurement without portfolio reclassifying during the period:	299,434	87,518	386,952
Change in measurement due to portfolio reclassifying from the beginning to the end of the period [portfolio from (-) to (+)]:			
Group normal to group non-performing	(53,881)	154,567	100,686
Group non-performing to Group normal	19,110	(41,676)	(22,566)
New credits originated	47,748	18,874	66,622
New credits due to translation from contingent to loan	14,486	330	14,816
New credits purchased	-	-	-
Sale or assignment of credits	-	-	-
Paid from credits	(297,264)	(181,129)	(478,393)
Provision application for charge-offs	(1,419)	(42,493)	(43,912)
Recovery of impaired loans	-	-	-
Changes in models and methodologies	-	-	-
Exchange rate difference	(7)	3	(4)
Other changes in provisions	(100)	-	(100)
Balance as of December 31, 2022	**168,119**	**120,801**	**288,920**

Breakdown of movement in provisions established for credit risk portfolio during the period As of December 31, 2021 (MCh$)	Movement in portfolio provisions for the period		
	Group Evaluation		
	Portfolio	Non-performing portfolio	Total
Consumer loans			
Balance as of January 1, 2021	**95,568**	**173,274**	**268,842**
Provision establishment/(release) by:			
Change in measurement without portfolio reclassifying during the period:	233,316	39,082	**272,398**
Change in measurement due to portfolio reclassifying from the beginning to the end of the period [portfolio from (-) to (+)]:			
Group normal to group non-performing	(48,307)	93,716	**45,409**
Group non-performing to Group normal	23,381	(46,497)	**(23,116)**
New credits originated	26,465	12,508	**38,973**
New credits due to translation from contingent to loan	6,056	127	**6,183**
New credits purchased	-	-	**-**
Sale or assignment of credits	-	-	**-**
Paid from credits	(192,615)	(27,415)	**(220,030)**
Provision application for charge-offs	(3,964)	(119,968)	**(123,932)**
Recovery of impaired loans	-	-	**-**
Changes in models and methodologies	-	-	**-**
Exchange rate difference	112	2	**114**
Other changes in provisions	-	(22)	**(22)**
Balances as of December 31, 2021	**140,012**	**124,807**	**264,819**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

j. Breakdown of movement in established provisions - Contingent credits

Breakdown of movement in established provisions - Contingent credits, as of December 31, 2022, and 2021, is as follows:

Breakdown of movement in provisions established for credit risk portfolio during the period As of December 31, 2022 (MCh$)	Movement in portfolio provisions for the period					
	Normal portfolio Evaluation		Substandard Portfolio	Non-performing portfolio Evaluation		Total
	individual	group		individual	group	
Contingent credit exposure						
Balance as of January 1, 2022	**13,110**	**5,892**	**7,905**	**2,791**	**1,103**	**30,801**
Provision establishment/(release) by:						
Change in measurement without portfolio reclassifying during the period:	5,874	7,822	830	1,377	2,024	**17,927**
Change in measurement due to portfolio reclassifying from the beginning to the end of the period [portfolio from (-) to (+)]:						
Individual normal to Substandard	(1,276)	-	3,091	-	-	**1,815**
Individual normal to Individual non-performing	(4)	-	0	19	-	**15**
Substandard to Individual Non-performing	-	-	(492)	3,152	-	**2,660**
Substandard to Individual Normal	185	-	(475)	-	-	**(290)**
Individual non-performing to Substandard	-	-	2	(1)	-	**1**
Individual non-performing to Individual normal	-	-	-	(61)	-	**(61)**
Group normal to Group non-performing	-	(237)	-	-	6,518	**6,281**
Group non-performing to Group normal	-	138	-	-	(4,574)	**(4,436)**
Individual (normal, substandard, non-performing) to Group (normal, non-compliance)	80	-	(4)	(123)	-	**(47)**
Group (normal, non-performing) to Individual (normal, substandard, non-compliance)	-	(26)	-	-	113	**87**
New contingent credits granted	14,451	3,836	2,539	1,288	2,653	**24,767**
Paid from credits	(18,739)	(11,798)	(4,662)	(4,260)	(4,546)	**(44,005)**
Contingent credits from translation to loans	28	537	5	27	189	**786**
Changes in models and methodologies	-	-	-	-	-	**-**
Exchange rate difference	(116)	(55)	97	(1)	11	**(64)**
Other changes in provisions	1,443	28	37	169	55	**1,732**
Balance as of December 31, 2022	**15,036**	**6,137**	**8,873**	**4,377**	**3,546**	**37,969**

Breakdown of movement in provisions established for credit risk portfolio during the period As of December 31, 2021 (MCh$)	Movement in portfolio provisions for the period					
	Normal portfolio Evaluation		Substandard Portfolio	Non-performing portfolio Evaluation		Total
	individual	group		individual	group	
Contingent credit exposure						
Balance as of January 1, 2021	**13,360**	**12,810**	**3,830**	**4,643**	**2,110**	**36,753**
Provision establishment/(release) by:						
Change in measurement without portfolio reclassifying during the period:	5,351	24,561	2,892	882	1,593	**35,279**
Change in measurement due to portfolio reclassifying from the beginning to the end of the period [portfolio from (-) to (+)]:						
Individual normal to Substandard	(1,104)	-	1,940	-	-	**836**
Individual normal to Individual non-performing	(5)	-	-	52	-	**47**
Substandard to Individual Non-performing	-	-	(482)	1,834	-	**1,352**
Substandard to Individual Normal	327	-	(470)	-	-	**(143)**
Individual non-performing to Substandard	-	-	32	(27)	-	**5**
Individual non-performing to Individual normal	3	-	-	(12)	-	**(9)**
Group normal to Group non-performing	-	(253)	-	-	5,025	**4,772**
Group non-performing to Group normal	-	145	-	-	(2,618)	**(2,473)**
Individual (normal, substandard, non-performing) to Group (normal, non-compliance)	286	-	-	-	-	**286**
Group (normal, non-performing) to Individual (normal, substandard, non-compliance)	-	(317)	-	-	-	**(317)**
New contingent credits granted	13,592	5,469	4,335	1,099	2,235	**26,730**
Contingent credits from translation to loans	67	370	13	2	119	**571**
Changes in models and methodologies	-	-	-	-	-	**-**
Exchange rate difference	656	1,086	868	40	204	**2,854**
Other changes in provisions	(19,423)	(37,979)	(5,053)	(5,722)	(7,565)	**(75,742)**
Balances as of December 31, 2021	**13,110**	**5,892**	**7,905**	**2,791**	**1,103**	**30,801**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

k. Concentration of credit by economic activity

The concentration of credits by economic activity as of December 31, 2022 and 2021 is as follows:

Composition of economic activity for loans and advances, contingent credit exposure and provisions As of December 31, 2022 (MCh$)	Loans and contingent credit exposures			Established provisions		
	Loans			Loans		
	Domestic Loans	Foreign loans	Total	Domestic Loans	Foreign loans	Total
Interbank loans	**-**	**32,991**	**32,991**	**-**	**36**	**36**
Commercial loans						
Agriculture and livestock	655,149	-	**655,149**	25,405	-	**25,405**
Fruit growing	627,903	2,663	**630,566**	24,715	6	**24,721**
Forestry	170,750	6	**170,756**	9,712	-	**9,712**
Fishing	284,398	-	**284,398**	10,393	-	**10,393**
Mining	260,454	-	**260,454**	5,210	-	**5,210**
Oil and natural gas	88,263	471	**88,734**	228	-	**228**
Manufacturing industry;	-	-	**-**	-	-	**-**
Food, beverages and tobacco	377,443	-	**377,443**	15,051	-	**15,051**
Textile, leather and footwear	82,454	946	**83,400**	4,082	3	**4,085**
Wood and furniture	85,965	-	**85,965**	2,697	-	**2,697**
Pulp, paper and printing	65,819	6	**65,825**	3,983	-	**3,983**
Chemicals and oil products	153,929	1	**153,930**	2,118	-	**2,118**
Metallic, non-metallic, machinery, or other	599,008	397	**599,405**	29,328	17	**29,345**
Electricity, gas and water	901,777	-	**901,777**	4,924	-	**4,924**
Housing construction	239,530	-	**239,530**	15,653	-	**15,653**
Non-housing construction (office, civil works)	628,068	1,203	**629,271**	40,926	1,077	**42,003**
Wholesale trade	1,665,308	11,636	**1,676,944**	108,429	82	**108,511**
Retail trade, restaurants and hotels	1,540,699	1,953	**1,542,652**	68,429	6	**68,435**
Transport and storage	732,271	43,288	**775,559**	34,620	95	**34,715**
Telecommunications	357,761	271	**358,032**	5,581	23	**5,604**
Financial services	348,807	-	**348,807**	8,017	-	**8,017**
Business services	-	-	**-**	-	-	**-**
Real estate services	2,619,823	9,960	**2,629,783**	59,554	22	**59,576**
Student Loans	-	-	**-**	-	-	**-**
Public administration, defence and police	-	-	**-**	-	-	**-**
Social and other communal services	5,124,116	2,093	**5,126,209**	160,551	77	**160,628**
Personal services	-	-	**-**	-	-	**-**
Subtotal	**17,609,695**	**74,894**	**17,684,589**	**639,606**	**1,408**	**641,014**
Mortgage loans	**15,725,907**	**3,102**	**15,729,009**	**106,579**	**12**	**106,591**
Consumer loans	**5,281,263**	**1,549**	**5,282,812**	**288,782**	**138**	**288,920**
Contingent credit exposure	**2,793,571**	**254,812**	**3,048,383**	**37,546**	**423**	**37,969**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

Composition of economic activity for loans and advances, contingent credit exposure and provisions As of December 31, 2021 (MCh$)	Loans and contingent credit exposures			Established provisions		
	Loans			Loans		
	Domestic Loans	Foreign loans	Total	Domestic Loans	Foreign loans	Total
Interbank loans	**-**	**428**	**428**	**-**	**-**	**-**
Commercial loans						
Agriculture and livestock	704,243	3	**704,246**	21,742	-	**21,742**
Fruit growing	669,467	3,403	**672,870**	15,506	7	**15,513**
Forestry	178,285	-	**178,285**	7,915	-	**7,915**
Fishing	271,284	-	**271,284**	8,601	-	**8,601**
Mining	215,348	-	**215,348**	4,510	-	**4,510**
Oil and natural gas	89,196	456	**89,652**	122	-	**122**
Manufacturing industry;	-	-	**-**	-	-	**-**
Food, beverages and tobacco	364,107	-	**364,107**	10,831	-	**10,831**
Textile, leather and footwear	100,417	1,191	**101,608**	4,216	6	**4,222**
Wood and furniture	94,330	-	**94,330**	2,753	-	**2,753**
Pulp, paper and printing	73,172	-	**73,172**	4,345	-	**4,345**
Chemicals and oil products	149,175	-	**149,175**	2,221	-	**2,221**
Metallic, non-metallic, machinery, or other	654,261	913	**655,174**	54,040	39	**54,079**
Electricity, gas and water	695,471	-	**695,471**	4,890	-	**4,890**
Housing construction	281,906	-	**281,906**	12,349	-	**12,349**
Non-housing construction (office, civil works)	700,534	4,532	**705,066**	30,724	4,074	**34,798**
Wholesale trade	1,826,235	14,900	**1,841,135**	94,548	154	**94,702**
Retail trade, restaurants and hotels	1,388,575	6,062	**1,394,637**	71,816	22	**71,838**
Transport and storage	782,250	-	**782,250**	30,812	-	**30,812**
Telecommunications	341,585	830	**342,415**	5,156	75	**5,231**
Financial services	304,515	1,711	**306,226**	7,403	30	**7,433**
Business services	-	-	**-**	-	-	**-**
Real estate services	2,584,115	12,465	**2,596,580**	54,233	27	**54,260**
Student Loans	-	-	**-**	-	-	**-**
Public administration, defence and police	-	-	**-**	-	-	**-**
Social and other communal services	5,136,716	1,792	**5,138,508**	166,738	84	**166,822**
Personal services	-	-	**-**	-	-	**-**
Subtotal	**17,604,759**	**48,686**	**17,653,445**	**615,471**	**4,518**	**619,989**
Mortgage loans	**13,872,347**	**3,828**	**13,876,175**	**73,890**	**71**	**73,961**
Consumer loans	**4,997,448**	**1,800**	**4,999,248**	**264,653**	**166**	**264,819**
Contingent credit exposure	**4,952,579**	**41,076**	**4,993,655**	**30,676**	**125**	**30,801**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

l. Housing loans and their provisions by the range of outstanding loan principal over the value of the mortgage collateral (LTV) and days past due, respectively:

Mortgage loans and their provisions as of December 31, 2022 and 2021 are as follows:

As of December 31, 2022 Loan / Guarantee Value (%)	Mortgage loans (MCh$) Days past due at the end of the period						Provisions established for Mortgage Loans (MCh$) Days past due at the end of the period					
	0	1 to 29	30 to 59	60 to 89	>= 90	Total	0	1 to 29	30 to 59	60 to 89	>= 90	Total
LTV <= 40%	1,282,875	7,234	20,337	13,303	18,078	1,341,827	2,006	104	654	668	5,980	9,412
40% < LTV <= 80%	11,895,286	38,214	219,522	135,462	157,753	12,446,237	26,311	603	7,692	7,990	43,531	86,127
80% < LTV <= 90%	1,708,525	142	28,085	13,532	12,884	1,763,168	4,932	29	1,177	931	2,194	9,263
LTV > 90%	170,461	100	3,407	1,403	2,406	177,777	711	2	145	70	861	1,789
Total	**15,057,147**	**45,690**	**271,351**	**163,700**	**191,121**	**15,729,009**	**33,960**	**738**	**9,668**	**9,659**	**52,566**	**106,591**

As of December 31, 2021 Loan / Guarantee Value (%)	Mortgage loans (MCh$) Days past due at the end of the period						Provisions established for Mortgage Loans (MCh$) Days past due at the end of the period					
	0	1 to 29	30 to 59	60 to 89	>= 90	Total	0	1 to 29	30 to 59	60 to 89	>= 90	Total
LTV <= 40%	1,074,078	4,895	13,265	6,663	9,185	**1,108,086**	2,810	103	671	490	1,739	**5,813**
40% < LTV <= 80%	10,439,364	29,654	120,263	66,012	86,152	**10,741,445**	29,575	667	5,847	4,495	18,299	**58,883**
80% < LTV <= 90%	1,781,327	36	16,139	10,016	7,063	**1,814,581**	5,074	5	806	874	1,317	**8,076**
LTV > 90%	209,064	5	1,778	639	577	**212,063**	752	5	152	68	212	**1,189**
Total	**13,503,833**	**34,590**	**151,445**	**83,330**	**102,977**	**13,876,175**	**38,211**	**780**	**7,476**	**5,927**	**21,567**	**73,961**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

m. Dues from banks and commercial loans and their provisions established by classification category

The concentration dues from banks and commercial loans, alongside their provisions by classification category as of December 31, 2022 and December 31, 2021, are as follows:

Concentration of dues from banks and commercial loans and their provisions by classification category as of December 31, 2022 (in MCh$)	Interbank loans and commercial loans payable to the bank																								
	Evaluation																								
	Individual																				Group			Total	Deductible provision for FOGAPE Covid-19 guarantees
	Normal portfolio							Substandard Portfolio					Non-performing portfolio							Total	Normal portfolio	Non-performing Portfolio	Total		
	A1	A2	A3	A4	A5	A6	Subtotal	B1	B2	B3	B4	Subtotal	C1	C2	C3	C4	C5	C6	Subtotal						
Interbank loans																									
Interbank liquidity loans	-	-	-	-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial interbank loans	-	-	-	-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current account overdrafts	-	-	-	-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign trade credits Chilean exports	19,569	-	13,442	-	-	-	**32,991**	-	-	-	-	-	-	-	-	-	-	-	-	**32,991**	-	-	-	**32,991**	-
Foreign trade credits Chilean imports	-	-	-	-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**	-
Foreign trade credits between third countries	-	-	-	-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**	-
Non-transferable deposits with banks	-	-	-	-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**	-
Other loans with banks	-	-	-	-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	**-**	-
Subtotal	**19,569**	**-**	**13,442**	**-**	**-**	**-**	**32,991**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**32,991**	**-**	**-**	**-**	**32,991**	**-**
Established provisions	7	**-**	**29**	**-**	**-**	**-**	**36**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**36**	**-**	**-**	**-**	**36**	**-**
% Established provisions	-	**-**	0.22%	**-**	**-**	**-**	**0.22%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.22%**	**-**	**-**	**-**	**0.22%**	**-**
Commercial loans																									
Commercial loans	2,939	629,535	1,408,971	1,904,953	2,040,348	1,640,787	**7,627,533**	581,914	150,839	59,031	93,486	**885,270**	158,668	95,253	89,665	98,204	75,360	68,464	**585,614**	**9,098,417**	3,866,928	327,078	**4,194,006**	**13,292,423**	19,387
Foreign trade credits Chilean exports	-	-	160,800	253,647	186,829	83,809	**685,085**	41,577	5,187	267	2,975	**50,006**	511	-	-	821	1,657	4,308	**7,297**	**742,388**	8,382	1,731	**10,113**	**752,501**	-
Foreign trade credits Chilean imports	-	17,995	213,055	225,215	246,159	88,008	**790,432**	9,031	922	90	266	**10,309**	-	-	353	7,995	1,007	5,120	**14,475**	**815,216**	41,652	1,689	**43,341**	**858,557**	-
Foreign trade credits between third countries	-	-	-	79	289	946	**1,314**	-	-	-	-	**-**	-	-	-	-	-	-	**-**	**1,314**	-	-	**-**	**1,314**	-
Debtors with current accounts	-	12,810	22,015	16,817	9,402	11,108	**72,152**	10,764	649	543	412	**12,368**	315	375	83	284	610	834	**2,501**	**87,021**	38,402	6,838	**45,240**	**132,261**	-
Credit card debtors	-	846	4,149	10,887	7,448	6,075	**29,405**	2,552	693	32	153	**3,430**	230	92	70	145	282	325	**1,144**	**33,979**	91,021	7,679	**98,700**	**132,679**	-
Factoring transactions	13,366	157,111	429,607	105,664	54,842	58,652	**819,242**	11,753	372	-	45	**12,170**	409	-	179	591	726	1,184	**3,089**	**834,501**	41,255	2,633	**43,888**	**878,389**	-
Commercial leasing transactions	4,090	16,307	109,418	262,531	278,646	251,778	**922,770**	81,519	32,915	15,034	7,305	**136,773**	37,980	18,196	4,383	9,952	2,441	193	**73,145**	**1,132,688**	203,517	9,773	**213,290**	**1,345,978**	37
Student loans	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	-	-	**-**	**-**	44,877	7,956	**52,833**	**52,833**	-
Other loans and accounts receivable	157	582	920	861	1,260	527	**4,307**	192	17	5	177	**391**	819	36	95	1,587	2,652	6,336	**11,525**	**16,223**	218,106	3,325	**221,431**	**237,654**	-
Subtotal	**20,552**	**835,186**	**2,348,935**	**2,780,654**	**2,825,223**	**2,141,690**	**10,952,240**	**739,302**	**191,594**	**75,002**	**104,819**	**1,110,717**	**198,932**	**113,952**	**94,828**	**119,579**	**84,735**	**86,764**	**698,790**	**12,761,747**	**4,554,140**	**368,702**	**4,922,842**	**17,684,589**	**19,424**
Established provisions	**6**	**573**	**5,651**	**19,123**	**33,264**	**38,453**	**97,070**	**18,910**	**6,049**	**3,001**	**8,460**	**36,420**	**3,979**	**11,395**	**23,707**	**47,832**	**55,078**	**78,098**	**220,089**	**353,579**	**81,181**	**186,830**	**268,011**	**621,590**	**19,424**
% Established provisions	**0.03%**	**0.07%**	**0.24%**	**0.69%**	**1.18%**	**1.80%**	**0.89%**	**2.56%**	**3.16%**	**4.00%**	**8.07%**	**3.28%**	**2.00%**	**10.00%**	**25.00%**	**40.00%**	**65.00%**	**90.01%**	**31.50%**	**2.77%**	**1.78%**	**50.67%**	**5.44%**	**3.51%**	**100.00%**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

Concentration of dues from banks and commercial loans and their provisions by classification category as of December 31, 2021 (MCh$)	Interbank loans and commercial loans payable to the bank																									
	Evaluation																								Total	Deductible provision for FOGAPE Covid-19 guarantees
	Individual																				Group					
	Normal portfolio							Substandard Portfolio					Non-performing portfolio							Total	Normal portfolio	Non-performing Portfolio	Total		
	A1	A2	A3	A4	A5	A6	Subtotal	B1	B2	B3	B4	Subtotal	C1	C2	C3	C4	C5	C6	Subtotal						
Interbank loans																										
Interbank liquidity loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial interbank loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current account overdrafts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign trade credits Chilean exports	270	110	48	-	-	-	428	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	428	-
Foreign trade credits Chilean imports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign trade credits between third countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-transferable deposits with banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other loans with banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	**270**	**110**	**48**	**-**	**-**	**-**	**428**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**428**	-
Established provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
% Constituted provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial loans																										
Commercial loans	2,879	589,793	1,438,563	2,118,764	2,073,323	1,387,996	**7,611,318**	608,585	196,598	61,937	68,823	**935,943**	146,230	83,418	34,242	49,469	96,939	62,247	**472,545**	**9,019,806**	4,376,038	325,069	**4,701,133**	**13,720,939**	29,549
Foreign trade credits Chilean exports	-	-	238,456	192,231	193,437	99,905	**724,029**	29,927	3,086	-	491	**33,504**	-	-	-	1,461	696	464	**2,621**	**760,154**	9,711	1,134	**10,845**	**770,999**	-
Foreign trade credits Chilean imports	-	47,696	138,718	207,986	157,878	124,592	**676,870**	9,004	1,098	1,469	-	**11,571**	-	-	5,315	4,748	782	7,332	**18,177**	**706,618**	52,526	1,852	**54,378**	**760,996**	-
Foreign trade credits between third countries	-	-	-	369	2,430	-	**2,799**	-	-	-	-	**-**	-	-	-	-	-	-	**-**	**2,799**	-	-	**-**	**2,799**	-
Debtors with current accounts	-	9,855	8,306	15,173	6,951	9,080	**49,365**	7,668	920	1,000	1,916	**11,504**	194	176	89	79	281	465	**1,284**	**62,153**	32,316	7,892	**40,208**	**102,361**	-
Credit card debtors	-	854	3,688	4,531	10,216	4,491	**23,780**	2,171	659	232	135	**3,197**	152	107	56	73	63	225	**676**	**27,653**	81,850	7,421	**89,271**	**116,924**	-
Factoring transactions	35,956	123,883	238,833	102,282	63,599	65,965	**630,518**	11,611	-	58	22	**11,691**	-	-	179	591	740	1,553	**3,063**	**645,272**	32,819	411	**33,230**	**678,502**	-
Commercial leasing transactions	4,233	22,222	111,265	251,620	274,690	218,326	**882,356**	86,027	36,009	15,432	17,001	**154,469**	30,354	17,245	10,594	9,011	1,935	432	**69,571**	**1,106,396**	221,798	9,504	**231,302**	**1,337,698**	739
Student loans	-	-	-	-	-	-	**-**	-	-	-	-	**-**	-	-	-	-	-	-	**-**	**-**	49,287	6,727	**56,014**	**56,014**	-
Other loans and accounts receivable	28	420	857	900	439	470	**3,114**	106	336	4	143	**589**	314	1,100	8	581	955	2,608	**5,566**	**9,269**	93,823	3,122	**96,945**	**106,214**	-
Subtotal	**43,096**	**794,723**	**2,178,686**	**2,893,856**	**2,782,963**	**1,910,825**	**10,604,149**	**755,099**	**238,706**	**80,132**	**88,531**	**1,162,468**	**177,244**	**102,046**	**50,483**	**66,013**	**102,391**	**75,326**	**573,503**	**12,340,120**	**4,950,168**	**363,158**	**5,313,326**	**17,653,446**	**30,288**
Established provisions	14	625	4,680	18,605	34,907	41,405	**100,236**	21,923	10,615	3,477	6,800	**42,815**	3,545	10,205	12,621	26,406	66,564	67,805	**187,136**	**330,187**	77,025	182,489	**259,514**	**589,701**	-
% Constituted provisions	0.03%	0.08%	0.21%	0.64%	1.25%	2.17%	**0.95%**	2.90%	4.45%	4.34%	7.68%	**3.68%**	2.00%	10.00%	25.00%	40.00%	65.01%	90.02%	**32.63%**	**2.68%**	1.56%	50.25%	**4.88%**	**3.34%**	-

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

n. Loans and their established provisions by the number of days past due

The concentration of credit risk by days past due as of December 31, 2022 and 2021 is as follows:

Concentration of credit risk by days past due As of December 31, 2022 (MCh$)	Contingent credit exposure before provisions						Established provisions								
	Normal portfolio Evaluation		Substandard Portfolio Evaluation	Non-performing portfolio Evaluation		Total	Normal portfolio Evaluation		Substandard Portfolio Evaluation	Non-performing portfolio Evaluation		Subtotal	Deductible FOGAPE Covid-19 guarantees	Total	Net financial assets
	Individual	Group	Individual	Individual	Group		Individual	Group	Individual	Individual	Group				
Interbank loans															
0 days	32,991	-	-	-	-	**32,991**	36	-	-	-	-	**36**	-	**-**	**32,955**
1 to 29 days	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	**-**	-
30 to 59 days	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	**-**	-
60 to 89 days	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	**-**	-
> = 90 days	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	**-**	-
Subtotal	**32,991**	**-**	**-**	**-**	**-**	**32,991**	**36**	**-**	**-**	**-**	**-**	**36**	**-**	**-**	**32,955**
Commercial loans															
0 days	10,941,007	4,389,406	1,069,098	391,285	64,842	**16,855,638**	96,974	59,045	32,928	76,792	25,999	291,738	18,497	**310,235**	**16,545,403**
1 to 29 days	10,259	54,270	19,480	27,001	6,749	**117,759**	64	4,459	1,068	5,532	2,881	14,004	262	**14,266**	**103,493**
30 to 59 days	965	72,542	13,627	39,430	27,136	**153,700**	32	9,905	1,983	9,486	11,147	32,553	124	**32,677**	**121,023**
60 to 89 days	9	37,922	8,512	41,111	38,835	**126,389**	-	7,772	441	23,262	15,005	46,480	111	**46,591**	**79,798**
> = 90 days	-	-	-	199,963	231,140	**431,103**	-	-	-	105,017	131,798	236,815	430	**237,245**	**193,858**
Subtotal	**10,952,240**	**4,554,140**	**1,110,717**	**698,790**	**368,702**	**17,684,589**	**97,070**	**81,181**	**36,420**	**220,089**	**186,830**	**621,590**	**19,424**	**641,014**	**17,043,575**
Mortgage loans															
0 days	-	14,951,553	-	-	104,904	**15,056,457**	-	21,412	-	-	10,895	**32,307**	-	**32,307**	**15,024,150**
1 to 29 days	-	42,071	-	-	4,307	**46,378**	-	320	-	-	428	**748**	-	**748**	**45,630**
30 to 59 days	-	218,382	-	-	52,970	**271,352**	-	4,391	-	-	5,580	**9,971**	-	**9,971**	**261,381**
60 to 89 days	-	94,939	-	-	68,762	**163,701**	-	2,453	-	-	7,529	**9,982**	-	**9,982**	**153,719**
> = 90 days	-	-	-	-	191,121	**191,121**	-	1,017	-	-	52,566	**53,583**	-	**53,583**	**137,538**
Subtotal	**-**	**15,306,945**	**-**	**-**	**422,064**	**15,729,009**	**-**	**29,593**	**-**	**-**	**76,998**	**106,591**	**-**	**106,591**	**15,622,418**
Consumer loans															
0 days	-	4,864,766	-	-	47,959	**4,912,725**	-	122,848	-	-	28,344	**151,192**	-	**151,192**	**4,761,533**
1 to 29 days	-	129,087	-	-	13,325	**142,412**	-	21,733	-	-	8,467	**30,200**	-	**30,200**	**112,212**
30 to 59 days	-	71,950	-	-	15,397	**87,347**	-	14,570	-	-	9,645	**24,215**	-	**24,215**	**63,132**
60 to 89 days	-	37,416	-	-	17,494	**54,910**	-	8,968	-	-	11,191	**20,159**	-	**20,159**	**34,751**
> = 90 days	-	-	-	-	85,418	**85,418**	-	-	-	-	63,154	**63,154**	-	**63,154**	**22,264**
Subtotal	**-**	**5,103,219**	**-**	**-**	**179,593**	**5,282,812**	**-**	**168,119**	**-**	**-**	**120,801**	**288,920**	**-**	**288,920**	**4,993,892**
Total loans	**10,985,231**	**24,964,304**	**1,110,717**	**698,790**	**970,359**	**38,729,401**	**97,106**	**278,893**	**36,420**	**220,089**	**384,629**	**1,017,137**	**19,424**	**1,036,561**	**37,692,840**

NOTE 13 - FINANCIAL ASSETS AT AMORTISED COST, continued

Concentration of credit risk by days past due As of December 31, 2021 (MCh$)	Contingent credit exposure before provisions						Established provisions								
	Normal portfolio Evaluation		Substandard Portfolio Evaluation	Non-performing portfolio Evaluation		Total	Normal portfolio Evaluation		Substandard Portfolio Evaluation	Non-performing portfolio Evaluation		Subtotal	Deductible FOGAPE Covid-19 guarantees	Total	Net financial assets
	Individual	Group	Individual	Individual	Group		Individual	Group	Individual	Individual	Group				
Interbank loans															
0 days	428	-	-	-	-	**428**	-	-	-	-	-	-	-	-	**428**
1 to 29 days	-	-	-	-	-	**-**	-	-	-	-	-	-	-	-	**-**
30 to 59 days	-	-	-	-	-	**-**	-	-	-	-	-	-	-	-	**-**
60 to 89 days	-	-	-	-	-	**-**	-	-	-	-	-	-	-	-	**-**
> = 90 days	-	-	-	-	-	**-**	-	-	-	-	-	-	-	-	**-**
Subtotal	**428**	**-**	**-**	**-**	**-**	**428**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**428**
Commercial loans															
0 days	10,601,959	4,859,205	1,147,343	353,378	133,044	**17,094,928**	100,218	63,973	42,074	105,167	58,967	**370,399**	30,288	**400,686**	**16,694,241**
1 to 29 days	1,229	34,297	11,986	22,176	10,169	**79,857**	12	3,354	392	7,391	4,998	**16,147**	-	**16,147**	**63,710**
30 to 59 days	925	39,639	2,745	27,920	28,801	**100,030**	6	6,008	289	8,594	12,438	**27,335**	-	**27,335**	**72,695**
60 to 89 days	2	17,027	282	40,070	23,347	**80,728**	-	3,690	53	19,673	10,430	**33,846**	-	**33,846**	**46,882**
> = 90 days	34	-	112	129,959	167,797	**297,902**	-	-	7	46,311	95,656	**141,974**	-	**141,974**	**155,928**
Subtotal	**10,604,149**	**4,950,168**	**1,162,468**	**573,503**	**363,158**	**17,653,445**	**100,236**	**77,025**	**42,815**	**187,136**	**182,489**	**589,701**	**30,288**	**619,988**	**17,033,456**
Mortgage loans															
0 days	-	13,308,540	-	-	195,294	**13,503,834**	-	16,806	-	-	21,404	**38,210**	-	**38,210**	**13,465,624**
1 to 29 days	-	28,774	-	-	5,817	**34,591**	-	189	-	-	591	**780**	-	**780**	**33,811**
30 to 59 days	-	105,578	-	-	45,866	**151,444**	-	2,243	-	-	5,234	**7,477**	-	**7,477**	**143,967**
60 to 89 days	-	40,327	-	-	43,003	**83,330**	-	944	-	-	4,983	**5,927**	-	**5,927**	**77,403**
> = 90 days	-	-	-	-	102,976	**102,976**	-	-	-	-	21,567	**21,567**	-	**21,567**	**81,409**
Subtotal	**-**	**13,483,219**	**-**	**-**	**392,956**	**13,876,175**	**-**	**20,182**	**-**	**-**	**53,779**	**73,961**	**-**	**73,961**	**13,802,214**
Consumer loans															
0 days	-	4,713,802	-	-	69,149	**4,782,950**	-	109,562	-	-	50,127	**159,689**	-	**159,689**	**4,623,261**
1 to 29 days	-	80,646	-	-	17,534	**98,180**	-	15,021	-	-	14,148	**29,169**	-	**29,169**	**69,011**
30 to 59 days	-	33,510	-	-	13,730	**47,240**	-	10,374	-	-	12,148	**22,522**	-	**22,522**	**24,718**
60 to 89 days	-	16,568	-	-	11,887	**28,455**	-	5,055	-	-	9,984	**15,039**	-	**15,039**	**13,416**
> = 90 days	-	-	-	-	42,423	**42,423**	-	-	-	-	38,400	**38,400**	-	**38,400**	**4,023**
Subtotal	**-**	**4,844,526**	**-**	**-**	**154,723**	**4,999,248**	**-**	**140,012**	**-**	**-**	**124,807**	**264,819**	**-**	**264,819**	**4,734,429**
Total loans	**10,604,149**	**23,277,913**	**1,162,468**	**573,503**	**910,837**	**36,528,866**	**100,236**	**237,219**	**42,815**	**187,136**	**361,075**	**928,480**	**30,288**	**958,7689**	**35,570,527**

NOTE 14 - INVESTMENTS IN ASSOCIATES AND OTHER COMPANIES

The Consolidated Statement of Financial Position presents investments in companies of MCh$46,586 as of December 31, 2022, MCh$37,695 as of December 31, 2021 and MCh$13,161 as of January 1, 2021, as follows:

	Institutions' Participation			Investment Investment value		
	As of December 31,		As of January 1,	As of December 31,		As of January 1,
	2022	2021	2021	2022	2021	2021
	%	%	%	MCh$	MCh$	MCh$
Companies						
Centro de Compensación Automatizado SA	33.33	33.33	33.33	5,172	3,664	2,962
Sociedad Interbancaria de Depósito de Valores SA	29.29	29.29	29.29	1,949	1,769	1,633
Cámara de Compensación de Alto Valor SA	15.00	15.00	15.00	1,110	1,008	971
Administrador Financiero del Transantiago SA	20.00	20.00	20.00	3,169	3,134	3,476
Servicios de Infraestructura de Mercado OTC SA	12.48	12.48	12.07	1,682	1,561	1,528
Redbanc SA	33.43	33.43	33.43	3,800	3,321	-
Transbank SA	25.00	25.00	25.00	27,732	21,288	-
Subtotal				**44,614**	**35,745**	**10,570**
Minority investments						
Bladex				-	-	136
Trading Exchanges				1,964	1,942	2,445
Other				8	8	10
Subtotal				**1,972**	**1,950**	**2,591**
Total				**46,586**	**37,695**	**13,161**

The equity investments have been irrevocably designated at fair value through other comprehensive income and are therefore carried at market value under IFRS 9.

a. Breakdown of financial information of associates as of December 31, 2022 and 2022, and January 1, 2021:

	As of December 31, 2022				As of December 31, 2021				As of January 1, 2021			
	Assets	Liabilities	Capital	Profit (loss)	Assets	Liabilities	Capital	Profit (loss)	Assets	Liabilitie s	Capital	Profit (loss)
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Centro de Compensación Automatizado	19,342	4,295	10,345	4,702	13,247	2,519	8,100	2,628	11,134	2,953	6,371	1,810
Sociedad Interbancaria de Depósito de Valores SA	7,717	463	5,746	1,508	6,676	358	5,143	1,175	5,840	314	4,496	1,030
Cámara de Compensación de Alto Valor SA	8,357	1,004	6,423	930	7,569	931	6,246	392	7,158	722	6,246	190
Administrador Financiero del Transantiago SA	60,738	40,113	16,604	4,021	54,437	35,279	17,233	1,925	49,841	30,670	17,227	1,944
Servicios de Infraestructura de Mercado OTC SA	16,631	3,418	13,210	3	35,640	23,023	12,246	371	14,480	2,232	12,441	(193)
Redbanc SA	30,518	19,150	9,657	1,711	28,410	18,475	8,522	1,413	25,483	16,820	8,018	645
Transbank SA	1,498,207	1,387,278	84,898	26,031	1,317,587	1,232,689	97,337	(12,439)	1,006,137	938,800	84,007	(16,670)
Total	**1,641,510**	**1,455,721**	**146,883**	**38,906**	**1,463,566**	**1,313,274**	**154,827**	**(4,535)**	**1,120,073**	**992,511**	**138,806**	**(11,244)**

NOTE 14 - INVESTMENTS IN ASSOCIATES AND OTHER COMPANIES, continued

b. Restrictions on the ability of partners to transfer funds to investors.

There are no significant restrictions on the ability of associates to transfer funds to the Bank in the form of cash dividends or repayment of loans or advances.

c. The movement in investments in companies is as follows:

	As of December 31,	
	2022	2021
	MCh$	MCh$
Initial book value	**37,695**	**13,164**
Acquisition of investments (*)	-	27,233
Sale of investments	-	(136)
Participation in income	10,310	(475)
Dividends received	526	506
Other equity adjustments (**)	(1,945)	(2,597)
Total	**46,586**	**37,695**

(*) As of December 31, 2021 the companies classified as 'non-current assets classified as held for sale' are returned to their initial status as 'associates' under investments in companies.
(**) This corresponds to the market value of the investments in other companies in the country as indicated in the Compendium of Accounting Standards for Banks.

d. The objective evidence indicated in IAS 28 has been evaluated and no impairment of the Bank's investments has been detected.

NOTE 15 – INTANGIBLE ASSETS

The composition of the item as of December 31, 2022 and 2021 is as follows:

	Opening net balance January 1, 2022 MCh$	As of December 31, 2022 Gross balance MCh$	Accumulated amortisation MCh$	Net balance MCh$
Software or computer programmes	**95,411**	351,309	(243,520)	**107,789**
Total	**95,411**	**351,309**	**(243,520)**	**107,789**

	Opening net balance January 1, 2021 MCh$	As of December 31, 2021 Gross balance MCh$	Accumulated amortisation MCh$	Net balance MCh$
Software or computer programmes	**82,537**	294,745	(199,334)	95,411
Total	**82,537**	**294,745**	**(199,334)**	**95,411**

a. The movement in intangible assets during the periods of December 31, 2022 and 2021 is as follows:

i. Gross balance

Gross balances	Software Development Computer Programmes MCh$
Balances as of January 1, 2022	**294,745**
Additions	54,899
Disposals	(145)
Impairment	-
Other	1,810
Balance as of December 31, 2022	**351,309**
Balances as of January 1, 2021	**284,534**
Additions	47,487
Disposals (*)	(34,915)
Impairment	-
Other	(2,361)
Balances as of December 31, 2021	**294,745**

(*) This corresponds to fully amortised assets.

NOTE 15 - INTANGIBLE ASSETS, continued

ii. Accumulated amortisation

Accumulated amortisation	Software Development Computer Programmes MCh$
Balances as of January 1, 2022	**(199,334)**
Amortisation for the year	(42,377)
Withdrawals/disposals	-
Other	(1.809)
Balance as of December 31, 2022	**(243,520)**
Balances as of January 1, 2021	**(201,997)**
Amortisation for the year	(32,252)
Withdrawals/disposals (*)	34,915
Other	-
Balances as of December 31, 2021	**(199,334)**

(*) This corresponds to fully amortised assets.

The Bank does not have any restrictions on intangibles as of December 31, 2022 and 2021 and January 1, 2021. Furthermore, intangible assets have not been pledged as security for fulfilling obligations. On the other hand, no amounts are due from the Bank for intangible assets on the same dates.

NOTE 16 - FIXED ASSETS

The composition of the items as of December 31, 2022 and 2021 is as follows:

	Opening net balance January 1, 2022 MCh$	As of December 31, 2022 Balance gross MCh$	Accumulated depreciation MCh$	Balance net MCh$
Buildings	**98,081**	179,054	(81,987)	**97,067**
Land	**15,479**	15,022	-	**15,022**
Equipment	**56,174**	294,672	(247,789)	**46,883**
Other	**20,556**	100,886	(70,494)	**30,392**
Total	**190,290**	**589,634**	**(400,270)**	**189,364**

	Opening net balance January 1, 2021 MCh$	As of December 31, 2021 Balance gross MCh$	Accumulated depreciation MCh$	Balance net MCh$
Buildings	**98,632**	171,842	(73,761)	**98,081**
Land	**15,448**	15,479	-	**15,479**
Equipment	**52,317**	276,826	(220,652)	**56,174**
Other	**20,842**	83,783	(63,226)	**20,556**
Total	**187,240**	**547,930**	**(357,639)**	**190,290**

a. The movement in property, plant and equipment as of December 31, 2022 and 2021 is as follows:

i. Gross balance

2022	Buildings MCh$	Land MCh$	Equipment MCh$	Other MCh$	Total MCh$
Balances as of January 1, 2022	**171,842**	**15,479**	**276,826**	**83,783**	**547,930**
Additions	11,828	-	14,941	16,762	**43,531**
Other changes	(1,821)	(457)	(410)	(2,139)	**(4,827)**
Other	(2,795)	-	3,315	2,480	**3,000**
Balance as of December 31, 2022	**179,054**	**15,022**	**294,672**	**100,886**	**589,634**

2021	Buildings MCh$	Land MCh$	Equipment MCh$	Other MCh$	Total MCh$
Balances as of January 1, 2021	**163,973**	**15,448**	**242,954**	**75,244**	**497,619**
Additions	5,971	31	35,926	5,427	**47,355**
Other changes	(52)	-	(1,854)	(592)	**(2,498)**
Other	1,950	-	(199)	3,704	**5,455**
Balances as of December 31, 2021	**171,842**	**15,479**	**276,826**	**83,783**	**547,930**

.

NOTE 16 - FIXED ASSETS, continued

ii. Accumulated depreciation

2022	Buildings MCh$	Land MCh$	Equipment MCh$	Other MCh$	Total MCh$
Balances as of January 1, 2022	**(73,761)**	**-**	**(220,652)**	**(63,226)**	**(357,639)**
Depreciation charges for the year	(9,703)	-	(27,498)	(9,318)	**(46,519)**
Disposals and sales for the year	1,477	-	361	2,050	**3,888**
Other	-	-	-	-	**-**
Balance as of December 31, 2022	**(81,987)**	**-**	**(247,789)**	**(70,494)**	**(400,270)**

2021	Buildings MCh$	Land MCh$	Equipment MCh$	Other MCh$	Total MCh$
Balances as of January 1, 2021	**(65,341)**	**-**	**(190,636)**	**(54,401)**	**(310,378)**
Depreciation charges for the year	(9,600)	-	(30,976)	(9,308)	**(49,884)**
Disposals and sales for the year	4	-	960	483	**1,447**
Other	1,176	-	-	-	**1,176**
Balances as of December 31, 2021	**(73,761)**	**-**	**(220,652)**	**(63,226)**	**(357,639)**

b. The Bank does not have any restrictions on fixed assets as of December 31, 2022 and 2021 and January 1, 2021. Furthermore, fixed assets have not been pledged as collateral to fulfil obligations. On the other hand, there are no amounts owed on fixed assets by the Bank on the same dates.

NOTE 17 - RIGHT OF USE ASSETS AND OBLIGATION FOR LEASE CONTRACT

The composition of the right-to-use lease assets as of December 31, 2022 and 2021 is as follows:

	As of December 31, 2022			
	Opening net balance January 1, 2022 MCh$	Balance gross MCh$	Accumulated depreciation MCh$	Balance net MCh$
Buildings	**137,879**	231,603	(97,808)	**133,795**
Leasehold improvements	**46,649**	132,308	(83,577)	**48,731**
Total	**184,528**	**363,911**	**(181,385)**	**182,526**

	As of December 31, 2021			
	Opening net balance January 1, 2021 MCh$	Balance gross MCh$	Accumulated depreciation MCh$	Balance net MCh$
Buildings	**147,997**	212,446	(74,567)	**137,879**
Leasehold improvements	**53,614**	134,310	(87,661)	**46,649**
Total	**201,611**	**346,756**	**(162,228)**	**184,528**

a. The movement in the right-to-use lease assets as of December 31, 2022 and 2021 is as follows:

i. Gross balance

2022	Buildings MCh$	Leasehold improvements MCh$	Total MCh$
Balances as of January 1, 2022	**212,446**	**134,310**	**346,756**
Additions	31,207	14,862	**46,069**
Other changes	(12,050)	(13,863)	**(25,913)**
Other	-	(3,001)	**(3,001)**
Balance as of December 31, 2022	**231,603**	**132,308**	**363,911**

2021	Buildings MCh$	Leasehold improvements MCh$	Total MCh$
Balances as of January 1, 2021	**197,573**	**129,079**	**326,652**
Additions	25,582	10,717	**36,299**
Withdrawals/disposals	(10,709)	-	**(10,709)**
Other	-	(5,486)	**(5,486)**
Balances as of December 31, 2021	**212,446**	**134,310**	**346,756**

NOTE 17 - RIGHT OF USE ASSETS AND OBLIGATION FOR LEASE CONTRACT, continued

ii. Accumulated depreciation

2022	Buildings	Leasehold improvements	Total
	MCh$	MCh$	MCh$
Balances as of January 1, 2022	**(74,567)**	**(87,661)**	**(162,228)**
Depreciation charges for the period	(31,319)	(9,778)	**(41,097)**
Disposals and sales for the period	8,078	13,862	**21,940**
Other	-	-	**-**
Balance as of December 31, 2022	**(97,808)**	**(83,577)**	**(181,385)**

2021	Buildings	Leasehold improvements	Total
	MCh$	MCh$	MCh$
Balances as of January 1, 2021	**(49,576)**	**(75,465)**	**(125,041)**
Depreciation charges for the period	(28,899)	(11,020)	**(39,919)**
Disposals and sales for the period	3,908	-	**3,908**
Other	-	(1,176)	**(1,176)**
Balances as of December 31, 2021	**(74,567)**	**(87,661)**	**(162,228)**

b. Obligations under leasing contracts

As of December 31, 2022 and 2021 the lease obligations are as follows:

	As of December 31, 2022	2021	As of January 1, 2021
	MCh$	MCh$	MCh$
Obligations under leasing contracts	137,089	139,795	149,585
Total	**137,089**	**139,795**	**149,585**

c. Expenditure related to leasehold assets and lease obligations:

	As of December 31, 2022	2021
	MCh$	MCh$
Depreciation	41,097	39,919
Interests	2,862	2,283
Short-term leasing	5,503	3,844
Total	**49,462**	**46,046**

NOTE 17 - RIGHT OF USE ASSETS AND OBLIGATION FOR LEASE CONTRACT, continued

d. As of December 31, 2022, and 2021, the maturity level of lease obligations, according to their contractual maturity, is as follows:

	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Due within 1 year	25,902	23,391	25,526
Due after 1 to 2 years	24,862	23,390	23,461
Due after 2 to 3 years	22,093	21,730	21,472
Due after 3 to 4 years	19,565	18,888	19,343
Due after 4 to 5 years	13,220	16,360	16,336
Due after 5 years	31,447	36,036	43,447
Total	**137,089**	**139,795**	**149,585**

e. Operating Leases - Lessor

As of December 31, 2022, and 2021, the future minimum rents to be received from non-cancellable operating leases are as follows:

	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Due within 1 year	1,090	1,062	740
Due after 1 to 2 years	1,805	1,081	1,015
Due after 2 to 3 years	582	902	736
Due after 3 to 4 years	475	690	639
Due after 4 to 5 years	470	624	448
Due after 5 years	1,194	1,403	1,283
Total	**5,616**	**5,762**	**4,861**

f. As of December 31, 2022, and 2021, the Bank has no finance lease contracts that cannot be unilaterally terminated.

g. The Bank has no restrictions on fixed assets as of December 31, 2022 and 2021. Furthermore, fixed assets have not been pledged as collateral to fulfil obligations. On the other hand, there are no amounts owed on fixed assets by the Bank on the same dates.

NOTE 18 - CURRENT AND DEFERRED TAXES

a. Current taxes

As of December 31, 2022 and 2021 and January 1, 2021, the Bank has set up a first category income tax provision based on the tax provisions in force. This provision is presented net of payments and credits as follows:

	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Breakdown of current tax liabilities (assets)			
(Assets) for current taxes	(315)	(121,534)	(2,897)
Current tax liabilities	112,481	-	15,874
Total net taxes payable (recoverable)	**112,166**	**(121,534)**	**12,977**
Details of current tax liabilities (assets) (net)			
Income tax (27%)	147,668	4,390	172,944
Minus:			
Monthly provisional payments	(33,021)	(138,468)	(156,387)
Credit for training expenses	(2,039)	(2,110)	(2,137)
Grant credits	(1,160)	-	(1,360)
Other	718	14,654	(83)
Total taxes payable (recoverable)	**112,166**	**(121,534)**	**12,977**

b. Results for taxes

The effect of the tax expense for the periods from January 1 until December 31 consists of the following items:

		As of December 31,	
		2022 MCh$	2021 MCh$
Income tax expense			
Current year tax		141,493	4,437
Deferred tax credits (charges)			
Origination and reversal of temporary differences		(57,908)	201,295
	Subtotal	**83,585**	**205,732**
Tax on rejected expenses Article N°21		236	210
Other		5,609	(9,794)
Net income tax expense		**89,430**	**196,148**

NOTE 18 - CURRENT AND DEFERRED TAXES, continued

c. Reconciliation of the effective tax rate

The reconciliation between the income tax rate and the effective tax rate applied in determining the tax expense as of December 31, 2022, and 2021, is shown below.

	As of December 31,			
	2022		2021	
	Tax rate %	Amount MCh$	Tax rate %	Amount MCh$
Tax calculated on the profit before taxes	27.00	246,588	27.00	265,961
Permanent differences (*)	(19.44)	(177,531)	(8.38)	(81,235)
Single tax (disallowed expenditure)	0.03	236	0.02	210
Other	2.20	20,137	1.43	11,212
Effective rate and income tax expense	**9.79**	**89,430**	**20.08**	**196,148**

(*) Corresponds mainly to permanent differences arising from the Price-Level Restatement of Tax Equity.

NOTE 18 - CURRENT AND DEFERRED TAXES, continued

d. Effect of deferred taxes on equity

The breakdown of the deferred tax effect in equity is presented below separately, showing the corresponding asset and liability balances for the periods ended December 31, 2022, and 2021, and January 1, 2021:

	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Deferred tax assets (OCI)			
Financial investment instruments	76,512	32,258	221
Cash flow hedging	35,689	100,867	36,927
Total deferred tax assets with effect in other comprehensive income	**112,201**	**133,125**	**37,148**
Deferred tax liabilities			
Financial investment instruments	(46,976)	(420)	(27,685)
Cash flow hedging	(3,603)	-	-
Total deferred tax liabilities with effect on others comprehensive income	**(50,579)**	**(420)**	**(27,685)**
Net deferred tax balances in equity	**61,622**	**132,705**	**9,463**
Deferred taxes in equity attributable to equity holders of the bank	61,821	132,913	9,776
Deferred tax in equity attributable to non-controlling interests	(199)	(208)	(313)

NOTE 18 - CURRENT AND DEFERRED TAXES, continued

e. Effect of deferred taxes on income

During the years 2022 and 2021, the Bank has recorded the effects of deferred taxes in its Consolidated Financial Statements.

Below are the effects of deferred taxes on assets, liabilities and income allocated due to temporary differences:

	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Deferred tax assets			
Interest and readjustments	17,670	11,248	8,342
Extraordinary charge-off	29,613	14,539	18,087
Goods received in payment	3,777	3,258	3,365
Exchange rate adjustments	-	19,036	91
Valuation of fixed assets	4,708	1,771	-
Provision for loan losses	322,194	338,185	264,927
Provision for expenses	89,713	95,317	103,507
Derivatives	50	-	-
Leased assets	95,152	123,267	91,388
Subsidiaries tax loss	5,570	14,619	7,553
Right of use assets	887	590	437
Other	9,316	-	-
Total deferred tax assets	**578,650**	**621,830**	**497,697**
Deferred tax liabilities			
Valuation of investments	(423)	(87,572)	(23,117)
Valuation of fixed assets	-	(2,490)	(8,560)
Anticipated expenses	(7,285)	(23,516)	(19,324)
Valuation provision	(3,147)	(10,240)	(7,631)
Derivatives	(289,352)	(303,276)	(43,143)
Exchange rate adjustments	(8,779)	-	-
Other	(17,162)	(142)	(34)
Total deferred tax liabilities	**(326,148)**	**(427,236)**	**(101,809)**

f. Breakdown of deferred taxes

Below is a breakdown of deferred taxes, considering their effect on equity and results.

	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Deferred tax assets			
With an effect on other comprehensive income	112,201	133,126	37,148
With an effect on income	578,650	621,830	497,697
Total deferred tax assets	**690,851**	**754,956**	**534,845**
Deferred tax liabilities			
With an effect on other comprehensive income	(50,579)	(420)	(27,685)
With an effect on income	(326,148)	(427,236)	(101,809)
Total deferred tax liabilities	**(376,727)**	**(427,656)**	**(129,494)**

NOTE 18 - CURRENT AND DEFERRED TAXES, continued

g. Presentation of taxes in the financial statements

At the date of these Consolidated Financial Statements, taxes are presented as follows:

Deferred taxes	As of December 31, 2022	As of December 31, 2021	As of January 1, 2021
	MCh$	MCh$	MCh$
Deferred tax assets before reclassifying	690,851	754,956	534,845
Reclassifying (netting)	(376,726)	(336,193)	(129,064)
Deferred tax asset after reclassifying	**314,125**	**418,763**	**405,781**
Deferred tax liabilities before reclassifying	(376,727)	(427,656)	(129,494)
Reclassifying (netting)	376,726	336,193	129,064
Deferred tax liabilities after reclassifying	**(1)**	**(91,463)**	**(430)**

Current taxes	As of December 31, 2022	As of December 31, 2021	As of January 1, 2021
	MCh$	MCh$	MCh$
Current tax asset before reclassifying	36,514	121,534	-
Reclassifying (netting)	(36,199)	-	2,897
Current tax asset after reclassifying	**315**	**121,534**	**2,897**
Current tax liabilities before reclassifying	(148,680)	-	(12,977)
Reclassifying (netting)	36,199	-	(2,897)
Current tax liabilities after reclassifying	**(112,481)**	**-**	**(15,874)**

NOTE 18 - CURRENT AND DEFERRED TAXES, continued

h. Complementary information related to Circular 47° of 2009 issued by the Internal Tax Service and the FMC

For disclosure and crediting of provisions and charge-offs, banks must include a detail of the movements and effects generated by the application of article 31, No 4 of the Income Tax Law, in the tax note of their annual Consolidated Financial Statements, as established in the document annexed to the joint circular.

i. Loans and Receivables

	As of December 31, 2022				As of December 31, 2021			
		Assets at tax value				Assets at tax value		
			Overdue portfolio				Overdue portfolio	
	Assets at financial value	Total	Guarantee	No guarantee	Assets at financial value	Total	Guarantee	No guarantee
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Interbank loans	32,991	**32,991**	-	-	428	**428**	-	-
Commercial loans	15,460,222	**15,497,269**	139,671	124,060	16,241,242	**16,274,632**	104,251	114,526
Consumer loans	5,280,160	**5,283,192**	813	11,088	4,311,658	**4,340,964**	520	6,212
Mortgage loans	15,729,010	**15,754,421**	36,228	459	13,876,175	**13,891,311**	51,228	425
Total	**36,502,383**	**36,567,873**	**176,712**	**135,607**	**34,429,503**	**34,507,335**	**155,999**	**121,163**

ii. Provision on the overdue portfolio without guarantees

	Balance as of 01-01-2022	Provisions charge-offs	Established provisions	Released provisions	Balance as of 31-12-2022
	MCh$	MCh$	MCh$	MCh$	MCh$
Commercial loans	**114,526**	(81,357)	367,317	(276,426)	**124,060**
Consumer loans	**6,212**	(143,574)	185,919	(37,469)	**11,088**
Mortgage loans	**425**	(2,317)	35,391	(33,040)	**459**
Total	**121,163**	**(227,248)**	**588,627**	**(346,935)**	**135,607**

	Balance as of 01-01-2021	Provisions charge-offs	Established provisions	Released provisions	Balance as of 31-12-2021
	MCh$	MCh$	MCh$	MCh$	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	(32,154)	**425**
Total	**139,835**	**(230,556)**	**550,499**	**(338,615)**	**121,163**

NOTE 18 - CURRENT AND DEFERRED TAXES, continued

iii. Direct charge-offs and recoveries

	As of December 31,	
	2022	2021
	MCh$	MCh$
Direct Charge-offs Art.31 No 4, paragraph III	(44,347)	(48,113)
Condonations that originated liberation of provisions	-	-
Recoveries or renegotiations of impaired loans	87,520	72,931
Total	**43,173**	**24,818**

iv. Application Article 31 No 4 paragraphs I and IV

	As of December 31,	
	2022	2021
	MCh$	MCh$
Charge-offs under paragraph I	-	-
Charge-offs under paragraph IV	(4,186)	(29,115)
Total	**(4,186)**	**(29,115)**

NOTE 19 - OTHER ASSETS

The composition of other assets as of December 31, 2022 and 2021 and January 1, 2021 is as follows:

	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Other assets			
Assets to be leased out as lessor (1)	32,220	51,957	62,968
Cash guarantees provided for derivative financial transactions (2)	2,442,325	1,988,410	596,555
Debtors due to financial instrument intermediation	243,345	44,860	36,389
Accounts receivable from third parties	184,989	92,039	41,638
VAT tax credit receivable	44,180	38,844	27,631
Expenses paid in advance (3)	245,937	322,887	387,424
Valuation adjustments for macro hedges (4)	160,531	217,979	327,938
Assets to support defined benefit post-employment plan obligations	542	523	673
Investment in gold	715	718	765
Other cash guarantees provided	2	41,195	4
Pending operations	31,709	15,163	32,188
Other assets	191,509	118,238	174,934
Total	**3,578,004**	**2,932,813**	**1,689,107**

1) This corresponds to assets available to be provided by means of finance leases.
2) This corresponds to guarantees related to certain derivative contracts. These guarantees operate when the valuation of derivatives exceeds thresholds defined in the respective contracts and may be in favour of or against the Bank.
3) In this item, the Bank has recorded in advance the expense paid concerning the Santander LATAM Pass programme, which will naturally be consumed as our customers use the Bank's transactional products and are therefore assigned the corresponding LATAM Pass miles (loyalty programme administered by LATAM Airlines Group SA).
4) Corresponds to the balances of the mark-to-market valuation of net assets or liabilities hedged in a macro hedge (Note 12).

NOTE 20 - NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND LIABILITIES INCLUDED IN DISPOSAL GROUPS HELD FOR SALE

The composition of non-current assets and disposal group and liabilities included in disposal groups as of December 31, 2022 and 2021 and January 1, 2021 is as follows:

	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Assets received in payment or awarded in a judicial auction (1)			
Goods received in payment	4,772	3,240	8,288
Assets awarded in a judicial auction	22,573	16,899	17,430
Provisions for assets received in lieu of payment or awarded in a judicial auction	(1,182)	(406)	(1,196)
Non-current assets held for sale			
Assets for the recovery of goods sold under financial leasing operations	4,736	2,474	3,191
Disposal group for sale	-	-	22,036
Total	**30,899**	**22,207**	**49,749**

1) Goods received in payment are those received in lieu of overdue debts from customers. The aggregate assets held in this way must not exceed 20% of the Bank's effective assets. Currently, these assets represent 0.12% (0.11% as of December 31, 2021) of the Bank's effective equity. Goods awarded in a judicial auction correspond to those awarded in judicial auctions as repayment of debts previously contracted with the Bank. Assets awarded in a judicial auction are not subject to the above. These immovable properties are assets available for sale. For most assets, the sale is expected to be completed within one year from the asset's reception or acquisition. If such property is not sold within the time frame in the regulation, it must be written off. Furthermore, a provision is recorded for the difference between the higher initial award value plus any additions and its estimated realisable value (appraisal).

.

NOTE 21 - FINANCIAL LIABILITIES HELD FOR TRADING AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss comprise the liabilities held for trading and are classified in this category because they are acquired to sell in the short term.

Financial liabilities held for trading and derivatives that are financial liabilities are measured at fair value, in which gains and losses are taken to the income statement.

As of December 31, 2022 and 2021 and January 1, 2021, the Bank holds the following portfolio of financial liabilities held for trading at fair value through profit or loss:

	Fair value		
	Liabilities		
	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Financial derivatives contracts			
Forwards	1,818,024	1,199,062	1,158,904
Swaps	9,497,035	8,305,894	7,408,358
Call options	2,794	1,137	909
Put options	1,467	938	1,352
Future	-	-	-
Other	-	-	-
Subtotal	**11,319,320**	**9,507,031**	**8,569,523**
Other financial instruments			
Deposits and other demand liabilities	-	-	-
Time deposits and other term equivalents	-	-	-
Issued debt instruments	-	-	-
Other derivatives	-	-	-
Subtotal	**-**	**-**	**-**
Total	**11,319,320**	**9,507,031**	**8,569,523**

Banco Santander presents financial liabilities for trading at fair value through profit or loss corresponding to financial derivative contracts, specifically forwards and swaps, which hedge the exchange rate and interest rate risk related to future obligations.

NOTE 21 - FINANCIAL LIABILITIES HELD FOR TRADING AT FAIR VALUE THROUGH PROFIT OR LOSS, continued

The following is a breakdown of the financial derivatives contracted by the Bank as of December 31, 2022 and 2021 and January 1, 2021, their fair value and the breakdown by the maturity of the notional or contractual values:

	December 31, 2022								
	Notional								
	On demand	Up to 1 month	Between 1 month and 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Fair value
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial derivatives contracts									
Currency forwards	-	10,130,103	7,474,471	10,559,457	4,725,547	1,913,113	2,034,929	**36,837,620**	**1,818,024**
Interest rate swaps	-	4,042,822	9,226,258	26,018,228	25,470,384	11,344,275	15,274,620	**91,376,587**	**3,935,401**
Currency and interest rate swaps	-	726,140	1,580,644	5,192,387	18,051,948	10,879,098	20,229,246	**56,659,463**	**5,561,634**
Currency call options	-	289,795	70,941	10,365	-	-	-	**371,101**	**2,794**
Call interest rate options	-	-	-	-	-	-	-	**-**	**-**
Put currency options	-	68,099	11,304	27,612	-	-	-	**107,015**	**1,467**
Put interest rate options	-	-	-	-	-	-	-	**-**	**-**
Interest rate futures	-	-	-	-	-	-	-	**-**	**-**
Other derivatives	-	-	-	-	-	-	-	**-**	**-**
Total	**-**	**15,256,959**	**18,363,618**	**41,808,049**	**48,247,879**	**24,136,486**	**37,538,795**	**185,351,786**	**11,319,320**

	December 31, 2021								
	Notional								
	On demand	Up to 1 month	Between 1 month and 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Fair value
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial derivatives contracts									
Currency forwards	-	5,369,842	4,957,261	6,398,764	3,301,424	2,119,432	1,952,222	**24,098,945**	**1,199,062**
Interest rate swaps	-	1,131,174	5,367,798	13,652,696	19,103,274	12,988,788	20,012,086	**72,255,816**	**2,997,634**
Currency and interest rate swaps	-	659,937	1,408,678	7,215,300	22,141,245	23,952,436	36,666,238	**92,043,834**	**5,308,260**
Currency call options	-	3,101	6,284	9,458	427	-	-	**19,270**	**1,137**
Call interest rate options	-	-	-	-	-	-	-	**-**	**-**
Put currency options	-	3,023	16,476	166,365	-	-	-	**185,864**	**938**
Put interest rate options	-	-	-	-	-	-	-	**-**	**-**
Interest rate futures	-	-	-	-	-	-	-	**-**	**-**
Other derivatives	-	-	-	-	-	-	-	**-**	**-**
Total	**-**	**7,167,077**	**11,756,497**	**27,442,583**	**44,546,370**	**39,060,656**	**58,630,546**	**188,603,729**	**9,507,031**

NOTE 21 - FINANCIAL LIABILITIES HELD FOR TRADING AT FAIR VALUE THROUGH PROFIT OR LOSS, continued

	January 1, 2021								
	Notional								
	On demand	Up to 1 month	Between 1 month and 3 months	Between 3 months and 1 year	Between 1 year and 3 years	Between 3 years and 5 years	More than 5 years	Total	Fair value
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial derivatives contracts									
Currency forwards	-	-	-	975,756	6,390,231	2,374,185	13,456,164	**23,196,336**	**1,158,904**
Interest rate swaps	-	-	-	368,339	2,874,122	2,856,678	63,462,425	**69,561,564**	**3,588,887**
Currency and interest rate swaps	-	-	59	374,540	1,065,392	474,308	75,680,255	**77,594,554**	**3,819,446**
Currency call options	-	-	-	68,540	1,446	8,396	83,353	**161,735**	**909**
Call interest rate options	-	-	-	-	-	-	-	**-**	**-**
Put currency options	-	-	-	891	9,269	1,069	9,387	**20,616**	**1,377**
Put interest rate options	-	-	-	-	-	-	-	**-**	**-**
Interest rate futures	-	-	-	-	-	-	-	**-**	**-**
Other derivatives	-	-	-	-	-	-	-	**-**	**-**
Total	**-**	**-**	**59**	**1,788,066**	**10,340,460**	**5,714,636**	**152,691,584**	**170,534,805**	**8,569,523**

NOTE 22 - FINANCIAL LIABILITIES AT AMORTISED COST

As of December 31, 2022 and 2021 and January 1, 2021, the composition of financial liabilities at amortised cost is as follows:

		As of December 31,		As of January 1,
		2022 MCh$	2021 MCh$	2021 MCh$
Deposits and other demand liabilities				
Current accounts		11,711,969	14,385,633	11,342,648
Demand deposit accounts		630,807	1,155,891	1,078,594
Other demand deposits		379,331	607,718	499,835
Obligations for payment card provisioning accounts		6,758	9,624	4,754
Other liabilities on demand		1,357,361	1,742,072	1,635,062
	Subtotal	**14,086,226**	**17,900,938**	**14,560,893**
Time deposits and other term equivalents				
Time deposits		12,779,206	9,926,507	10,421,872
Term savings accounts		191,257	195,570	153,330
Other term credit balances		8,327	8,978	6,589
	Subtotal	**12,978,790**	**10,131,055**	**10,581,791**
Obligations under repurchase and securities lending agreements				
Transactions with domestic banks		-	86,634	969,808
Transactions with foreign banks		103,425	-	-
Transactions with other entities in the country		211,930	-	-
Transactions with other entities abroad		-	-	-
	Subtotal	**315,355**	**86,634**	**969,808**
Interbank borrowing				
Banks in the country		41,317	1,226	217,102
Foreign banks		3,239,358	3,213,918	1,152,237
Central Bank of Chile		5,584,090	5,611,439	4,959,260
	Subtotal	**8,864,765**	**8,826,583**	**6,328,599**
Debt financial instruments issued				
Letters of Credit		3,798	7,479	12,314
Senior bonds		7,080,472	6,846,834	6,749,989
Mortgage bonds		81,623	81,110	84,335
	Subtotal	**7,165,893**	**6,935,423**	**6,846,638**
Other financial liabilities				
Other financial obligations to the public sector		-	-	-
Other financial obligations in the country		292,417	182,737	175,344
Other financial obligations abroad		578	170	8,974
	Subtotal	**292,995**	**182,907**	**184,318**
Total		**43,704,024**	**44,063,540**	**39,472,047**

NOTE 22 - FINANCIAL LIABILITIES AT AMORTISED COST, continued

a. Obligations under repurchase and securities lending agreements

As of December 31, 2022 and 2021 and January 1, 2021, the obligations related to the instruments sold under repurchase agreements are as follows:

	As of December 31, 2022				As of December 31, 2021				As of January 1, 2021			
	On demand	Up to 1 month	More than 1 month up to 3 months	Total	Demand	Up to 1 month	Between 1 month and 3 months	Total	Demand	Up to 1 month	Between 1 month and 3 months	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Transactions with domestic banks												
Repurchase agreements with other banks	-	-	-	**-**	-	-	-	**-**	-	-	-	-
Repurchase agreements with the Central Bank of Chile	-	-	-	**-**	-	86,534	101	**86,635**	-	969,612	196	**969,808**
Securities lending obligations	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Subtotal	**-**	**-**	**-**	**-**	**-**	**86,534**	**101**	**86,635**	**-**	**969,612**	**196**	**969,808**
Transactions with foreign banks												
Repurchase agreements with other banks	-	103,425	-	**103,425**	-	-	-	-	-	-	-	-
Repurchase agreements with foreign central banks	-	-	-	**-**	-	-	-	-	-	-	-	-
Securities lending obligations	-	-	-	**-**	-	-	-	-	-	-	-	-
Subtotal	**-**	**103,425**	**-**	**103,425**	-	-	-	-	-	-	-	-
Transactions with other entities in the country												
Repurchase agreements	-	211,821	109	**211,930**	-	-	-	-	-	-	-	-
Securities lending obligations	-	-	-	**-**	-	-	-	-	-	-	-	-
Subtotal	**-**	**211,821**	**109**	**211,930**	-	-	-	-	-	-	-	-
Transactions with other entities abroad												
Repurchase agreements	-	-	-	**-**	-	-	-	-	-	-	-	-
Securities lending obligations	-	-	-	**-**	-	-	-	-	-	-	-	-
Subtotal	-	**-**	**-**	-	**-**	**-**	-	**-**	-	-	-	-
Total	**-**	**315,246**	**109**	**315,355**	**-**	**86,534**	**101**	**86,635**	-	**969,612**	**196**	**969,808**

NOTE 22 - FINANCIAL LIABILITIES AT AMORTISED COST, continued

b. Interbank borrowing

At the end of the Consolidated Financial Statements as of December 31, 2022 and 2021 and January 1, 2021, the composition of the item "Interbank Borrowings" is as follows:

	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Loans obtained from the Central Bank of Chile	**5,584,090**	**5,611,439**	**4,959,260**
Loans from domestic financial institutions	**41,317**	**1,226**	**217,102**
Loans from foreign financial institutions			
Wells Fargo Bank NA	42,479	363,854	71,259
Bank of America	2,313,121	411,775	90,711
Standard Chartered Bank	110,225	51,616	3,207
State Bank of India	100,654	60,901	36,013
Sumitomo Mitsui Banking Corporation	42,524	389,676	35,628
Citibank NA	-	259,620	46
Banco Santander España	-	865,377	534,496
The Bank of Nova Scotia	199,225	203,466	226,624
The Bank of New York Mellon	169,584	106,485	117,977
The Toronto Dominion Bank	-	136,904	-
Commerzbank Ag	25,349	69,323	-
Barclays Bank Plc London	84,978	86,616	-
Zurcher Kantonalbank	42,650	-	-
The Bank of Montreal	-	48,859	-
Wachovia Bank NA	11,410	33,926	15,954
Banco Santander Singapur	19,633	17,737	-
Banco Santander Hong Kong	58,326	5,315	10,960
Agricultural Bank of China	114	104	18
Banco Santander Brasil	7,359	2,415	1,694
Korea Exchange Bank	230	1,545	760
Hong Kong and Shanghai Banking	2,521	1,500	-
Bank of China	2,540	6,051	223
Hsbc Bank Plc	-	51,895	-
Kbc Bank Nv	243	-	68
Industrial and Commercial Bank	-	203	755
Industrial Bank of Korea	901	169	-
Bbva Bancomer	86	268	-
Deutsche Bank Ag	-	530	-
Shanghai Pudong Development Bank	394	-	-
Hua Nan Commercial Bank	195	54	200
Bank of Tokyo Mitsubishi	1,164	552	2,055
Bbva Uruguay	198	238	-
Banco Santander Central Hispano	104	170	-
China Construction Bank	101	119	38
Banco Do Brasil	67	467	265
Fortis Bank	110	82	108
Turkiye Garanti Bankasi	70	19	-
Mizuho Bank	-	725	-
Shinhan Bank	58	1,321	-
Dz Bank Ag Deutsche Zentral	-	14,733	-
Bank of Communications	-	8,443	-
Banca Commerciale Italiana	-	932	88
Kookmin Bank	-	491	376
Yapi Ve Kredi Bankasi	-	417	-
Commerce Bank Na	-	319	-
Icici Bank Limited	-	305	52
Unicredit	219	222	-
The Hongkong and Shanghai Bank	-	202	-
Banca Nazionale Del Lavoro	233	193	-
Bank of India	-	181	-
Intesa Sanpaolo	124	338	-
Banco De La Nación Argentina	-	159	30
Bank of East Asia	-	143	29
Turkiye Cumhuriyeti Ziraat Ban	-	141	-
Turkiye Is Bankasi	-	122	-
Taiwan Cooperative Bank	73	92	227
Canara Bank	-	72	61
Indian Overseas Bank	-	67	-
Credit Agricole Italia	90	67	33
China Merchants Bank	1,146	-	-
Kotak Mahindra Bank Limited	32	-	-
Banco De Crédito Del Perú	-	58	-
Citic Industrial Bank	-	57	-
Caixabank	80	51	58
Banque Nationale De Paris	-	2,806	-
Banco Comercial Portugues	-	989	-
Ningbo Commercial Bank	-	556	-
Hsbc Bank USA	-	517	-
Banco De Bogota	-	345	-
Bank of Baroda	-	213	124
Credit Agricole Reims	-	171	-
First Union National Bank	-	132	60
Banco Bilbao Vizcaya Argentaria	56	125	-
Finans Bank	-	109	-
Nanjing City Commercial Bank	-	89	-
Banco Itaú Brasil	-	84	-
Rabobank Nederland	-	57	-
Iccrea Banca	-	28	-
Bancolombia	-	9	-
Banco Credicoop Cooperativo	-	6	-
Bank of Taiwan, Taipei	386	-	-
Bank for Foreign Trade of Vietnam	181	-	-
Banco Itau Bba SA	71	-	-
Abn Amro Bank NV	36	-	-
Bank of Galicia and Buenos Aires	19	-	-
Total	**3,239,358**	**3,213,918**	**1,149,955**

NOTE 22 - FINANCIAL LIABILITIES AT AMORTISED COST, continued

c. Obligations to the Central Bank of Chile

As part of the Central Bank of Chile's measures to address the shocks impacting the Chilean economy due to the current Covid-19 pandemic, the Credit Facility Conditional to Incremental Flexibility (FCIC) programme was announced. This corresponds to a unique financial facility open to banks, allowing them to continue funding households and companies' loans.

The Bank must leave collateral for these operations, which include: the Central Bank of Chile, the government and private bonds (bank and corporate) and, more recently, commercial credits from the individual assessment portfolio classified as high credit quality. FCIC resources can also be accessed through the Liquidity Line of Credit (LCL), capped at the local currency reserve requirement.

The FCIC consists of an initial facility and an additional one. The first amounts to US$4,800 million. The additional line can reach four times the initial one, that is, US$19,200 million. Its availability depends on two factors: growth of the base portfolio and targeting loans to smaller companies. Furthermore, the Central Bank created the FCIC 2 for US$16,000 million.

The maturity of these obligations is as follows:

	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Due within 1 year	-	-	-
Due after 1 to 2 years	5,584,090	-	1,104,759
Due after 2 to 3 years	-	5,611,439	-
Due after 3 to 4 years	-	-	3,854,501
Due after 5 years	-	-	-
Total liabilities to the Central Bank of Chile	**5,584,090**	**5,611,439**	**4,959,260**

d. Loans from domestic financial institutions

The maturity of these obligations is as follows:

	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Due within 1 year	41,317	1,226	217,102
Due after 1 to 2 years	-	-	-
Due after 2 to 3 years	-	-	-
Due after 3 to 4 years	-	-	-
Due after 5 years	-	-	
Total loans from domestic financial institutions	**41,317**	**1,226**	**217,102**

NOTE 22 - FINANCIAL LIABILITIES AT AMORTISED COST, continued

e. Obligations abroad

	As of December 31, 2022	As of December 31, 2021	As of January 1, 2021
	MCh$	MCh$	MCh$
Due within 1 year	3,239,358	3,213,918	1,116,570
Due after 1 to 2 years	-	-	35,667
Due after 2 to 3 years	-	-	-
Due after 3 to 4 years	-	-	-
Due after 5 years	-	-	-
Total loans from foreign financial institutions	**3,239,358**	**3,213,918**	**1,152,237**

f. Issued Debt Financial Instruments and Other Financial Obligations

Debts classified as short-term constitute obligations on demand or that will mature in one year or less. All other debts are classified as long-term. The details are as follows:

	As of December 31, 2022		
	Short-term MCh$	Long-term MCh$	Total MCh$
Letters of credit	2,592	1,206	**3,798**
Senior bonds	482,696	6,597,776	**7,080,472**
Mortgage bonds	7,108	74,515	**81,623**
Issued debt instruments	**492,396**	**6,673,497**	**7,165,893**
Other financial liabilities	**292,756**	**239**	**292,995**
Total	**785,152**	**6,673,736**	**7,458,888**

	As of December 31, 2021		
	Short-term MCh$	Long-term MCh$	Total MCh$
Letters of credit	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**
Issued debt instruments	**1,168,288**	**5,767,135**	**6,935,423**
Other financial liabilities	**182,646**	**261**	**182,907**
Total	**1,350,934**	**5,767,396**	**7,118,330**

NOTE 22 - FINANCIAL LIABILITIES AT AMORTISED COST, continued

	As of January 1, 2021		
	Short-term MCh$	Long-term MCh$	Total MCh$
Letters of credit	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**
Issued debt instruments	**1,135,005**	**5,711,633**	**6,846,638**
Other financial liabilities	**184,028**	**290**	**184,318**
Total	**1,319,033**	**5,711,923**	**7,030,956**

g. Mortgage bills

These bills are used to finance mortgage loans. The principal amounts of these are amortised quarterly. The bills are indexed to the UF and yield an interest rate of 5.20% as of December 31, 2022 (5.21% as of December 31, 2021).

	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Due within 1 year	2,592	3,946	4,982
Due after 1 to 2 years	1,039	2,395	3,816
Due after 2 to 3 years	167	980	2,375
Due after 3 to 4 years		158	979
Due after 4 to 5 years	-	-	162
Due after 5 years	-	-	-
Total mortgage bills	**3,798**	**7,479**	**12,314**

h. Senior bonds

The details of senior bonds by currency are as follows:

	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Santander Bonds in UF	3,510,708	3,144,544	4,017,708
Santander Bonds in US$	2,215,515	1,976,909	1,263,714
Santander Bonds in CHF$	644,780	850,924	466,738
Santander Bonds in Ch$	223,467	311,060	639,489
Current bonds in AUD$	122,611	143,030	125,781
Senior bonds in JPY$	203,512	234,667	68,093
Senior bonds in EUR$	159,879	185,700	168,466
Total senior bonds	**7,080,472**	**6,846,834**	**6,749,989**

NOTE 22 - FINANCIAL LIABILITIES AT AMORTISED COST, continued

1. *Placement of senior bonds:*

During 2022 the Bank has placed bonds for UF 29,326,000, US$ 30,000,000, Ch$ 347,000,000,000 and JPY 3.000.000.000 as follows:

Series	Currency	Amount placed	Term (years)	Issuance rate Annual	Issue Date	Placement Date	Issue Amount	Maturity Date
T3	UF	5,000,000	11 years	1.55	01-01-19	16-06-22	5,000,000	01-01-30
W3	UF	2,116,000	7,5 years	1.60	01-12-18	30-06-22	2,116,000	01-06-26
W5	UF	1,210,000	9 years	1.80	01-03-19	30-06-22	1,210,000	01-03-28
U2	UF	3,000,000	11,5 years	2.80	01-12-21	28-07-22	3,000,000	01-06-32
U1	UF	3,000,000	7,5 years	2.50	01-12-21	09-08-22	3,000,000	01-06-29
T20	UF	5,000,000	11,5 years	2.65	21-10-22	24-10-22	5,000,000	01-02-34
W4	UF	8,000,000	10,5 years	2.65	07-12-22	09-12-22	8,000,000	01-12-33
W9	UF	2,000,000	9,5 years	2.70	01-12-21	27-07-22	2,000,000	01-06-31
Total UF		**29,326,000**					**29,326,000**	
Bond US$	US$	30,000,000	3 years	Sofr + 95pb	20-04-22	28-04-22	30,000,000	28-04-25
Total US$		**30,000,000**					**30,000,000**	
U6	CLP	64,800,000,000	5,5 years	2.95	01-10-20	16-06-22	64,800,000,000	01-04-26
U5	CLP	100,000,000,000	4,5 years	2.70	01-10-20	29-06-22	100,000,000,000	01-04-25
U6	CLP	35,200,000,000	5,5 years	2.95	20-10-22	21-10-22	35,200,000,000	01-04-26
U7	CLP	72,000,000,000	5,5 years	7	15-11-22	16-11-22	72,000,000,000	01-04-26
T17	CLP	75,000,000,000	10 years	7.5	18-11-22	22-11-22	75,000,000,000	01-08-22
Total (CLP)		**347,000,000,000**					**347,000,000,000**	
Bond JPY	JPY	3,000,000,000	3 years	0.65	08-09-22	15-09-2022	3,000,000,000	15-09-25
Total JPY		**3,000,000,000**					**3,000,000,000**	

During 2021 the Bank has placed bonds for UF 4,000,000, US$ 693,000,000, JPY$ 25,000,000,000 and CHF$ 340,000,000 as follows:

Series	Currency	Amount placed	Term (years)	Issuance rate Annual	Issue Date	Placement Date	Issue Amount	Maturity Date
W1	UF	4,000,000	5 and 3 months	1.55 annual	01-12-2018	04-02-2021	6,000,000	04-09-2026
Total UF		**4,000,000**					**6,000,000**	
Bond US$	US$	50,000,000	2 and 10 months	0.71 annual	25-02-21	25-02-21	50,000,000	28-12-23
Bond US$	US$	100,000,000	2 and 11 months	0.72 annual	26-02-21	26-02-21	100,000,000	26-01-24
Bond US$	US$	27,000,000	7 years	2.05 annual	09-06-21	09-06-21	27,000,000	09-06-28
Bond US$	US$	16,000,000	5 years	1.64 annual	15-07-21	15-07-21	16,000,000	15-07-26
Bond US$	US$	500,000,000	10 years	3.18 annual	21-10-21	21-10-21	500,000,000	26-10-31
Total USD		**693,000,000**					**693,000,000**	
Bond JPY	JPY	10,000,000,000	5 years	0.35 annual	13-05-21	13-05-21	10,000,000,000	13-05-26
Bond JPY	JPY	2,000,000,000	4 years	0.40 annual	12-07-21	12-07-21	2,000,000,000	22-07-25
Bond JPY	JPY	10,000,000,000	4 years	0.42 annual	13-07-21	13-07-21	10,000,000,000	28-07-25
Bond JPY	JPY	3,000,000,000	4 and 5 months	0.48 annual	08-11-21	08-11-21	3,000,000,000	18-05-26
Total JPY		**25,000,000,000**					**25,000,000,000**	
Bond CHF	CHF	150,000,000	6 years	0.33 annual	22-06-21	22-06-21	150,000,000	22-06-27
Bond CHF	CHF	190,000,000	5 years	0.30 annual	12-10-21	12-10-21	190,000,000	22-10-26
Total CHF		**340,000,000**					**340,000,000**	

NOTE 22 - FINANCIAL LIABILITIES AT AMORTISED COST, continued

2. *Repurchase of senior bonds*

The bank has made the following partial bond repurchases during the quarter of 2022:

Date	Type	Currency	Amount
07-01-2022	Senior	UF	1,065,000
10-01-2022	Senior	UF	150,000
03-02-2022	Senior	Ch$	4,000,000,000
04-02-2022	Senior	UF	785,000
04-02-2022	Senior	UF	1,205,000
17-02-2022	Senior	USD	4,156,000
08-03-2022	Senior	UF	7,000
09-03-2022	Senior	UF	5,000
10-03-2022	Senior	UF	5,000
14-03-2022	Senior	UF	5,000
28-07-2022	Senior	UF	70,000
29-07-2022	Senior	UF	9,000
05-08-2022	Senior	UF	31,000
07-09-2022	Senior	UF	602,000
08-09-2022	Senior	UF	100,000
13-09-2022	Senior	UF	377,000
27-09-2022	Senior	UF	93,000
28-09-2022	Senior	UF	414,000
11-10-2022	Senior	UF	50,000
12-10-2022	Senior	UF	43,000
13-10-2022	Senior	UF	1,000
19-10-2022	Senior	UF	64,000
20-10-2022	Senior	UF	181,000
27-10-2022	Senior	UF	50,000
02-11-2022	Senior	UF	1,000
07-11-2022	Senior	UF	2,000
08-11-2022	Senior	UF	687,000
09-11-2022	Senior	UF	165,000
15-11-2022	Senior	UF	1,000
17-11-2022	Senior	UF	100,000
21-11-2022	Senior	UF	3,000
23-11-2022	Senior	UF	400,000
28-11-2022	Senior	UF	415,000
01-12-2022	Senior	UF	1,052,000
06-12-2022	Senior	UF	130,000
13-12-2022	Senior	UF	348,000
14-12-2022	Senior	UF	140,000
15-12-2022	Senior	UF	104,000
16-12-2022	Senior	UF	291,000
19-12-2022	Senior	UF	97,000
26-12-2022	Senior	UF	4,000
28-12-2022	Senior	UF	60,000

NOTE 22 - FINANCIAL LIABILITIES AT AMORTISED COST, continued

The Bank has made the following partial bond repurchases during 2021:

Date	Type	Currency	Amount
18-02-2021	Senior	UF	8,000
18-02-2021	Senior	CLP	14,720,000,000
22-02-2021	Senior	CLP	500,000,000
22-02-2021	Senior	CLP	150,000,000
24-02-2021	Senior	UF	300,000
04-03-2021	Senior	UF	519,000
05-03-2021	Senior	CLP	300,000,000
05-03-2021	Senior	CLP	1,900,000,000
22-03-2021	Senior	UF	50,000
24-03-2021	Senior	UF	150,000
24-03-2021	Senior	UF	7,000
01-06-2021	Senior	UF	107,000
15-06-2021	Senior	UF	1,000
17-06-2021	Senior	CLP	970,000,000
23-06-2021	Senior	UF	105,000
23-06-2021	Senior	UF	50,000
24-06-2021	Senior	UF	21,000
24-06-2021	Senior	UF	278,000
24-06-2021	Senior	UF	20,000
24-06-2021	Senior	UF	100,000
06-07-2021	Senior	UF	1,000,000
07-07-2021	Senior	UF	340,000
09-07-2021	Senior	UF	312,000
20-07-2021	Senior	UF	194,000
21-07-2021	Senior	UF	150,000
21-07-2021	Senior	UF	100,000
22-07-2021	Senior	UF	100,000
22-07-2021	Senior	UF	25,000
22-07-2021	Senior	UF	57,000
09-08-2021	Senior	UF	4,500,000
10-08-2021	Senior	UF	710,000
13-08-2021	Senior	CLP	61,000,000,000
01-10-2021	Senior	CLP	5,950,000,000
05-10-2021	Senior	UF	704,000
05-10-2021	Senior	CLP	3,720,000,000
05-10-2021	Senior	UF	4,200,000,000
05-10-2021	Senior	UF	89,000
05-10-2021	Senior	UF	150,000
06-10-2021	Senior	UF	18,000
06-10-2021	Senior	UF	138,000
06-10-2021	Senior	UF	420,000
07-10-2021	Senior	UF	1,000,000
26-10-2021	Senior	UF	318,000

NOTE 22 - FINANCIAL LIABILITIES AT AMORTISED COST, continued

3. Maturities of senior bonds

The maturity of the senior bonds is as follows:

	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Due within 1 year	482,696	1,158,301	1,124,558
Due after 1 to 2 years	1,185,935	511,144	1,047,241
Due after 2 to 3 years	1,599,241	1,285,409	742,081
Due after 3 to 4 years	1,282,436	1,549,769	1,228,524
Due after 4 to 5 years	408,607	616,750	1,250,897
Due after 5 years	2,121,557	1,725,461	1,356,688
Total senior bonds	**7,080,472**	**6,846,834**	**6,749,989**

i. Mortgage bonds

The detail of mortgage bonds by currency is as follows:

	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Mortgage bonds in UF	81,623	81,110	84,335
Total mortgage bonds	**81,623**	**81,110**	**84,335**

1. Mortgage bond placements

As of December 31, 2022, and 2021, and January 1, 2021, the Bank has not issued any mortgage bonds.

2. Maturity of mortgage bonds

The maturity of the mortgage bonds is as follows:

	As of December 31,		As of January 1,
	2022 MCh$	2021 MCh$	2021 MCh$
Due within 1 year	7,108	6,041	5,465
Due after 1 to 2 years	11,411	9,698	8,773
Due after 2 to 3 years	11,779	10,011	9,056
Due after 3 to 4 years	12,159	10,334	9,348
Due after 4 to 5 years	12,551	10,667	9,649
Due after 5 years	26,615	34,359	42,044
Total mortgage bonds	**81,623**	**81,110**	**84,335**

NOTE 22 - FINANCIAL LIABILITIES AT AMORTISED COST, continued

j. Other financial liabilities

The composition of other financial liabilities, according to maturity, is summarised below:

	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Long-term obligations:			
Due after 1 to 2 years	68	48	42
Due after 2 to 3 years	74	53	47
Due after 3 to 4 years	84	58	50
Due after 4 to 5 years	13	57	55
Due after 5 years	-	45	96
Long-term financial liabilities subtotals	**239**	**261**	**290**
Short-term obligations:			
Amount payable for credit card transactions	186,237	149,894	134,790
Approval of letters of credit	110	159	1,460
Other long-term financial obligations (short-term portion)	106,409	32,593	47,778
Short-term financial obligations subtotals	**292,756**	**182,646**	**184,028**
Other financial obligations total	**292,995**	**182,907**	**184,318**

NOTE 23 - ISSUED REGULATORY CAPITAL INSTRUMENTS

The balances as of December 31, 2022 and 2021 and January 1, 2021 of the Regulatory Capital Financial Instruments issued are as follows:

	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Financial instruments of regulatory capital issued			
Subordinated bonds with transitional recognition	-	-	-
Subordinated Bonds	1,733,870	1,461,637	1,357,539
Bonds without fixed maturity	590,246	592,468	-
Preferred shares	-	-	-
Subtotal	**2,324,116**	**2,054,105**	**1,357,539**

Debts classified as short-term constitute obligations on demand or that will mature in one year or less. All other debts are classified as long-term. The details are as follows:

	As of December 31, 2022		
	Short-term	Long-term	Total
	MCh$	MCh$	MCh$
Subordinated bonds with transitional recognition	-	-	**-**
Subordinated Bonds	-	1,733,870	**1,733,870**
Bonds without fixed maturity	-	590,246	**590,246**
Preferred shares	-	-	**-**
Total	**-**	**2,324,116**	**2,324,116**

	As of December 31, 2021		
	Short-term	Long-term	Total
	MCh$	MCh$	MCh$
Subordinated bonds with transitional recognition	-	-	-
Subordinated Bonds	-	1,461,637	1,461,637
Bonds without fixed maturity	-	592,468	592,468
Preferred shares	-	-	-
Total	**-**	**2,054,105**	**2,054,105**

The details of subordinated bonds by currency are as follows:

	As of December 31,	As of December 31, of
	2022	2021
	MCh$	MCh$
CLP	-	-
US$	169,835	230,118
UF	1,564,035	1,231,519
Subordinated bond totals	**1,733,870**	**1,461,637**

Bonds with no fixed maturity are all in US$ currency.

NOTE 23 - ISSUED REGULATORY CAPITAL INSTRUMENTS, continued

The movement in the balance of Regulatory Capital Financial Instruments issued as of December 31, 2022 and 2021 is as follows:

	Subordinated Bonds	Bonds without fixed maturity	Total
	MCh$	MCh$	MCh$
Balances as of January 1, 2022	**1,461,637**	**592,468**	**2,054,105**
New issues/placements made	101,503	-	101,503
Accrued interest at the effective interest rate (subordinated bonds)	6,562	-	6,562
Accrued adjustments due to UF and/or exchange rate	172,941	-	172,941
Other movements (Discounts/Hedges/Exchange rate)	(8,773)	(2,222)	**(10,995)**
Balance as of December 31, 2022	**1,733,870**	**590,246**	**2,324,116**

	Subordinated Bonds	Bonds without fixed maturity	Total
	MCh$	MCh$	MCh$
Balances as of January 1, 2021	**1,357,529**	**-**	**1,357,529**
New issues/placements made	83,557	592,468	**676,025**
Accrued interest at the effective interest rate (subordinated bonds)	(4,250)	-	**(4,250)**
Accrued adjustments due to UF and/or exchange rate (subordinated bonds, bonds with no fixed term to maturity)	25,001	-	**25,001**
Other movements (Discounts/Hedges/Exchange rate)	(200)		**(200)**
Balances as of December 31, 2021	**1,461,637**	**592,468**	**2,054,105**

Regulatory capital instruments issued and placed as of December 31, 2022, December 31, 2021 and January 1, 2021.

Instrument series in place As of December 31, 2022	Currency of issue	Placement amount in the currency of issue	Annual issuance rate	Issuing period	Placement date	Maturity date
USTDW70320	UF	3,300,000	3.51%	6 years and 8 months	07-01-2022	01-09-2028

In 2021, the Bank did not place any subordinated bonds.

On 21 October 2021, Banco Santander Chile issued a bond with no maturity date in the international markets, eligible as additional tier 1 or 'AT1' capital (the 'Bonds'), to be acquired by an entity of the Santander Group, for an amount of USD 700,000,000 and with a rate of 4.625%.

NOTE 24 - PROVISIONS FOR CONTINGENCIES

As of December 31, 2022 and 2021 and January 1, 2021, the composition of the balance of provisions is as follows:

	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Provisions for employee benefit obligation	99,424	109,001	102,959
Provisions for restructuring plans	-	-	-
Provisions for lawsuits and litigations	5,533	3,035	2,410
Provisions for customer loyalty and merit programme obligations	38	38	38
Operational risk	5,149	1,578	-
Other provisions for other contingencies	62,682	51,894	32,479
Total	**172,826**	**165,546**	**137,886**

The movement in provisions as of December 31, 2022 and 2021 is shown below:

	Provisions						
	For employee benefit obligation	Restructuring plans	Lawsuits and litigation	Obligation for customer loyalty and merit programmes	Other Contingency Provisions	Operational risk	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balances as of January 1, 2022	**109,001**	**-**	**3,035**	**38**	**51,894**	**1,578**	**165,546**
Established provisions	121,779	14,019	2,963	-	24,366	4,053	**167,180**
Implementation of provisions	(132,340)	(14,019)	(465)	-	-	(482)	**(147,306)**
Provision release	(1,784)	-	-	-	(13,578)	-	**(15,362)**
Reclassifying		-	-	-	-	-	**-**
Other movements	2,768	-	-	-	-	-	**2,768**
Balance as of December 31, 2022	**99,424**	**-**	**5,533**	**38**	**62,682**	**5,149**	**172,826**
Balances as of January 1, 2021	**102,959**	**-**	**2,410**	**38**	**32,479**	**-**	**137,886**
Established provisions	90,363	-	625	-	30,268	1,578	**122,834**
Implementation of provisions	(80,768)	-	-	-	-	-	**(80,768)**
Provision release	(1,836)	-	-	-	(10,853)	-	**(12,689)**
Reclassifying	-	-	-	-	-	-	**-**
Other movements	(1,717)	-	-	-	-	-	**(1,717)**
Balances as of December 31, 2021	**109,001**	**-**	**3,035**	**38**	**51,894**	**1,578**	**165,546**

NOTE 25 - PROVISIONS FOR DIVIDEND, INTEREST PAYMENT AND REVALUATION OF REGULATORY EQUITY FINANCIAL

The balances as of December 31, 2022 and 2021 and January 1, 2021 of provisions for dividends, interest payments and repricing of issued regulatory capital financial instruments are as follows:

	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Provision for payment of common stock dividends	243,883	233,775	155,234
Provision for payment of preferred share dividends	-	-	-
Provision for interest payments on bonds with no fixed maturity date	3,625	4,995	-
Provision for bond repricing without fixed term to maturity	-	-	-
Total	**247,508**	**238,770**	**155,234**

The movement in the balance of provisions for dividends, interest payments and repricing of regulatory capital financial instruments issued as of December 31, 2022 and 2021 is as follows:

	Provision for payment of common stock dividends	Provision for payment of preferred stock dividends	Provision for interest payments on bonds with no fixed term to maturity	Provision for bond repricing without fixed term to maturity
	MCh$	MCh$	MCh$	MCh$
Balances as of January 1, 2022	**233,775**	**-**	**4,995**	**-**
Established provisions	242,595	-	30,523	-
Implementation of provisions	(232,488)	-	(30,528)	-
Provision release	-	-	-	-
Reclassifying	-	-	-	-
Other movements	-	-	(1,365)	-
Balance as of December 31, 2022	**243,883**	**-**	**3,625**	**-**

	Provision for payment of common stock dividends	Provision for payment of preferred stock dividends	Provision for interest payments on bonds with no fixed term to maturity	Provision for bond repricing without fixed term to maturity
	MCh$	MCh$	MCh$	MCh$
Balances as of January 1, 2021	**155,234**	**-**	**-**	**-**
Established provisions	233,775	-	4,995	-
Implementation of provisions	(155,234)	-	-	-
Provision release	-	-	-	-
Reclassifying	-	-	-	-
Other movements	-	-	-	-
Balances as of December 31, 2021	**233,775**	**-**	**4,995**	**-**

NOTE 26 - SPECIAL PROVISIONS FOR CREDIT RISK

As of December 31, 2022 and 2021 and January 1, 2021, the composition of the balance of the special provisions for credit risk is as follows:

Special provisions for credit risk	As of December 31, 2022 MCh$	As of December 31, 2021 MCh$	As of January 1, 2021 MCh$
Credit risk provisions for contingent claims			
Guarantees and sureties	9,252	8,009	3,676
Letters of credit for goods movement operations	346	1,131	638
Debt purchase commitments in local currencies abroad	-	-	-
Transactions related to contingent events	17,218	12,341	13,978
Immediately repayable unrestricted credit lines	9,890	7,734	5,168
Unrestricted credit lines	-	-	-
Other credit commitments	1,263	1,586	1,169
Other contingent credits	-	-	-
Subtotal	**37,969**	**30,801**	**24,629**
Provisions for local risk for operations with debtors domiciled abroad	550	194	49
Subtotal	**550**	**194**	**49**
Special provisions for foreign loans	-	-	-
Subtotal	-	-	-
Additional provisions for loans			
Additional provisions commercial loans	122,000	222,000	90,000
Additional provisions for mortgage loans	17,000	10,000	10,000
Additional provisions for consumer loans	154,000	26,000	26,000
Subtotal	**293,000**	**258,000**	**126,000**
Provisions for adjustments to the minimum required provision for normal portfolio with individual assessment	-	-	-
Subtotal	**-**	**-**	**-**
Provisions established for credit risk as a result of supplementary prudential requirements	-	-	-
Subtotal	**-**	**-**	**-**
TOTAL	**331,519**	**288,995**	**150,678**

NOTE 26 - SPECIAL PROVISIONS FOR CREDIT RISK, continued

The movement in provisions as of December 31, 2022 and 2021 is shown below:

Special provisions for credit risk as of December 31, 2022 (MCh$)	Provisions for contingent claims	Provisions for local risk	Special provisions for foreign loans	Additional provisions for loans	Provisions for adjustments to minimum provision requirements	Provisions due to supplementary prudential requirements
Balance as of January 1, 2022	**30,801**	**194**	**-**	**258,000**	**-**	**-**
Provision establishment	14,250	552	-	35,000	-	-
Provision application	-	-	-	-	-	-
Provision release	(7,082)	(196)	-		-	-
Other changes in provisions	-	-	-	-	-	-
Balance as of December 31, 2022	**37,969**	**550**	**-**	**293,000**	**-**	**-**

Special provisions for credit risk as of December 31, 2021 (MCh$)	Provisions for contingent claims	Provisions for local risk	Special provisions for foreign loans	Additional provisions for loans	Provisions for adjustments to minimum provision requirements	Provisions due to supplementary prudential requirements
Balance as of January 1, 2021	**24,629**	**49**	**-**	**126,000**	**-**	**-**
Provision establishment	14,595	188	-	132,000	-	-
Provision application	-	-	-	-	-	-
Provision release	(8,423)	(43)	-	-	-	-
Other changes in provisions	-	-	-	-	-	-
Balance as of December 31, 2021	**30,801**	**194**	**-**	**258,000**	**-**	**-**

NOTE 27 - OTHER LIABILITIES

The composition of other liabilities as of December 31, 2022 and 2021 and January 1, 2021 is as follows:

	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Other liabilities			
Cash guarantees received for financial derivative transactions (1)	1,017,967	857,679	624,205
Creditors for intermediation of financial instruments	265,794	30,755	40,973
Accounts payable to third parties	405,878	308,204	246,112
Valuation adjustments for macro-hedges (2)	85,725	68,524	51,090
Revenue liabilities due to income from ordinary activities generated by contracts with customers	6,354	6,327	6,675
VAT debit unpaid tax	36,814	33,251	26,985
Pending operations	21,918	27,595	23,739
Other liabilities	201,232	280,076	146,272
Total	**2,041,682**	**1,612,411**	**1,166,051**

1) This corresponds to guarantees related to certain derivative contracts (threshold transactions). These guarantees operate when the valuation of derivatives exceeds thresholds defined in the respective contracts and may be in favour of or against the Bank.
2) This corresponds to the balances of the mark-to-market valuation of net assets or liabilities hedged in a macro-hedge (Note 12).

.

NOTE 28 - EQUITY

a. Equity and preferred shares

As of December 31, 2022, and 2021, the Bank has a share capital of MCh$891,303 comprising 188,446,126,794 authorised shares, which are subscribed and paid up. All these are ordinary shares with no par value and no preferences. Accordingly, share movements as of December 31, 2022 and 2021 are as follows:

	Shares As of December 31, 2022	2021
Issued as of January 1,	188,446,126,794	188,446,126,794
Issuance of paid-up shares	-	-
Issuance of shares owed	-	-
Exercised stock option	-	-
Total shares	**188,446,126,794**	**188,446,126,794**

As of December 31, 2022, and 2021, the Bank does not hold any treasury shares, nor do the companies involved in the consolidation.

As of December 31, 2022, the distribution of shareholders is as follows:

Company name or Shareholder name	Shares	ADRs (*)	Total	% Of equity holding
Santander Chile Holding SA	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	-	19,845,850,871	**19,845,850,871**	10.53
Banks on behalf of third parties	16,841,385,216	-	**16,841,385,216**	8.94
Pension funds (AFP) on behalf of third parties	13,742,809,166	-	**13,742,809,166**	7.29
Stockbrokers on behalf of third parties	6,122,497,451	-	**6,122,497,451**	3.25
Other minority holders	5,300,582,822	**-**	**5,300,582,822**	2.81
Total	**168,600,275,923**	**19,845,850,871**	**188,446,126,794**	**100.00**

(*) American Depository Receipts (ADR) are certificates issued by a U.S. commercial bank to be traded on the US securities markets

As of December 31, 2021, the distribution of shareholders is as follows:

Company name or Shareholder name	Shares	ADRs (*)	Total	% Of equity holding
Santander Chile Holding SA	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
Stockbrokers 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 US securities markets

NOTE 28 - EQUITY, continued

As of January 1, 2021 the distribution of shareholders is as follows:

Company name or Shareholder name	Shares	ADRs (*)	Total	% Of equity holding
Santander Chile Holding SA	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	-	24,822,041,271	**24,822,041,271**	13.17
Banks on behalf of third parties	15,957,137,883	-	**15,957,137,883**	8.47
Pension funds (AFP) on behalf of third parties	9,995,705,956	-	**9,995,705,956**	5.30
Stockbrokers on behalf of third parties	5,551,024,270	-	**5,551,024,270**	2.95
Other minority holders	5,527,216,146	-	**5,527,216,146**	2.93
Total	**163,624,085,523**	**24,822,041,271**	**188,446,126,794**	**100.00**

b. Reserves

At the Ordinary Shareholders' Meeting of Banco Santander-Chile held April 27, 2022, along with the approval of the 2021 Consolidated Financial Statements, the shareholders resolved to distribute 60% of the net profit for the year ("Profit attributable to the equity holders"), which amounted to Ch$464,975 million. These earnings are equivalent to a dividend of Ch$2.46741747 per share. Furthermore, the Board approved that the remaining 40% of the profits will be used to increase the Bank's reserves. During the year 2022, the Bank has reclassified MCh$56,602 from reserves to retained earnings of prior years, see Consolidated Statements of Changes in Equity. The balance of reserves is MCh$2,815,170 and MCh$2,557,816 as of December 31, 2022 and 2021 respectively.

c. Dividends

Details of dividend distribution can be found in the Consolidated Statements of Changes in Equity.

d. As of December 31, 2022 the composition of diluted profit and basic profit is as follows:

	As of December 31,	
	2022 MCh$	2021 MCh$
a) Basic earnings per share		
Profit attributable to equity holders	808,651	778,933
Weighted average number of outstanding shares	188,446,126,794	188,446,126,794
Basic earnings per share (in Ch$)	4.29	4.13
Diluted earnings per share from continuing operations (in Ch$)	4.29	4.13
b) Diluted earnings per share		
Profit attributable to equity holders	808,651	778,933
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
Basic earnings per share (in Ch$)	4.29	4.13
Diluted earnings per share from continuing operations (in Ch$)	4.29	4.13

As of December 31, 2022, and 2021, the Bank does not hold any instruments that generate dilutive effects.

NOTE 28 - EQUITY, continued

e. Provision for interest payments on bonds with no fixed term to maturity

The Bank records the accrual of interest on maturing non-revolving bonds in the Provisions for dividends, interest payments and repricing of regulatory capital financial instruments issued. As of December 31, 2022, and 2021, the balance is MCh3,625 and MCh$4,995, respectively.

f. Other comprehensive income from investment instruments and cash flow hedges:

	As of December 31,	
	2022 MCh$	2021 MCh$
Investment instruments		
Balances as of January 1,	**(112,926)**	**101,717**
Gain (loss) on valuation adjustment of Investment Financial Instruments portfolio before taxes.	23,707	(191,455)
Reclassifying and adjustment of the portfolio of Financial Investment Instruments	-	-
Net realised profit	(20,173)	(23,188)
Subtotal	**3,534**	**(214,643)**
Total	**(109,392)**	**(112,926)**
Cash flow hedging		
Balances as of January 1,	**(373,581)**	**(136,765)**
Gain (loss) on valuation adjustment of cash flow hedges before taxes	298,029	(211,122)
Reclassifying and adjustments for cash flow hedges before taxes	(43,286)	(25,694)
Amount reclassified from equity included as the book value of non-financial assets and liabilities. Its acquisition or disposal was hedged as a highly probable transition.	-	-
Subtotal	**254,743**	**(236,816)**
Total	**(118,838)**	**(373,581)**
Other comprehensive income before taxes	**(228,230)**	**(486,507)**
Income tax related to other comprehensive income components		
Income tax relating to portfolio of financial investment instruments	29,536	31,838
Income tax relating to cash flow hedges	32,086	100,867
Total	**61,622**	**132,705**
Other comprehensive income, net of tax	**(166,608)**	**(353,802)**
Attributable to:		
Equity holders of the Bank	(167,147)	(354,364)
Non-controlling interest	539	562

The Bank expects all results included in other comprehensive income will be reclassified to profit or loss when specific conditions are met.

NOTE 28 - EQUITY, continued

g. Non-controlling interest

This includes the net amount of subsidiaries' equity attributable to equity instruments not owned, directly or indirectly, by the Bank, including the portion of profit or loss attributed to them.

The non-controlling interest's share of equity and results of affiliates is summarised as follows:

As of December 31, 2022	Participation of third parties %	Equity MCh$	Results MCh$	Other comprehensive income: Financial assets at fair value through other comprehensive income (OCI) MCh$	Other comprehensive income: Deferred tax MCh$	Other comprehensive income: Total other comprehensive income MCh$	Comprehensive income MCh$
Subsidiary companies							
Santander Corredora de Seguros Limitada	0.25	201	21	-	-	**-**	**21**
Santander Corredores de Bolsa Limitada	49.41	24,725	1,762	(32)	9	**(23)**	**1,739**
Santander Asesorías Financieras Limitada	0.97	561	47	-	-	**-**	**47**
Santander SA Sociedad Securitizadora	0.36	3	(1)	-	-	**-**	**(1)**
Klare Corredora de Seguros SA	49.90	356	(1,277)	-	-	**-**	**(1,277)**
Santander Consumer Finance Limitada	49.00	49,269	10,193	-	-	**-**	**10,193**
Subtotal		**75,115**	**10,745**	**(32)**	**9**	**(23)**	**10,722**
Entities controlled through other considerations							
Santander Gestión de Recaudación y Cobranzas Limitada	100.00	6,988	2,168	-	-	**-**	**2,168**
Bansa Santander SA	100.00	24,250	3,239	-	-	**-**	**3,239**
Multiplica Spa	100.00	3,211	(946)	-	-	**-**	**(946)**
Subtotal		**34,449**	**4,461**	**-**	**-**	**-**	**4,461**
Total		**109,564**	**15,206**	**(32)**	**9**	**(23)**	**15,183**

As of December 31, 2021	Participation of third parties %	Equity MCh$	Results MCh$	Other comprehensive income: Financial assets at fair value through other comprehensive income (OCI) MCh$	Other comprehensive income: Deferred tax MCh$	Other comprehensive income: Total other comprehensive income MCh$	Comprehensive income MCh$
Subsidiary companies							
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 SA Sociedad Securitizadora	0.36	1	-	-	-	**-**	**-**
Klare Corredora de Seguros SA	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 SA	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**

NOTE 28 - EQUITY, continued

As of January 1, 2021	Participation of third parties	Equity	Results	Other comprehensive income: Financial assets at fair value through other comprehensive income (OCI)	Other comprehensive income: Deferred tax	Other comprehensive income: Total other comprehensive income	Comprehensive income
	%	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Subsidiary companies							
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 SA Sociedad Securitizadora	0.36	2	-	-	-	**-**	**-**
Klare Corredora de Seguros SA	49.90	2,902	(880)	-	-	**-**	**(880)**
Santander Consumer Finance Limitada	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		4,808	(127)	-	-	**-**	**(127)**
Bansa Santander SA	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**

The summarised financial information of the companies included in the consolidation that hold non-controlling interests is as follows, which does not include consolidation and equalisation adjustments:

		As of December 31, 2022				As of December 31, 2021				As of January 1, 2021			
		Assets	Liabilities	Capital and reserves	Net income	Assets	Liabilities	Capital and reserves	Net income	Assets	Liabilities	Capital and reserves	Net income
		MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Santander Corredora de Seguros Limitada	Subsidiary	92,541	13,093	71,121	8,327	84,492	13,388	69,129	1,975	79,936	10,777	70,554	(1,395)
Santander Corredores de Bolsa Limitada	Subsidiary	321,411	270,952	46,863	3,596	98,496	51,649	45,396	1,451	94,802	40,038	45,053	711
Santander Asesorías Financieras Limitada	Subsidiary	60,640	2,725	53,082	4,833	54,731	1,683	50,900	2,148	52,070	1,142	51,454	(526)
Santander SA Sociedad Securitizadora	Subsidiary	1,107	398	857	(148)	810	463	455	(108)	630	175	547	(92)
Klare Corredora de Seguros SA	Subsidiary	2,153	1,440	3,272	(2,559)	3,952	681	5,816	(2,545)	6,415	599	7,579	(1,763)
Santander Consumer Finance Limitada	Subsidiary	884,701	784,146	79,755	20,800	742,700	662,945	60,588	19,167	693,992	633,177	49,348	11,467
Santander Gestión de Recaudación y Cobranzas Limitada	EPE	8,037	1,049	4,820	2,168	6,636	1,816	4,681	139	7,789	3,108	4,808	(127)
Bansa Santander SA	EPE	213,661	189,411	21,011	3,239	103,927	82,917	19,914	1,096	84,496	64,582	19,565	349
Multiplica Spa	EPE	4,337	1,126	4,157	(946)	4,409	253	4,289	(133)	4,336	47	4,476	(187)
Total		**1,588,588**	**1,264,340**	**284,938**	**39,310**	**1,100,153**	**815,795**	**261,168**	**23,190**	**1,024,466**	**753,645**	**253,384**	**8,437**

NOTE 29 - CONTINGENCIES AND COMMITMENTS

a. Lawsuits and legal procedures

As of the date of issuance of these Consolidated Financial Statements, several lawsuits have been filed against the Bank and its affiliates in connection with business operations. Accordingly, as of December 31, 2022, the Bank had provisions of MCh$ 5,533 (December 31, 2021: MCh$ 3,035), which are included in the Consolidated Statements of Financial Position under the item 'Provisions for contingencies', for further information see Note 24.

Banco Santander

To cover the value of legal proceedings in which there are first and second-instance rulings adverse to the interests of Banco Santander or possible alternate outcomes to these, the Bank has made provisions of Ch$4,443 million and Ch$900 million as of December 31, 2022 and 2021. It is noteworthy that the values have been estimated based on quantitative information from the first instance judgements adverse to the Bank and qualitative information from the process, including expert opinion from the trial, the recommendation from the defence lawyer(s) and experience based on court judgements in similar cases (jurisprudence) pronounced by different courts.

Santander Corredores de Bolsa Limitada

Lawsuit 'Echeverría vs Santander Corredora' (currently Santander Corredores de Bolsa Ltda.), filed before the 21st Civil Court of Santiago, Role C-21.366-2014, regarding compensation for damages due to failures in the purchase of shares, the amount of the claim is MCh$60. As for its current situation as of December 31, 2022, this lawsuit is pending the dismissal of the case and the resolution of the motion for abandonment of proceedings filed by the Brokerage Firm.

Lawsuit "Chilena de computación vs Banco Santander and Santander Corredores de Bolsa" filed before the 3rd Civil Court of Santiago, Role C-12325-2020. At present, as of December 31, 2022, the lawsuit is in the current discussion stage, the documents requested by the Court have been exhibited, and possible actions by the petitioners are pending.

Santander Corredora de Seguros Limitada

Existing lawsuits amount to UF 7,263, which mainly relate to assets supplied by leasing. Therefore, our lawyers have not estimated any material loss from these lawsuits.

Santander Consumer Finance Limitada

Currently, there are 15 lawsuits corresponding to processes mainly related to clients. Therefore, our lawyers have not estimated any material loss from these lawsuits.

NOTE 29 - CONTINGENCIES AND COMMITMENTS, continued

b. Contingent loans

The Bank entered various irrevocable commitments and contingent obligations to meet customers' needs. Although these obligations should not be recognised in the Consolidated Statements of Financial Position, they contain credit risk and are part of the Bank's overall risk. The following table shows the contractual amounts that oblige the Bank to grant loans:

	Contingent loans		
	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Guarantees and sureties	**924,173**	**579,051**	**441,508**
Guarantees and sureties in Chilean currency	483,807	349,906	302,333
Guarantees and sureties in foreign currency	440,366	229,145	139,175
Letters of credit for goods movement transactions	**255,522**	**377,308**	**247,898**
Transactions related to contingent events	**1,476,599**	**1,390,410**	**1,090,643**
Transactions related to contingent events in Chilean currency	1,216,117	1,204,670	999,827
Transactions related to contingent events in foreign currencies	260,482	185,740	90,816
Immediately repayable unrestricted credit lines	**8,974,077**	**8,986,535**	**8,991,423**
Other credit commitments	**324,962**	**265,517**	**406,234**
Credits for higher studies Law No 20,027 (CAE)	1,617	2,640	4,434
Other irrevocable credit commitments	323,345	262,877	401,800
Total	**11,945,333**	**11,598,821**	**11,177,706**

NOTE 29 - CONTINGENCIES AND COMMITMENTS, continued

c. Held securities

The Bank holds securities in the normal course of its business as follows:

	As of December 31,		As of January 1,
	2022	2021	2021
	MCh$	MCh$	MCh$
Third-party operations			
Collections	104,972	109,465	83,392
Transferred financial assets managed by the Bank	9,090	8,278	9,307
Assets from third parties managed by the Bank	1,081,895	1,307,728	1,352,032
Subtotal	**1,195,957**	**1,425,471**	**1,444,731**
Custody of securities			
Securities held in custody by a banking subsidiary deposited in another entity	756,880	-	-
Securities held in custody by the bank	9,057,428	7,022,067	11,022,789
Securities issued by the bank	12,397,099	9,713,122	10,461,847
Subtotal	**22,211,407**	**16,735,189**	**21,484,636**
Total	**23,407,364**	**18,160,660**	**22,929,367**

d. Guarantee

Banco Santander-Chile has comprehensive bank policy for fidelity bond No 5721202 in force with Compañía de Seguros Chilena Consolidada SA, with coverage of US$50,000,000 per claim with an annual cap of US$100,000,000, which covers the Bank and its subsidiaries jointly and severally, with an expiry date of December 31, 2022; this policy has been renewed under the same conditions until June 30, 2023.

Santander Corredores de Bolsa Limitada

As of December 31, 2022, the Company has guarantees deposited with the Santiago Stock Exchange to cover simultaneous operations carried out by the Company's portfolio for a total of MCh$18,737 (MCh$19,355 as of December 31, 2021).

Furthermore, as of December 31, 2022, the Company holds a guarantee with CCLV Contraparte Central SA, amounting to MCh$9,960 in cash (MCh$7,300 as of December 31, 2021).

To ensure the correct and full compliance with all its obligations as a stockbroker, as required by articles 30 et seq. of Law No 18,045 on the Securities Market, the Company has delivered fixed-income securities to the Santiago Stock Exchange for a present value of MCh$1,040 as of December 31, 2022 (MCh$ 1,006 as of December 31, 2021). This corresponds to a fixed-term deposit with Banco Santander maturing on February 14, 2023.

As of December 31, 2022, the company has a share loan guarantee of MCh$3,519 (MCh$3,501 as of December 31, 2021).

NOTE 29 - CONTINGENCIES AND COMMITMENTS, continued

As of December 31, 2022, the Company has a guaranteed bond No B016704 from Banco Santander Chile to comply with the provisions of general rule No 120 of the FMC regarding the operation of placement, transfer and redemption agent of Morgan Stanley funds in the amount of USD$ 300,000, which covers participants who acquire quotas of Morgan Stanley Sicav open-end foreign funds and whose maturity date is March 8, 2023.

Santander Corredora de Seguros Limitada

As required by Circular No 1,160 of the FMC (ex-SVS), the company has procured an insurance policy to guarantee correct and full compliance with all obligations arising from its operations as an insurance intermediary.

The insurance policy for insurance brokers No 10050030, which covers UF 500, and the professional liability policy for insurance brokers No 10050031, for an amount equivalent to UF 60,000, were renewed with Compañía de Seguros Generales Consorcio Nacional de Seguros SA. Both policies are valid from April 15, 2022 to April 14, 2023.

The Company has a guaranteed bond with Banco Santander Chile to ensure faithful compliance with the terms and conditions of the public bidding process, the mortgage and mortgage insurance plus ITP 2/3 for Banco Santander Chile's housing mortgages. The total amounts to UF 10,000 and UF 2,000 for each portfolio respectively, both with maturity dates of October 30, 2023.

The company has a guaranteed bond to ensure faithful compliance with the terms of the public bidding process for fire plus earthquake insurance for the bank's housing mortgage portfolio and professional services, amounting to UF 500 and UF 10,000 with the same financial institution, both with maturity dates of December 31, 2024.

Klare Corredora de Seguros SA

As required by Circular No 1,160 of the FMC, the company has procured an insurance policy to guarantee correct and full compliance with all obligations arising from its operations as an insurance intermediary. The insurance brokers' guarantee policy No 169538, which covers UF 500, was contracted with Compañía HDI Seguros de Garantía y Crédito SA and is valid from April 15, 2022 to April 14, 2023.

NOTE 30 - INTEREST INCOME AND EXPENSES

This comprises interest accrued during the year on all financial assets whose implicit or explicit return is obtained by applying the effective interest rate method, regardless of whether they are measured at fair value and remeasurements due to hedge accounting.

a. As of December 31, 2022, and 2021, the composition of interest income is as follows:

	As of December 31,	
	2022	2021
	MCh$	MCh$
Financial assets at amortised cost		
Rights under repurchase and securities lending agreements	1,063	196
Debt financial instruments	62,876	15,078
Interbank loans	925	429
Commercial loans	954,978	663,136
Mortgage loans	412,741	337,854
Consumer loans	629,770	475,124
Other financial instruments	78,193	6,067
Subtotal	**2,140,546**	**1,497,884**
Financial assets at fair value through other comprehensive income		
Debt financial instruments	270,026	87,522
Other financial instruments	1,704	-
Subtotal	**271,730**	**87,522**
Results of interest rate-risk hedge accounting	**437,899**	**238,567**
Total interest income	**2,850,175**	**1,823,973**

As of December 31, 2022, and 2021, the stock of suspended interest income is as follows:

	As of December 31,	
	2022	2021
	Interests	Interests
Off-balance sheet - interest income	MCh$	MCh$
Commercial loans	12,411	8,912
Mortgage loans	2,951	1,750
Consumer loans	2,771	1,885
Total	**18,133**	**12,547**

NOTE 30 - INTEREST INCOME AND EXPENSES, continued

b. As of December 31, 2022, and 2021, the composition of interest expense is as follows:

	As of December 31,	
	2022	2021
	MCh$	MCh$
Financial liabilities at amortised cost		
Deposits and other demand liabilities	(13,623)	(14,533)
Time deposits and other term equivalents	(759,511)	(89,509)
Obligations under repurchase and securities lending agreements	(15,774)	(839)
Interbank borrowing	(98,357)	(43,691)
Debt financial instruments issued	(174,707)	(152,737)
Other financial liabilities	(26,430)	(3,387)
Subtotal	**(1,088,402)**	**(304,696)**
Obligations under leasing contracts	**(2,862)**	**(2,281)**
Regulatory capital financial instruments issued	**(66,728)**	**(54,211)**
Results of interest rate-risk hedge accounting	**(1,089,816)**	**(58,729)**
Total interest expenses	**(2,247,808)**	**(419,917)**

NOTE 31 - READJUSTMENT INCOME AND EXPENSE

Includes accrued adjustments for the year for all financial assets whose implicit or explicit return is obtained by applying the effective interest rate method, irrespective of whether they are measured at fair value and product adjustments due to hedge accounting.

a. As of December 31, 2022, and 2021, the composition of readjustment income is as follows:

	As of December 31,	
	2022 MCh$	2021 MCh$
Financial assets at amortised cost		
Rights under repurchase and securities lending agreements	-	-
Debt financial instruments	195,082	103,164
Interbank loans	-	-
Commercial loans	825,146	405,964
Mortgage loans	1,818,172	838,851
Consumer loans	1,090	559
Other financial instruments	8,242	8,628
Subtotal	**2,847,732**	**1,357,166**
Financial assets at fair value through other comprehensive income		
Debt financial instruments	43,104	7,346
Other financial instruments	1,643	-
Subtotal	**44,747**	**7,346**
Results of hedge accounting of the UF readjustment risk	(1,655,998)	(826,133)
Total readjustment income	**1,236,481**	**538,379**

As of December 31, 2022, and 2021, the stock of suspended readjustment income is as follows:

	As of December 31,	
Off-balance sheet - readjustment income	**2022 Readjustments MCh$**	**2021 Readjustments MCh$**
Commercial loans	25,714	14,909
Mortgage loans	22,445	10,139
Consumer loans	254	231
Total	**48,413**	**25,279**

NOTE 31 - READJUSTMENT INCOME AND EXPENSE, continued

b. As of December 31, 2022, the composition of the readjustments expenses, including the results of hedge accounting, is as follows:

	As of December 31,	
	2022	**2021**
	MCh$	**MCh$**
Financial liabilities at amortised cost		
Deposits and other demand liabilities	(12,023)	(4,938)
Time deposits and other term equivalents	(119,613)	(20,450)
Obligations under repurchase and securities lending agreements	-	-
Interbank borrowing	-	-
Debt financial instruments issued	(448,103)	(228,152)
Other financial liabilities	(39,934)	(33,025)
Financial instruments of regulatory capital issued	(172,949)	(74,425)
Lease obligations	-	-
Result of UF, PPI and CPI risk hedge accounting.	552,120	216,536
Total expense for readjustments	**(240,502)**	**(144,454)**

NOTE 32 COMMISSION INCOME AND EXPENSES

Comprises the amount of all fees accrued and paid during the year, except those that are an integral part of the effective interest rate of financial instruments:

	As of December 31,	
	2022	2021
	MCh$	MCh$
Income from commissions and services rendered		
Commissions for prepayment of loans	11,348	16,266
Commissions for loans with letters of credit	233	311
Commissions for credit lines and current accounts overdraft	8,766	7,606
Commissions for guarantees and letters of credit	35,935	29,426
Commissions for card services	352,448	249,692
Commissions for account management	52,226	39,513
Commissions for collections and payments	54,060	46,234
Commissions for brokerage and management of securities	10,019	10,853
Commissions for brokerage and insurance advice	52,568	43,933
Commissions for factoring services	1,829	1,229
Commissions for securitisations	45	29
Commissions for financial advice	9,362	14,332
Office Banking	21,771	17,823
Other remuneration for services rendered	56,543	49,178
Other commissions earned	61,910	70,544
Total	**729,063**	**596,969**

Comprises the amount of all fees accrued and paid during the year, except those that are an integral part of the effective interest rate of financial instruments:

	As of December 31,	
	2022	2021
	MCh$	MCh$
Expenses for commissions and services rendered		
Commissions for card operation services	(105,695)	(76,418)
Licence fees for the use of card brands	(7,360)	(5,570)
Other commissions for services linked to the credit card system and payment cards with fund provision as a means of payment	(11,458)	(10,083)
Expenses for obligations of customer loyalty and merit programmes for customer cards	(95,946)	(81,734)
Commissions for securities transactions	(8,551)	(8,001)
Office Banking	(2,382)	(2,115)
Interbank services	(47,428)	(49,178)
Other commissions for services received	(42,974)	(12,754)
Total	**(321,794)**	**(245,853)**
Total net fee and commission income and expenses	**407,269**	**351,116**

NOTE 32 COMMISSION INCOME AND EXPENSES, continued

Income and expenses from commissions generated by the different segments of business and the revenue recognition schedule for ordinary activities are presented below

As of December 31, 2022	Segments					Revenue recognition schedule for ordinary activities		
	Individuals + SMEs	Middle-market	Global Corporate Banking	Other	Total	Transferred through time	Transferred at a specific time	Accrual model
						Total	Total	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Commission income								
Commissions for prepayment of loans	7,072	3,229	11	1,036	**11,348**	-	11,348	-
Commissions for loans with letters of credit	170	-	-	63	**233**	-	233	-
Commissions for credit lines and current account overdrafts	7,039	(836)	2,556	7	**8,766**	8,766	-	-
Commissions for guarantees and letters of credit	5,028	20,295	10,036	576	**35,935**	35,935	-	-
Commissions for card services	301,123	24,915	9,417	16,993	**352,448**	71,909	280,539	-
Commissions for account management	48,336	3,011	845	34	**52,226**	52,226	-	-
Commissions for collections and payments	65,897	9,318	8,052	(29,207)	**54,060**	-	32,436	21,624
Commissions for brokerage and management of securities	2,249	276	6,874	620	**10,019**	-	10,019	-
Remuneration for insurance brokerage and advisory services	52,757	12	1	(202)	**52,568**	-	52,568	-
Commissions for factoring services	313	657	761	98	**1,829**	-	1,829	-
Commissions for securitisations	-	-	45	-	**45**	-	45	-
Commissions for financial advice	(1,362)	2,894	3,916	3,914	**9,362**	-	9,362	-
Office Banking	19,323	1,879	569	-	**21,771**	21,771	-	-
Other remuneration for services rendered	46,168	9,586	789	-	**56,543**	-	56,543	-
Other commissions earned	49,131	7,615	7,237	(2,373)	**61,910**	-	61,910	-
Total	**603,544**	**82,851**	**51,109**	**(8,441)**	**729,063**	**190,607**	**516,832**	**21,624**
Commission expenses								
Commissions for card operation services	(94,473)	(9,619)	(1,418)	(185)	**(105,695)**	-	(105,695)	-
Licence fees for the use of card brands	(6,679)	(620)	(51)	(10)	**(7,360)**	-	(7,360)	-
Other commissions for services linked to the credit card system and payment cards with fund provision as a means of payment	(11,029)	(391)	(38)	-	**(11,458)**	-	(11,458)	-
Expenses for obligations of customer loyalty and merit programmes for customer cards	(94,958)	(987)	(1)	-	**(95,946)**	-	(57,567)	(38,379)
Commissions for securities transactions	-	-	(6,186)	(2,365)	**(8,551)**	-	(8,551)	-
Office Banking	(1,985)	(125)	(272)	-	**(2,382)**	(2,382)	-	-
Interbank services	(45,210)	(1,956)	(262)	-	**(47,428)**	-	(47,428)	-
Other commissions for services received	(36,504)	(6,509)	(5,581)	5,620	**(42,974)**	-	(42,974)	-
Total	**(290,838)**	**(20,207)**	**(13,809)**	**3,060**	**(321,794)**	**(2,382)**	**(281,033)**	**(38,379)**
Total net fee and commission income and expenses	**312,706**	**62,644**	**37,300**	**(5,381)**	**407,269**	**188,225**	**235,799**	**(16,755)**

NOTE 32 COMMISSION INCOME AND EXPENSES, continued

As of December 31, 2021	Segments					Revenue recognition schedule for ordinary activities		
	Individuals + SMEs	Middle-market	Global Corporate Banking	Other	Total	Transferred through time	Transferred at a specific time	Accrual model
						Total	Total	Total
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Commission income								
Commissions for prepayment of loans	8,360	7,572	1,525	(1,191)	**16,266**	-	16,266	-
Commissions for loans with letters of credit	323	1	-	(13)	**311**	-	311	-
Commissions for credit lines and current account overdrafts	6,288	834	432	52	**7,606**	7,606	-	-
Commissions for guarantees and letters of credit	5,881	16,214	7,251	80	**29,426**	29,426	-	-
Commissions for card services	238,735	7,385	2,445	1,127	**249,692**	199,753	49,939	-
Commissions for account management	35,907	2,454	1,134	18	**39,513**	39,513	-	-
Commissions for collections and payments	59,130	7,619	7,542	(28,057)	**46,234**	-	27,740	18,494
Commissions for brokerage and management of securities	3,685	355	5,754	1,059	**10,853**	-	10,853	-
Remuneration for insurance brokerage and advisory services	44,100	1	3	(171)	**43,933**	-	43,933	-
Commissions for factoring services	359	418	450	2	**1,229**	-	1,229	-
Commissions for securitisations	-	-	29	-	**29**	-	29	-
Commissions for financial advice	1	2,297	12,097	(63)	**14,332**	-	14,332	-
Office Banking	12,493	4,494	836	-	**17,823**	-	17,823	-
Other remuneration for services rendered	45,278	3,306	581	13	**49,178**	-	49,178	-
Other commissions earned	48,017	9,788	4,811	7,928	**70,544**	-	70,544	-
Total	**508,557**	**62,738**	**44,890**	**(19,216)**	**596,969**	**276,298**	**302,177**	**18,494**
Commission expenses								
Commissions for card operation services	(69,756)	(5,119)	(1,034)	(509)	**(76,418)**	-	(76,418)	-
Licence fees for the use of card brands	(5,370)	(215)	15	-	**(5,570)**	-	(5,570)	-
Other commissions for services linked to the credit card system and payment cards with fund provision as a means of payment	(9,987)	(80)	(16)	-	**(10,083)**	-	(10,083)	-
Expenses for obligations of customer loyalty and merit programmes for customer cards	(81,610)	(621)	(3)	500	**(81,734)**	-	(65,387)	(16,347)
Commissions for securities transactions	-	-	(4,688)	(3,313)	**(8,001)**	-	(8,001)	-
Office Banking	(4,237)	73	2,049	-	**(2,115)**	-	(2,115)	-
Interbank services	(24,230)	(4,338)	(5,618)	(43)	**(34,229)**	-	(34,229)	-
Other commissions for services received	(41,588)	(2,568)	(4,472)	20,925	**(27,703)**	-	(27,703)	-
Total	**(236,778)**	**(12,868)**	**(13,767)**	**17,560**	**(245,853)**	-	**(229,506)**	**(16,347)**
Total net fee and commission income and expenses	**271,779**	**49,870**	**31,123**	**(1,656)**	**351,116**	**276,298**	**72,671**	**2,147**

NOTE 33 - NET FINANCIAL INCOME

Includes the amount modified due to financial instruments' changes, except those attributable to interest accrued by applying the effective interest rate method of asset value adjustments and results on the sale and purchase of financial instruments.

As of December 31, 2022, and 2021, the detail of the results from financial operations is as follows:

	As of December 31,	
	2022	2021
	MCh$	MCh$
Results from financial assets held for trading at fair value through profit or loss		
Financial derivatives contracts	70,001	(23,785)
Debt financial instruments	8,139	(4,841)
Other financial instruments	51	24
Subtotal	**78,191**	**(28,602)**
Results from financial liabilities held for trading at fair value through profit or loss		
Financial derivatives contracts	-	-
Other financial instruments	-	-
Subtotal	-	**-**
Financial results from financial assets not held for trading mandatorily measured at fair value through profit or loss		
Debt financial instruments	-	-
Other	-	-
Subtotal	-	**-**
Financial results from financial assets designated at fair value through profit or loss		
Debt financial instruments	-	-
Other financial instruments	-	-
Subtotal	-	**-**
Financial results from financial liabilities designated at fair value through profit or loss		
Demand deposits and other demand liabilities, and Time deposits and other term equivalents	-	-
Issued debt instruments	-	-
Other	-	-
Subtotal	-	-
Financial results on derecognition of financial assets and liabilities at amortised cost and financial assets at fair value through other comprehensive income		
Financial assets at amortised cost	2,088	2,745
Financial assets at fair value through other comprehensive income	(20,173)	23,188
Financial liabilities at amortised cost	16,457	(3,734)
Financial instruments of regulatory capital issued	-	-
Subtotal	**(1,628)**	**22,199**
Total	**76,563**	**(6,403)**

NOTE 33 - NET FINANCIAL INCOME, continued

As of December 31, 2022, and 2021, the detail of the financial results from foreign exchange, readjustments and hedge accounting of foreign currencies are as follows:

	As of December 31,	
	2022	2021
	MCh$	MCh$
Financial results from foreign exchange, foreign exchange restatements and hedging of foreign currencies		
Result from foreign exchange	**260,903**	**(484,497)**
Exchange rate readjustment results		
Financial assets held for trading at fair value through profit or loss	-	-
Non-trading financial assets mandatorily measured at fair value through profit or loss	-	-
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	-	-
Financial assets at amortised cost	1,856	18,954
Other assets	1,353	(159)
Financial liabilities at amortised cost	-	-
Financial liabilities held for trading at fair value through profit or loss	(760)	-
Financial liabilities designated at fair value through profit or loss	-	-
Financial instruments of regulatory capital issued	-	-
Net result of derivatives in foreign currency risk hedge accounting	**(122,262)**	**587,976**
Subtotal	**141,090**	**122,274**
Financial results from reclassifying financial assets due to changes in business model		
From financial assets at amortised cost to financial assets for trading at fair value through profit or loss	-	-
From financial assets at fair value through other comprehensive income to financial assets held for trading at fair value through profit or loss	-	-
Subtotal	**-**	**-**
Other financial results from changes in financial assets and liabilities		
Financial assets at amortised cost	-	-
Financial assets at fair value through other comprehensive income	-	-
Financial liabilities at amortised cost	-	-
Obligations under leasing contracts	-	-
Financial instruments of regulatory capital issued	-	-
Subtotal	**-**	**-**
Other financial results from ineffective hedge accounting	-	-
Other financial results from other hedge accounting	-	-
Subtotal	**-**	**-**
Total	**217,653**	**115,871**

NOTE 34 - INCOME FROM INVESTMENTS IN COMPANIES

The Consolidated Statements of Income present results from investments in companies of MCh$10,310 as of December 31, 2022 and MCh$475 as of December 31, 2021, as follows:

	Institutions' Participation		Result from investments	
	As of December 31,		As of December 31,	
	2022	2021	2022	2021
	%	%	MCh$	MCh$
Companies				
Redbanc SA	33.43	33.43	572	472
Transbank SA	25.00	25.00	6,508	(3,046)
Centro de Compensación Automatizado SA	33.33	33.33	1,567	876
Sociedad Interbancaria de Depósito de Valores SA	29.29	29.29	442	344
Cámara de Compensación de Alto Valor SA	15.00	15.00	140	58
Administrador Financiero del Transantiago SA	20.00	20.00	804	437
Servicios de Infraestructura de Mercado OTC SA	12.48	12.48	109	33
Subtotal			**10,142**	**(826)**
Shares or rights in other companies				
Bladex	-	-	-	188
Trading Exchanges	-	-	168	163
Other	-	-	-	-
Subtotal			**168**	**351**
Total			**10,310**	**(475)**

For more detailed financial information on the companies, see Note 14.

NOTE 35 - NON-CURRENT ASSETS AND DISPOSAL GROUPS NOT QUALIFYING AS DISCONTINUED OPERATIONS

The composition of the result on non-current assets and disposal groups that do not classify as discontinued transactions (assets received in lieu of payment) is as follows:

	As of December 31,	
	2022	2021
	MCh$	MCh$
Net results from assets received in payment or awarded in a judicial auction		
Results from the sale of goods received in payment or awarded in a judicial auction	6,653	13,195
Other income from assets received in lieu of payment or awarded in a judicial auction	10,989	2,536
Provisions for adjustments to the net realisable value of assets received in lieu of payment or awarded in a judicial auction	(743)	(192)
Charge-offs of assets received in payment or awarded in a judicial auction	(15,063)	(13,249)
Expenses for maintenance of assets received in lieu of payment or awarded in a judicial auction	(2,017)	(1,425)
Non-current assets held for sale and disposal group	6,404	673
Total	**6,223**	**1,538**

NOTE 36 - OTHER OPERATING INCOME AND EXPENSES

a) Other operating income consists of the following items:

	As of December 31,	
	2022	2021
	MCh$	MCh$
Other operating income		
Compensation from insurance companies for claims other than operational risk events	141	45
Income from expense recovery	548	218
Other income	4,850	1,399
Total	**5,539**	**1,662**

b) Other operating expenses consist of the following items:

	As of December 31,	
	2022	2021
	MCh$	MCh$
OTHER OPERATIONAL EXPENSES		
Expenditure on insurance premiums to cover operational risk events	(47,214)	(42,590)
Provisions for operational risk	(4,366)	(1,131)
Operational risk event expense recoveries	362	2,389
Provisions for lawsuits and litigations	(1,210)	(493)
Expenses from financial leasing credit operations	(3,842)	(3,772)
Expenses for factoring credit operations	(784)	(414)
Other operational expenses	(49,252)	(53,825)
Total	**(106,306)**	**(99,836)**

NOTE 37 - EMPLOYEE BENEFIT OBLIGATION EXPENSES

Expenses for employee benefits as of December 31, 2022 and 2021 are as follows:

	As of December 31,	
	2022	2021
	MCh$	MCh$
Expenses for short-term employee benefits	359,852	357,222
Expenses for long-term employee benefits	14,659	4,132
Expenses for termination of employment benefits to employees	27,289	25,615
Expenses for defined benefit post-employment plan obligations	849	873
Other human resources costs	12,159	9,833
Total	**414,808**	**397,675**

Share-based compensation (settled in cash)

The Bank provides certain executives of the Bank and its affiliates a share-based payment benefit, which is settled in cash according to the requirements of IFRS 2. Accordingly, the Bank measures services received and liabilities incurred at fair value.

Until settlement of the liability, the Bank determines the liability's fair value at the end of each reporting period and on the settlement date, with any fair value changes recognised in the period results.

Pension plan

The Bank has an additional benefit available to its senior executives, consisting of a pension plan to provide them with funds for a better complementary pension upon retirement.

In this respect, the Bank will complement the voluntary contributions made by beneficiaries for their future pension with an equal contribution. Executives shall earn the right to receive this benefit only if they meet the following copulative conditions:

a. Aimed at the Group's senior management.
b. The general requirement for eligibility is to be still employed when they are 60 years old.
c. The Bank will contract a mixed group insurance policy (life and savings) for each executive, the contracting party and beneficiary being the Group
b. Company to which the executive belongs. Periodic contributions will be made equal to each manager's contribution to their
c. voluntary contribution plan.
d. The Bank will be responsible for granting the benefits directly.

In the event of termination of the employment relationship between the executive and the respective company before meeting the conditions described above, no entitlement shall accrue to them under this benefit plan.

NOTE 37 - EMPLOYEE BENEFIT OBLIGATION EXPENSES, continued

Exceptionally, in the event of the manager's death or total or partial disability, their heirs shall be entitled to receive this benefit as the case may be.

The Bank will contribute to this benefit plan based on mixed group insurance policies, the beneficiary of which is the Bank. The life insurance company with which these policies are contracted is unrelated to the Bank or any other Group company.

The Bank's entitlements under the plan as of December 31, 2022 amount to MCh$6,819 (MCh$7,201 as of December 31, 2021).

The Bank has quantified the amounts of the defined benefit obligations based on the following criteria:

Calculation method:
The projected unit credit method is used, which treats each year of service as generating an additional unit of benefit entitlement and values each unit separately. It is calculated according to the fund contribution that considers as the main parameters the factors related to the legal annual pension ceiling, the years of service, age and annual income of each unit valued individually.

Actuarial assumptions used:
Actuarial assumptions regarding demographic and financial variables are unbiased and mutually compatible. The most significant actuarial assumptions considered in the calculations were:

The assets related to the savings fund that the Bank to the Compañía de Seguros Euroamérica contributed for particular service plans are presented in the net-related commitments. The assumptions used are as follows:

Post-Employment Plans	As of December 31, 2022	2021
Mortality chart	RV-2014	RV-2014
Termination of contract rate	5.0%	5.0%
Impairment chart	PDT 1985	PDT 1985

The movement in the year for post-employment benefits is as follows:

	As of December 31, 2022 MCh$	2021 MCh$
Assets for defined post-employment benefits	6,819	7,201
Commitments for defined benefit plans		
With active personnel	(6,277)	(6,678)
Caused by inactive personnel	-	-
Minus:		
Unrecognised actuarial (gains) losses	-	-
Balances at the end of the period	**542**	**523**

NOTE 37 - EMPLOYEE BENEFIT OBLIGATION EXPENSES, continued

The annual cash flow for post-employment benefits is as follows:

	As of December 31,	
	2022	2021
	MCh$	MCh$
Fair value of plan assets		
Balance at the beginning of the year	**7,127**	**8,225**
Expected return on insurance contracts	211	640
Employer contributions	337	995
Actuarial (gains) losses	-	-
Premiums paid	-	-
Benefits paid	(856)	(2,659)
Fair value of plan assets at the end of the financial year	**6,819**	**7,201**
Present value of obligations		
Present value of the obligations at the beginning of the year	**(6,633)**	**(7,551)**
Net incorporation of companies into the Group	-	-
Current period service costs	356	873
Reduction/settlement effects	-	-
Benefits paid	-	-
Past service costs	-	-
Actuarial (gains) losses	-	-
Other movements	-	-
Present value of obligations at year-end	**(6,277)**	**(6,678)**
Net balance at year-end	**542**	**523**

Expected performance of the Plan:

	As of December 31,	
	2022	2021
Expected rate of return on plan assets	UF+ 2.50% per year	UF+ 2.50% per year
Expected rate of return on redemption rights	UF+ 2.50% per year	UF+ 2.50% per year

Costs related to the Plan:

	As of December 31,	
	2022	2021
	MCh$	MCh$
Current period service costs	356	(873)
Interest cost	-	-
Expected return on plan assets	211	(640)
Extraordinary allocations	-	-
Actuarial (gains)/losses recorded in the period	-	-
Past service cost	-	-
Other	-	-
Total	**567**	**(1,513)**

NOTE 38 - ADMINISTRATIVE EXPENSE

As of December 31, 2022, and 2021, the composition of the item is as follows:

	As of December 31,	
	2022 MCh$	2021 MCh$
General administrative expenses	**(180,832)**	**(162,579)**
Expenses for short-term lease agreements	(6,364)	(3,004)
Expenses for low-value leases	-	-
Other expenses for lease obligations	(30)	(20)
Maintenance and repair of property, plant and equipment	(23,407)	(22,157)
Insurance premiums except to hedge operational risk events	(5,656)	(5,133)
Office Supplies	(6,583)	(4,755)
IT and communication expenses	(88,438)	(80,615)
Lighting, heating, and other utilities	(5,514)	(4,127)
Security and valuables transport services	(16,459)	(13,671)
Representation and personnel travel expenses	(2,314)	(2,715)
Judicial and notarial expenses	(1,265)	(834)
Fees for review and audit of the financial statements by the external auditor	(1,455)	(1,391)
Fees for advisory and consultancy services provided by the external auditor	-	-
Fees for advisory and consultancy services provided by other audit firms	(167)	(135)
Fees for securities classification	-	-
Fees for other technical reports	(7,917)	(6,424)
Fines applied by the FMC	(51)	-
Fines applied by other bodies	-	(1)
Other general administrative expenses	(15,212)	(17,597)
Outsourced services	**(82,143)**	**(71,769)**
Data processing	(41,714)	(36,250)
Technology development, certification and technology testing service	(3,197)	(3,442)
External human resources management and external staffing service	(220)	(105)
Valuation service	-	-
Call Centre service for sales, marketing, quality control and customer service	(15)	(8)
External collection service	(427)	(241)
Outsourced ATM management and maintenance services	(525)	(377)
External cleaning service, casino, custody of files and documents, furniture and equipment storage.	(4,691)	(4,395)
Product sales and distribution services	(119)	(368)
External credit appraisal service	(5,195)	(7,243)
Other outsourced services	(26,040)	(19,340)
Board expenses	**(1,764)**	**(1,539)**
Remuneration of the Board of Directors	(1,692)	(1,539)
Other Board Expenses	(72)	-
Marketing expenses	**(25,988)**	**(26,321)**
Taxes, contributions, fees	**(19,492)**	**(17,926)**
Real estate contributions	(2,107)	(1,893)
Patents	(2,138)	(2,289)
Other taxes	(2)	(5)
Contribution to the FMC (ex-SBIF)	(15,245)	(13,739)
Other legal charges	-	-
Total	**(310,219)**	**(280,134)**

NOTE 39 - DEPRECIATION AND AMORTISATION

The amounts corresponding to depreciation and amortisation charges to income as of December 31, 2022 and 2021 are detailed below:

	As of December 31,	
	2022 MCh$	2021 MCh$
Depreciation and amortisation		
Amortisation of intangible assets	(42,377)	(32,252)
Depreciation of fixed assets	(46,519)	(49,884)
Depreciation and amortisation of assets for rights to use leased property	(41,097)	(39,919)
Total Depreciation and Amortisation	**(129,993)**	**(122,055)**

The reconciliation between the book value and balances as of December 31, 2022 and 2021 is as follows:

	Depreciation and amortisation 2022			
	Fixed assets MCh$	Intangible assets MCh$	Right of use assets MCh$	Total MCh$
Balances as of January 1, 2022	**(357,639)**	**(199,334)**	**(162,228)**	**(719,201)**
Depreciation and amortisation charges for the year	(46,519)	(42,377)	(41,097)	**(129,993)**
Disposals and sales for the year	3,888	-	21,940	**25,828**
Other	-	(1,809)	-	**1,809**
Balance as of December 31, 2022	**(400,270)**	**(243,520)**	**(181,385)**	**(825,175)**

	Depreciation and amortisation 2021			
	Fixed assets MCh$	Intangible assets MCh$	Right of use assets MCh$	Total MCh$
Balances as of January 1, 2021	**(310,378)**	**(201,997)**	**(125,041)**	**(637,461)**
Depreciation and amortisation charges for the year	(49,884)	(32,252)	(39,919)	**(122,055)**
Disposals and sales for the year	1,447	34,915	3,908	**40,315**
Other	1,176	-	(1,176)	**-**
Balances as of December 31, 2021	**(357,639)**	**(199,334)**	**(162,228)**	**(719,201)**

NOTE 40 - IMPAIRMENT OF NON-FINANCIAL ASSETS

The amounts corresponding to impairment charges to income as of December 31, 2022 and 2021 are detailed below:

	As of December 31,	
	2022	**2021**
	MCh$	**MCh$**
Impairment of investments in companies	-	-
Impairment of intangible assets	-	-
Impairment of fixed assets	-	-
Impairment of assets for the right to use leased assets	-	-
Impairment of other assets for investment properties	-	-
Impairment of other assets due to income from ordinary activities generated by contracts with customers	-	-
Acquisition gain through a business combination on highly advantageous terms	-	-
Total	**-**	**-**

As of December 31, 2022, the Bank has no impairment amounts for non-financial assets.

NOTE 41 - CREDIT LOSS EXPENSE

The movement as of December 31, 2022 and 2021 in credit loss expense is summarised as follows:

a. The breakdown of credit loss expenses as of December 31, 2022 and 2021 is as follows:

Breakdown of loan loss expense for the period	As of December 31, 2022 MCh$	2021 MCh$
Provisions for credit risk on loans and advances to credit institutions	(418,066)	(321,824)
Expenditure on special provisions for credit risk	(42,717)	(137,389)
Recovery of impaired loans	90,577	76,999
Impairment for credit risk on other financial assets not measured at fair value through profit or loss	(521)	(737)
Total	**(370,727)**	**(382,951)**

.

NOTE 41 - CREDIT LOSS EXPENSE, continued

b. The flow of expenditure on provisions set for credit risk and expense for credit loss on loans as of December 31, 2022 and 2021 is as follows:

Breakdown of expenditure on provisions established for credit risk and credit loss for the period - As of December 31, 2022 (MCh$)	Loan provisions expenses in the period Normal portfolio Evaluation		Substandard Portfolio Evaluation	Non-performing portfolio Evaluation		Subtotal	Deductible FOGAPE Covid-19 guarantees	Total
	Individual	Group	Individual	Individual	Group			
Interbank loans								
Provision establishment	(124)	-	-	-	-	(124)	-	(124)
Provision release	85	-	-	-	-	85	-	85
Subtotal	**(39)**	**-**	**-**	**-**	**-**	**(39)**	**-**	**(39)**
Commercial loans								
Provision establishment	(22,008)	(14,224)	(12,486)	(101,178)	(125,046)	**(274,942)**	-	**(274,942)**
Provision release	23,596	10,633	18,349	16,463	30,936	**99,977**	10,863	**110,840**
Subtotal	**1,588**	**(3,591)**	**5,863**	**(84,715)**	**(94,110)**	**(174,965)**	**10,863**	**(164,102)**
Mortgage loans								
Provision establishment	-	(9,898)	-	-	(58,486)	**(68,384)**	-	**(68,384)**
Provision release	-	487	-	-	12,985	**13,472**	-	**13,472**
Subtotal	**-**	**(9,411)**	**-**	**-**	**(45,501)**	**(54,912)**	**-**	**(54,912)**
Consumer loans								
Provision establishment	-	(55,108)	-	-	(192,150)	**(247,258)**	-	**(247,258)**
Provision release	-	20,431	-	-	27,814	**48,245**	-	**48,245**
Subtotal	**-**	**(34,677)**	**-**	**-**	**(164,336)**	**(199,013)**	**-**	**(199,013)**
Provisions for credit risk on loans and advances to credit institutions	**1,549**	**(47,679)**	**5,863**	**(84,715)**	**(303,947)**	**(428,929)**	**10,863**	**(418,066)**
Recovery of impaired loans:								
Interbank loans								**-**
Commercial loans								**44,862**
Mortgage loans								**21,575**
Consumer loans								**24,140**
Subtotal								**90,577**
Total								**(327,489)**

NOTE 41 - CREDIT LOSS EXPENSE, continued

Breakdown of expenditure on provisions established for credit risk and credit loss for the period - As of December 31, 2021 (MCh$)	Loan provisions expenses in the period: Normal portfolio Evaluation Individual	Normal portfolio Evaluation Group	Substandard Portfolio Evaluation Individual	Non-performing portfolio Evaluation Individual	Non-performing portfolio Evaluation Group	Subtotal	Deductible FOGAPE Covid-19 guarantees	Total
Interbank loans								
Provision establishment	(15)	-	-	-	-	**(15)**	-	**(15)**
Provision release	24	-	-	-	-	**24**	-	**24**
Subtotal	**9**	**-**	**-**	**-**	**-**	**9**	**-**	**9**
Commercial loans								
Provision establishment	(43,372)	(10,724)	(25,023)	(95,004)	(186,848)	**(360,971)**	(8,018)	**(368,989)**
Provision release	42,322	11,942	36,071	62,364	38,936	**191,635**	4,603	**196,238**
Subtotal	**(1,050)**	**1,218**	**11,048**	**(32,640)**	**(147,912)**	**(169,336)**	**(3,415)**	**(172,751)**
Mortgage loans								
Provision establishment	-	(3,264)	-	-	(38,097)	**(41,361)**	-	**(41,361)**
Provision release	-	6,755	-	-	2,124	**8,879**	-	**8,879**
Subtotal	**-**	**3,491**	**-**	**-**	**(35,973)**	**(32,482)**	**-**	**(32,482)**
Consumer loans								
Provision establishment	-	(52,104)	-	-	(125,105)	**(177,209)**	-	**(177,209)**
Provision release	-	6,676	-	-	53,933	**60,609**	-	**60,609**
Subtotal	**-**	**(45,428)**	**-**	**-**	**(71,172)**	**(116,600)**	**-**	**(116,600)**
Provisions for credit risk on loans and advances to credit institutions								
Recovery of impaired loans:								
Interbank loans								**-**
Commercial loans								**27,212**
Mortgage loans								**13,621**
Consumer loans								**36,166**
Subtotal								**76,999**
Total								**(244,825)**

NOTE 41 - CREDIT LOSS EXPENSE, continued

The balances of Special Provisions for Credit Risk Expenses as of December 31, 2022 and 2021 are as follows:

Breakdown of special provisions for credit risk expense for the period	As of December 31, 2022 MCh$	2021 MCh$
Provision expense for contingent credits		
Interbank loans	-	-
Commercial loans	(6,976)	(5,269)
Consumer loans	(385)	25
Expense of provision expenditure for local risk for operations with debtors domiciled abroad	**(356)**	**(145)**
Expense of special provisions for loans abroad	**-**	-
Expense of additional provisions for loans		
Commercial loans	100,000	(132,000)
Mortgage loans	(7,000)	-
Consumer loans	(128,000)	-
Expense of provision for adjustments to the minimum required provision for the normal portfolio with individual evaluation	**-**	**-**
Expense of provisions established for credit risk as a result of additional prudential requirements	**-**	**-**
Total	**(42,717)**	**(137,389)**

NOTE 42 - RESULTS FROM DISCONTINUED OPERATIONS

The Bank currently has no results from discontinued operations.

NOTE 43 - RELATED PARTY DISCLOSURES

'Related parties' refers to the Bank as well as subsidiaries and associates, the 'key personnel' of the Bank's management (members of the Bank's Board of Directors and also the managers of Banco Santander-Chile and its affiliates, together with their close relatives), as well as entities over which the key personnel may exercise significant influence or control.

Furthermore, the Bank considers the various companies comprising Santander Group worldwide to be related parties, on the understanding that they all have a common parent company, which is Banco Santander SA (based in Spain).

Article 89 of the Chilean Corporation Law, which also applies to banks, provides that any transaction with a related party must be carried out on fair terms and conditions similar to those normally prevailing in the market.

Additionally, Article 84 of the General Banking Law limits credits granted to related parties and prohibits granting credits to the Bank's directors, general managers, or general representatives.

The Bank's transactions with its related parties are listed below. For ease of understanding, we have divided the information into four categories:

Santander Group companies

This category includes entities over which the Bank, as indicated in Note 01 (b) of these Consolidated Financial Statements, exercises some degree of influence and generally corresponds to the so-called 'business support companies'.

Associated companies

This category includes those entities over which the Bank, as indicated in Note 01 (b) of these Consolidated Financial Statements, exercises some degree of influence and, in general, corresponds to the so-called 'business support companies'.

Key personnel

This category includes the members of the Bank's Board of Directors and Directors of Banco Santander-Chile and its affiliates, together with their close relatives.

Other

This category includes those related parties not included in the groups described above and which generally correspond to those entities over which key personnel can exercise noteworthy influence or control.

The terms for transactions with related parties are equivalent to those of transactions made under market conditions or to which the corresponding considerations in kind have been attributed.

NOTE 43 - RELATED PARTY DISCLOSURES, continued

a. Loans to related parties

Credits and receivables, as well as contingent credits corresponding to related entities, are shown below:

The movement in related party loans during the financial years of 2022 and 2021 has been as follows:

	As of December 31, 2022				As of December 31, 2021			
	Group companies	Associated companies	Key personnel	Other	Group companies	Associated companies	Key personnel	Other
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Loans and receivables:								
Commercial loans	680,624	118	3,185	280	592,992	192	2,611	219
Mortgage loans	-	-	30,479	-	-	-	20,716	-
Consumer loans	-	-	6,540	-	-	-	6,562	-
Loans and receivables	**680,624**	**118**	**40,204**	**280**	**592,992**	**192**	**29,889**	**219**
Provision for loan losses	(2,213)	(8)	(164)	(10)	(2,586)	(30)	(138)	(6)
Net loans	**678,411**	**110**	**40,040**	**270**	**590,406**	**162**	**29,751**	**213**
Guarantee	1,031	-	31,590	110	2,039	-	25,545	117
Contingent loans:								
Guarantees and sureties	-	-	-	-	-	-	-	-
Letters of credit	19,162	-	-	-	13,848	-	-	-
Transactions with contingent events	30,422	-	-	-	538	-	-	-
Contingent loans	**49,584**	-	-	-	**14,386**	**-**	**-**	**-**
Provisions for contingent credits	(41)	-	-	-	(32)	-	-	-
Net contingent loans	**49,543**	**-**	**-**	**-**	**14,354**	**-**	**-**	**-**

	As of December 31, 2022				As of December 31, 2021			
	Group companies (*)	Associate companies	Key personnel	Other	Group companies (*)	Associate companies	Key personnel	Other
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Balance as of January 1,	**607,378**	**192**	**29,889**	**219**	**356,848**	**265**	**32,498**	**993**
Loans granted	179,540	29	18,115	156	373,006	-	5,738	53
Loans paid	(56,710)	(103)	(7,800)	(95)	(122,476)	(73)	(8,347)	(827)
Total	**730,208**	**118**	**40,204**	**280**	**607,378**	**192**	**29,889**	**219**

(*) As of December 31, 2022 and December 31, 2021, loans corresponding to group companies outside the scope of consolidation amounted to MCh$27,544 and MCh$1,174, respectively.

NOTE 43 - RELATED PARTY DISCLOSURES, continued

b. The assets and liabilities for related party transactions as of December 31, 2022 and 2021 are as follows:

Assets and liabilities from transactions with related parties

Types of assets and liabilities held with related parties As of December 31, 2022 (MCh$)	Type of related party			
	Group companies	Associated companies	Key personnel	Other
ASSETS				
Cash and deposits in banks	280,364	-	-	-
Financial assets held for trading at fair value through profit or loss				
Financial derivatives contracts	1,190,683	386,494	-	-
Other assets	676,850	287,053		
LIABILITIES				
Financial liabilities held for trading at fair value through profit or loss				
Financial derivatives contracts	1,695,284	326,149	-	-
Financial liabilities at amortised cost				
Deposits and other demand liabilities	73,193	-	4,398	833
Time deposits and other term equivalents	10,376	-	9,442	1,102
Obligations under repurchase and securities lending agreements	64,547	-	-	18,135
Interbank borrowing	224,798	-	-	-
Debt and regulatory capital financial instruments issued	1,001,310	-	-	-
Other liabilities	267,130	325,070	-	-

Types of assets and liabilities held with related parties As of December 31, 2021 (MCh$)	Type of related party			
	Group companies	Associated companies	Key personnel	Other
ASSETS				
Cash and deposits in banks	1,069,468	-	-	-
Financial assets held for trading at fair value through profit or loss				
Financial derivatives contracts	1,164,660	298,997	-	-
Other assets	1,042,852	290,507	-	-
LIABILITIES				
Financial liabilities held for trading at fair value through profit or loss				
Financial derivatives contracts	2,083,795	224,247	-	-
Financial liabilities at amortised cost				
Deposits and other demand liabilities	16,190	2,486	4,760	1,003
Time deposits and other term equivalents	900,830	1,677	3,066	948
Obligations under repurchase and securities lending agreements	57,771	-	181	5,807
Interbank borrowing	891,014	-	-	-
Debt and regulatory capital financial instruments issued	1,176,709	-	-	-
Other liabilities	16,259	233,630	-	-

NOTE 43 - RELATED PARTY DISCLOSURES, continued

c. Income and expenses from related party transactions

Type of income and expenses from related party transactions as of December 31, 2022 (MCh$)	Group companies	Associated companies	Key personnel	Other
Interest and adjustment income and expenses	(44,196)	(13)	4,198	79
Commission and service income and expenses	157,236	86,581	261	15
Net income from financial operations and foreign exchange results (*)	(690,780)	(47,993)	(217)	27
Other operating income and expenses	1,311	(619)	-	-
Remuneration and expenses of key personnel	-	-	(40,650)	-
Administrative and other expenses	(78,435)	(82,771)	-	-

(*) Primarily relates to derivative contracts that financially cover the exchange risk of assets and liabilities that economically hedge the Bank's and its subsidiaries' positions.

Type of income and expenses from related party transactions as of December 31, 2021 (MCh$)	Group companies	Associated companies	Key personnel	Other
Interest and adjustment income and expenses	(24,428)	51	1,905	9
Commission and service income and expenses	134,404	25,445	202	11
Net income from financial operations and foreign exchange results (*)	(751,605)	187,300	-	-
Other operating income and expenses	552	(525)	-	-
Remuneration and expenses of key personnel	-	-	(40,020)	-
Administrative and other expenses	(66,895)	(54,953)	-	-

(*) Primarily relates to derivative contracts that financially cover the exchange risk of assets and liabilities that economically hedge the Bank's and its subsidiaries' positions.

NOTE 43 - RELATED PARTY DISCLOSURES, continued

d. Individual transactions in the period with related parties that are legal entities that do not correspond to normal business transactions with customers in general and where such individual transactions involve a transfer of resources, services or obligations of more than UF 2,000, per paragraph 9 of IAS 24.

As of December 31, 2022			**Description of the transaction**			**Transactions on matching terms to those transactions with mutual independence between the parties.**	**Effect on the income statement**		**Effect on the statement of positio**	
Company name	**Country of residence**	**Nature of the relationship with the Bank**	**Type of service**	**Term**	**Renewal conditions**		**Revenues MCh$**	**Expenditure MCh$**	**Receivables MCh$**	**Payabl MCh$**
Banco Santander, SA	España	Group	Consulting Services	Monthly	Under contract	Yes	-	15,999	-	1,642
Santander Back-Offices Globales Mayoristas, SA	España	Group	BackOffice services	Monthly	Under contract	Yes	-	3,059	-	-
Santander Chile Holding SA	Chile	Group	Leases	Monthly	Under contract	Yes	234	-	234	-
Santander Factoring SA	Chile	Group	Leases, Custody and Portal	Monthly	Under contract	Yes	39	423	39	133
Gesban Santander Servicios Profesionales Contables Limitada	Chile	Group	Accounting Services	Monthly	Under contract	Yes	60	1,019	60	523
Santander Global Facilities, SL	España	Group	Consulting services	Monthly	Under contract	Yes	-	341	-	-
Santander Investment Chile Limitada	Chile	Group	Leases	Monthly	Under contract	Yes	-	4,381	-	26
Santander Global Technology and Operations Chile Limitada	Chile	Group	IT Services	Monthly	Under contract	Yes	-	258	-	-
Universia Chile, SA	Chile	Group	Institutional Services	Monthly	Under contract	Yes	8	341	8	-
Aquanima Chile SA	Chile	Group	Procurement Services	Monthly	Under contract	Yes	-	1,710	-	-
Santander Asset Management SA Administradora General de Fondos	Chile	Group	Leases and Other	Monthly	Under contract	Yes	-	626	-	78
Zurich Santander Seguros Generales Chile SA	Chile	Group	Channel Usage Services	Monthly	Under contract	Yes	187	-	187	-
Santander Global Technology and Operations, SL Unipersonal	España	Group	IT Services	Monthly	Under contract	Yes	-	49,744	-	-
Mercury Trade Finance Solutions, SpA	Chile	Group	IT Services	Monthly	Under contract	Yes	-	256	-	-
Centro de Compensación Automatizado SA	Chile	Group	Derivatives clearing	Monthly	Under contract	Yes	-	2,184	-	-
Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor SA	Chile	Group	Card Operator	Monthly	Under contract	Yes	-	632	-	-
PagoNxt Trade Services, SL	España	Group	Digital payments	Monthly	Under contract	Yes	-	284	-	-

NOTE 43 - RELATED PARTY DISCLOSURES, continued

As of December 31, 2021			Description of the transaction			Transactions on matching terms to those transactions with mutual independence between the parties.	Effect on the income statement		Effect on the statement of position	
Company name	Country of residence	Nature of the relationship with the Bank	Type of service	Term	Renewal conditions		Revenues MCh$	Expenditure MCh$	Receivables MCh$	Payables MCh$
Banco Santander, SA	España	Group	Consulting Services	Monthly	Under contract	Yes	-	12,710	-	10,329
Santander Back-Offices Globales Mayoristas, SA	España	Group	BackOffice services	Monthly	Under contract	Yes	-	2,005	-	-
Santander Chile Holding SA	Chile	Group	Leases	Monthly	Under contract	Yes	211	-	-	-
Santander Factoring SA	Chile	Group	Leases, Custody and Portal	Monthly	Under contract	Yes	35	428	35	42
Gesban Santander Servicios Profesionales Contables Limitada	Chile	Group	Accounting Services	Monthly	Under contract	Yes	54	917	-	79
Santander Investment Chile Limitada	Chile	Group	Leases	Monthly	Under contract	Yes	-	3,910	-	60
Santander Global Technology and Operations Chile Limitada	Chile	Group	IT Services	Monthly	Under contract	Yes	-	231	-	-
Universia Chile, SA	Chile	Group	Institutional Services	Monthly	Under contract	Yes	-	274	-	65
Aquanima Chile SA	Chile	Group	Procurement Services	Monthly	Under contract	Yes	-	1,940	-	-
Santander Asset Management SA Administradora General de Fondos	Chile	Group	Leases and Other	Monthly	Under contract	Yes	-	495	-	65
Zurich Santander Seguros Generales Chile SA	Chile	Associated	Channel Usage Services	Monthly	Under contract	Yes	188	-	188	-
Santander Global Technology and Operations, SL Unipersonal	España	Group	IT services and Ops.	Monthly	Under contract	Yes	-	41,683	-	-
Mercury Trade Finance Solutions, SpA	Chile	Group	IT Services	Monthly	Under contract	Yes	-	343	-	-
Centro de Compensación Automatizado SA	Chile	Group	Derivatives clearing	Monthly	Under contract	Yes	-	2,184	-	-
Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor SA	Chile	Group	Card Operator	Monthly	Under contract	Yes	-	632	-	-

NOTE 43 - RELATED PARTY DISCLOSURES, continued

Payments to the Board of Directors and key management personnel of the Bank and its subsidiaries.

The remuneration received by key management personnel, including the members of the Bank's Board of Directors and Banco Santander-Chile's executives, are presented under the item 'Remuneration and personnel expenses' and/or 'Administrative expenses' in the Consolidated Income Statements, and corresponds to the following categories:

	As of December 31,	
	2022 MCh$	2021 MCh$
Remuneration of personnel	20,280	18,739
Remuneration of the Board of Directors	1,692	1,539
Bonuses or gratuities	17,794	17,387
Stock-based compensation	(1,169)	(322)
Seniority compensation	6	512
Pension plans	849	873
Training costs	50	108
Health funds	357	331
Other personnel costs funds	791	853
Total	**40,650**	**40,020**

Composition of the Board of Directors and key management personnel of the Bank and its subsidiaries.

Composition of the Board of Directors and Key Management Personnel of the Bank and its subsidiaries	As of December 31,	
	2022 MCh$	2021 MCh$
Directors	11	11
Managers	124	100
Total	**135**	**111**

NOTE 44 - FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability or the most advantageous market for the asset or liability.

For those financial instruments for which market prices are not available, fair values have been estimated using recent transactions in similar instruments or, if absent, current values or other valuation techniques based on mathematical valuation models sufficiently validated by the international financial community. In using these models, the specific features of the asset or liability to be valued and, in particular, the different types of risks related to the asset or liability are considered.

These techniques are inherently subjective and significantly affect the assumptions used, including the discount rate, estimates of future cash flows and prepayment assumptions. Therefore, the fair value of an asset or liability may not coincide exactly with the price at which the asset or liability could be delivered or settled on its valuation date and may not be justified by comparison with independent markets.

Determining the fair value of financial instruments

The following is a comparison between the book value of the Bank's financial assets and liabilities and their corresponding fair values as of December 31, 2022 and 2021 and January 31, 2021:

	As of December 31, 2022		As of December 31, 2021		As of January 1, 2021	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Assets						
Financial assets held for trading at fair value through profit or loss	**11,827,006**	**11,827,006**	**9,567,818**	**9,567,818**	**8,798,538**	**8,798,538**
Financial derivatives contracts	11,672,960	11,672,960	9,494,471	9,494,471	8,664,820	8,664,820
Debt financial instruments	154,046	154,046	73,347	73,347	133,718	133,718
Financial assets at fair value through other comprehensive income	**6,023,039**	**6,023,039**	**5,900,796**	**5,900,796**	**7,229,639**	**7,229,639**
Debt financial instruments	5,880,733	5,880,733	5,801,378	5,801,378	7,160,325	7,160,325
Other financial instruments	142,306	142,306	99,418	99,418	69,314	69,314
Financial derivative contracts for hedge accounting	**477,762**	**477,762**	**629,136**	**629,136**	**367,265**	**367,265**
Debt financial instruments at amortised cost	**43,596,957**	**43,838,759**	**40,262,257**	**40,004,208**	**33,364,443**	**36,990,699**
Debt financial instruments	4,867,591	4,496,503	4,691,730	4,249,697	-	-
Interbank loans and receivables from customers	38,729,366	39,342,256	35,570,527	35,754,511	33,364,443	36,990,699
Guarantees provided for derivative financial transactions	**2,442,325**	**2,442,325**	**1,988,410**	**1,988,410**	**596,555**	**596,555**

NOTE 44 - FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES, continued

	As of December 31,				As of January 1,	
	2022		2021		2021	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Liabilities						
Financial liabilities held for trading at fair value through profit or loss	**11,319,320**	**11,319,320**	**9,507,031**	**9,507,031**	**8,569,523**	**8,569,523**
Financial derivatives contracts	11,319,320	11,319,320	9,507,031	9,507,031	8,569,523	8,569,523
Financial derivative contracts for hedge accounting	2,788,794	2,788,794	**1,364,210**	**1,364,210**	**449,137**	**449,137**
Financial liabilities at amortised cost	**45,712,785**	**45,051,218**	**45,438,543**	**45,154,046**	**39,859,778**	**41,637,904**
Deposits and other demand liabilities	14,086,226	14,086,226	17,900,938	17,688,878	14,560,893	14,827,366
Time deposits and other term equivalents	12,978,790	13,117,554	10,131,055	10,011,039	10,581,791	10,775,444
Interbank borrowing	8,864,765	8,223,783	8,826,583	8,722,020	6,328,599	6,444,416
Debt and regulatory capital financial instruments issued	9,490,009	9,330,660	8,397,060	8,545,959	8,204,177	9,379,945
Other financial liabilities	292,995	292,995	182,907	186,150	184,318	210,733
Guarantees received for financial derivative transactions	1,017,968	1,017,968	857,679	857,679	624,205	624,205

NOTE 44 - FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES, continued

The fair value approximates the book value of the following items, due to their short-term nature, for the following cases: cash and bank deposits, cash items in collection process and securities lending and repurchase agreements.

Furthermore, the fair value estimates presented above are not intended to estimate the value of the Bank's profits generated by its business or future activities. They, therefore, do not represent the value of the Bank as a going concern. The methods used to estimate the fair value of financial instruments are detailed below.

a. Debt financial instruments

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 are valued at carrying value (recorded) as they are not considered to have a fair value significantly different from their historical one. To estimate the fair value of debt investments, the variables and additional elements (where applicable) were considered, including the estimated prepayment rates and the credit risk of the issuers.

b. Interbank loans and receivables from customers

The fair value of commercial loans, mortgage loans, credit cards and consumer loans are measured using discounted cash flow analysis. For this purpose, prevailing market interest rates are used regarding the product, term, amount and similar credit quality. The fair value of loans overdue by 90 days or more is measured using the market value of the associated collateral, discounted at the expected realisation rate and term. The estimated fair value is based on the book value for variable-rate loans whose interest rates frequently change (monthly or quarterly) and are not subject to any significant change in credit risk.

c. Deposits and other demand obligations

The disclosed fair value of non-interest bearing deposits and savings accounts is the amount payable at the reporting date and equal to the book value. The fair value of time deposits is calculated using the discounted cash flow method, which applies current interest rates offered to a schedule of monthly maturities expected in the market.

d. Short and long-term issued debt instruments

The fair value of these financial instruments is calculated using a discounted cash flow analysis based on the current incremental lending rates for similar loan types with similar maturities.

e. Financial derivatives and hedge accounting contracts

The estimated fair value of foreign exchange forward contracts was calculated using quoted market prices for financial instruments with similar characteristics.

The fair value of interest rate swaps represents the estimated amount the Bank determines as the exit price under IFRS 13. If there are no quoted market prices (direct or indirect) for any derivative instruments, the respective fair value estimates are calculated using valuation models and techniques such as Black-Scholes, Hull and Monte Carlo simulations and considering relevant inputs such as option volatility, observable correlations between underlying values, counterparty credit risk, implied price volatility, the speed with which volatility reverts to its mean value and the linear relationship (correlation) between the value of a variable.

Fair value measurement and hierarchy

IFRS 13 'Fair Value Measurement' establishes a fair value hierarchy, which segregates the valuation technique's inputs and/or assumptions used to measure the fair value of financial instruments. The hierarchy prioritises unadjusted quoted prices in active markets for identical assets or liabilities (level 1). The lowest priority is given to measures involving significant unobservable inputs or inputs (level 3 measures). The three levels of the fair value hierarchy are as follows:

NOTE 44 - FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES, continued

- Level 1: inputs are quoted (unadjusted) prices in active markets for identical assets and liabilities that the Bank can access at the measurement date.

- Level 2: inputs other than quoted prices included in Level 1, which can be observed directly or indirectly for assets or liabilities.

- Level 3: unobservable input data for the asset or liability.

The estimated fair value of foreign exchange forward contracts was calculated using quoted market prices for financial instruments with similar characteristics.

The fair value of interest rate swaps represents the estimated amount the Bank expects to receive or pay to terminate the contracts or agreements, considering the term structures of the interest rate curve, volatility of the underlying and the credit risk of the counterparties.

In cases in which quotes cannot be observed, management makes its best estimate of the price that the market would set using its internal models, which in most cases use data based on observable market parameters as significant inputs (Level 2) and, in limited cases, use significant inputs that are not observable in market data (Level 3). Various techniques are used to estimate it, including extrapolating observable market data.

Financial instruments at fair value and determined by published quotations in active markets (Level 1) comprise:

- Chilean Government and Treasury bonds
- Mutual Funds

If the instruments are not 100% market observable, the price is a function of other market observable prices (Level 2). The following financial instruments are classified in level 2:

Type of financial instrument	Valuation model used	Description
· Mortgage and private bonds	Present value of cash flows	RiskAmerica provides the internal rates of return (IRR) according to the following criteria: On the valuation day, if there are one or more valid transactions in the Santiago Stock Exchange for a given mnemonic code, the reported rate is the weighted average of said rates. If there are no valid transactions for a given mnemonic data on the valuation day, the reported rate is an 'IRR baseline' from a reference structure plus a 'Model Spread' based on information from historical spreads of the same or similar documents.
· Time deposits	Present value of cash flows	RiskAmerica provides the internal rates of return (IRR) according to the following criteria: On the valuation day, if there are one or more valid transactions in the Santiago Stock Exchange for a given mnemonic code, the reported rate is the weighted average of said rates. If there are no valid transactions for a given mnemonic code on the valuation day, the reported rate is an 'IRR baseline' from a reference structure plus a 'Model Spread' based on the 'Issuer curves'.
· Constant Maturity Swap (CMS), Forward FX and Inflation, Cross Currency Swap (CCS), Interest Rate Swap (IRS)	Present value of cash flows	Rates (IRR) are provided by ICAP, GFI, Tradition and Bloomberg according to the following criteria: The published market prices are used to construct the valuation curve using the bootstrapping method and then this curve is used to value the various derivatives.
· FX Options	Black-Scholes	Formula adjusted by the volatility smile (implicit volatility). BGC Partners provide prices (volatilities) according to the following criteria: The volatility surface is built through interpolation using published market prices, and these volatilities are then used to value the options.
· Guarantees for threshold transactions, guarantee deposits	Present value of cash flows	Transactions related to derivatives contracts such as Constant Maturity Swap (CMS), Forward FX and Inflation, Cross Currency Swap (CCS), Interest Rate Swap (IRS) and FX Options.

In limited cases, unobservable inputs are used in market data (Level 3). Various techniques are used to estimate this, including extrapolating observable market data or a mix of observable data.

NOTE 44 - FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES, continued

The following financial instruments are classified at level 3:

Type of financial instrument	Valuation model used	Description
· Caps/Floors/Swaptions	Black Normal model for Cap/Floors and Swaptions	There is no observable input of implied volatility.
	Black-Scholes	There is no observable input of implied volatility.
	Hull-White	Hybrid HW model for rates and Brownian motion for FX. There is no observable input of implied volatility.
	Implicit Forward Rate Agreement (FRA)	Start Fwd is unsupported by Murex (platform) due to the UF forward estimate.
· CCS, IRS, CMS in Active Bank Rate (TAB)	Present value of cash flows	Valuation obtained using yield curve interpolating to maturity of flows. Nevertheless, TAB is not a directly observable variable nor correlated to any market input.
	Present value of cash flows	Valuation using prices of instruments with similar characteristics plus a liquidity charge-off rate.
· CCS (maturities over 25 years)	Present value of cash flows	Rates (IRR) are provided by ICAP, GFI, Tradition and Bloomberg according to the following criteria: The published market prices are used to construct the valuation curve using the bootstrapping method and then this curve is used to value the various derivatives.
· Recognition bonds	Spread over risk-free	Valuation by the stochastic dynamic model to obtain the discount rate.
· Receivables accounts valued at fair value	Present value of cash flows	Measured by discounting the estimated cash flow using the interest rate of the new contracts.

The Bank estimates that any changes in the unobservable inputs for instruments classified as level 3 would not result in significant differences in the fair value measurement.

The following table presents the assets and liabilities that are measured at fair value constantly:

As of December 31,	Fair value measurements			
	2022 MCh$	Level 1 MCh$	Level 2 MCh$	Level 3 MCh$
Assets				
Financial assets held for trading at fair value through profit or loss	**11,827,006**	**154,046**	**11,672,922**	**38**
Financial derivatives contracts	11,672,960	-	11,672,922	38
Debt financial instruments	154,046	154,046	-	-
Financial assets at fair value through other comprehensive income	**6,023,039**	**5,870,407**	**9,894**	**142,738**
Debt financial instruments	5,880,733	5,870,407	9,894	432
Other financial instruments	142,306	-	-	142,306
Financial derivative contracts for hedge accounting	**477,762**	-	477,762	-
Guarantee money deposits	**2,442,327**	**-**	2,442,327	**-**
Total	**20,770,134**	**6,024,453**	**14,602,905**	**142,776**
Liabilities				
Financial liabilities held for trading at fair value through profit or loss	**11,319,320**	**-**	**11,319,320**	**-**
Financial derivatives contracts	11,319,320	-	11,319,320	-
Financial derivative contracts for hedge accounting	**2,788,794**	**-**	**2,788,794**	**-**
Guarantees for threshold operations	**1,017,967**	**-**	**1,017,967**	**-**
Total	**15,126,081**	**-**	**15,126,081**	**-**

NOTE 44 - FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES, continued

As of December 31,	2021 MCh$	Fair value measurements Level 1 MCh$	Level 2 MCh$	Level 3 MCh$
Assets				
Financial assets held for trading at fair value through profit or loss	**9,567,818**	**73,347**	**9,491,975**	**2,496**
Financial derivatives contracts	**9,494,471**	**-**	9,491,975	2,496
Debt financial instruments	**73,347**	73,347	-	**-**
Financial assets at fair value through other comprehensive income	**5,900,796**	**5,787,289**	**13,534**	**99,973**
Debt financial instruments	**5,801,378**	5,787,289	13,534	555
Other financial instruments	**99,418**	**-**		99,418
Financial derivative contracts for hedge accounting	**629,136**	-	**629,136**	-
Guarantee money deposits	**1,988,410**	**-**	**1,988,410**	**-**
Total	**18,086,160**	**5,860,636**	**12,123,055**	**102,469**
Liabilities				
Financial liabilities held for trading at fair value through profit or loss	**9,507,031**	**-**	**9,507,031**	**-**
Financial derivatives contracts	**9,507,031**	-	9,507,031	-
Financial derivative contracts for hedge accounting	**1,364,210**	-	**1,364,210**	-
Guarantees for threshold operations	**857,679**	-	857,679	-
Total	**11,728,920**	**-**	**11,728,920**	**-**

As of January 1,	2021 MCh$	Fair value measurements Level 1 MCh$	Level 2 MCh$	Level 3 MCh$
Assets				
Financial assets held for trading at fair value through profit or loss	**8,798,538**	**132,246**	**8,658,691**	**7,601**
Financial derivatives contracts	**8,664,820**	-	8,657,219	7,601
Debt financial instruments	**133,718**	132,246	1,472	-
Financial assets at fair value through other comprehensive income	**7,229,639**	**7,143,068**	**16,731**	**69,840**
Debt financial instruments	**7,160,325**	7,143,068	16,731	526
Other financial instruments	**69,314**	-	-	69,314
Financial derivative contracts for hedge accounting	**367,265**	-	367,265	-
Guarantee money deposits	**596,555**	**-**	**596,555**	**-**
Total	**16,991,997**	**7,275,314**	**9,639,242**	**77,441**
Liabilities				
Financial liabilities held for trading at fair value through profit or loss	**8,569,523**	**-**	**8,566,763**	**2,760**
Financial derivatives contracts	**8,569,523**	-	8,566,763	2,760
Financial derivative contracts for hedge accounting	**449,137**	-	449,137	-
Guarantees for threshold operations	**624,205**	-	624,205	-
Total	**9,642,865**	**-**	**9,640,105**	**2,760**

NOTE 44 - FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES, continued

The following tables present assets and liabilities that are not measured at fair value repeatedly in the consolidated statement of financial position:

As of December 31,		Fair value measurements		
	2022 MCh$	Level 1 MCh$	Level 2 MCh$	Level 3 MCh$
Assets				
Debt financial instruments at amortised cost				
Debt financial instruments	**4,496,503**	4,496,503	-	-
Interbank loans and receivables from customers	**39,342,256**	-	-	39,342,256
Total	**43,838,759**	**4,496,503**	**-**	**39,342,256**
Liabilities				
Financial liabilities at amortised cost				
Deposits and other demand liabilities	**14,086,226**	-	-	14,086,226
Time deposits and other term equivalents	**13,117,554**	-	13,117,554	-
Interbank borrowing	**8,223,783**	-	8,223,783	-
Debt and regulatory capital financial instruments issued	**9,330,660**	-	9,330,660	-
Other financial liabilities	**292,995**	-	292,995	-
Total	**45,051,218**	**-**	**30,964,992**	**14,086,226**

As of December 31,		Fair value measurements		
	2021 MCh$	Level 1 MCh$	Level 2 MCh$	Level 3 MCh$
Assets				
Debt financial instruments at amortised cost				
Debt financial instruments	**4,249,697**	4,249,697	-	-
Interbank loans and receivables from customers	**35,754,511**	-	-	35,754,511
Total	**40,004,208**	**4,249,697**	**-**	**35,754,511**
Liabilities				
Financial liabilities at amortised cost				
Deposits and other demand liabilities	**17,688,878**	-	-	17,688,878
Time deposits and other term equivalents	**10,011,039**	-	10,011,039	-
Interbank borrowing	**8,722,020**	-	8,722,020	-
Debt and regulatory capital financial instruments issued	**8,545,959**	-	8,545,959	-
Other financial liabilities	**186,150**	-	186,150	-
Total	**45,154,046**	**-**	**27,465,168**	**17,688,878**

As of January 1,		Fair value measurements		
	2021 MCh$	Level 1 MCh$	Level 2 MCh$	Level 3 MCh$
Assets				
Debt financial instruments at amortised cost				
Debt financial instruments	**-**	-	-	
Interbank loans and receivables from customers	**36,990,699**	-	-	36,990,699
Total	**36,990,699**	**-**	**-**	**36,990,699**
Liabilities				
Financial liabilities at amortised cost				
Deposits and other demand liabilities	**14,827,366**	**-**	**-**	14,827,366
Time deposits and other term equivalents	**10,775,444**	**-**	10,775,444	**-**
Interbank borrowing	**6,444,416**	-	6,444,416	-
Debt financial instruments issued	**9,379,945**	-	9,379,945	-
Other financial liabilities	**210,733**	-	210,733	-
Total	**41,637,904**	**-**	**26,810,538**	**14,827,366**

NOTE 44 - FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES, continued

The fair value of other assets and other liabilities approximates its book value.

The methods and assumptions for estimating fair value are defined below:

- Loans and amounts owed by credit institutions and by customers: Fair value is estimated for groups of loans with similar characteristics. The fair value was measured by discounting the estimated cash flow using the interest rate of the new contracts. First, the future cash flow of the current loan portfolio is estimated using contractual rates. Then the new loans distributed over the risk-free interest rate are incorporated into the (risk-free) yield curve to calculate the loan portfolio at fair value.

Regarding behavioural assumptions, it is important to underline that a prepayment rate is applied to the loan portfolio, resulting in a more realistic future cash flow.

- Deposit and Bank Borrowings: The fair value of deposits was calculated by discounting the difference between the cash flows on a contractual basis and prevailing market rates for instruments with similar maturities. The book value was considered to approximate the fair value for variable-rate deposits.

- Debt instruments issued and other financial obligations: The fair value of long-term borrowings was estimated using the discounted cash flow to the interest rate presented in the market with similar terms and maturities.

The valuation techniques used to estimate each level are defined in Note 2.

There were no transfers between Tiers 1 and 2 for the year ended on December 31, 2022 and 2021.

The following table presents the Bank's activity for assets and liabilities measured at fair value repeatedly using significant unobserved inputs (level 3) as of December 31, 2022 and December 31, 2021:

	Assets MCh$	Liabilities MCh$
As of January 1, 2022	**100,814**	**-**
Total realised and unrealised profit (loss):		
Included in profit	139,848	-
Included in comprehensive income	(123)	-
Acquisitions, issues and placements (net)	-	-
Level transfers	-	-
As of December 31, 2022	**142,776**	**-**
Total profit or loss included in profit or loss as of December 31, 2022 attributable to the change in unrealised profit (loss) relating to assets or liabilities as of December 31, 2021	**139,725**	**-**

NOTE 44 - FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES, continued

	Assets MCh$	Liabilities MCh$
As of January 1, 2021	**8,127**	**2,760**
Total realised and unrealised profit (loss):		
Included in profit	(4,711)	-
Included in comprehensive income	29	-
Acquisitions, issues and placements (net)	97,763	-
Level transfers	(394)	(2,760)
As of December 31, 2021	**100,814**	**-**
Total profit or loss included results as of December 31, 2021 attributable to the change in unrealised profit (loss) relating to assets or liabilities as of December 31, 2020	**92,687**	**(2,760)**

The quarterly Local Risk Factor Internal Committee reviews the cases in which transfers are to be made between the different levels. During the year 2021 the Committee decided to reclassify instruments from level 3 to level 2.

Realised and unrealised profit (loss) included in results as of December 31, 2022 on assets and liabilities measured at fair value regularly through significant unobservable inputs (Level 3) are recorded in the Consolidated Income Statements under 'Net income from financial operations'.

The potential effect as of December 31, 2022 and 2021 on the continuous valuation of assets and liabilities measured at fair value through significant unobservable inputs (Level 3) –which stem from a change in key assumptions in case using other reasonably possible assumptions is more or less favourable than those used— is not considered significant to the Bank.

The following tables show the financial instruments subject to compensation according to IAS 32 for 2022 and 2021:

As of December 31, 2022	**Linked financial instruments offset on the balance sheet**				
	Gross imports MCh$	**Amounts offset on the balance sheet MCh$**	**Net amount presented in the balance sheet MCh$**	**Residuals of financial instruments that are not linked and/or not subject to compensation MCh$**	**Amount in the statement of financial position MCh$**
Assets					
Financial derivatives contracts and hedge accounting (*)	10,280,291	-	10,280,291	1,870,431	**12,150,722**
Repurchase and securities lending contracts	-	-	-	-	**-**
Interbank loans and receivables from customers	-	-	-	37,692,840	**37,692,840**
Total	**10,280,291**	**-**	**10,280,291**	**39,563,271**	**49,843,562**
Liabilities					
Financial derivatives contracts and hedge accounting (*)	11,365,281	-	11,365,281	2,742,833	**14,108,114**
Repurchase and securities lending contracts	315,355	-	315,355	-	**315,355**
Deposits and obligations with banks	-	-	-	35,929,781	**35,929,781**
Total	**11,680,636**	**-**	**11,680,636**	**38,672,614**	**50,353,250**

(*) These items include guarantees of MCh$1,695,431 and MCh$746,729 for derivative assets and liabilities, respectively.

NOTE 44 - FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES, continued

As of December 31, 2021	Linked financial instruments offset on the balance sheet				
	Gross imports	Amounts offset on the balance sheet	Net amount presented in the balance sheet	Residuals of financial instruments that are not linked and/or not subject to compensation	Amount in the statement of financial position
	MCh$	MCh$	MCh$	MCh$	MCh$
Assets					
Financial derivatives contracts and hedge accounting (*)	8,976,617	-	**8,976,617**	1,146,990	**10,123,607**
Repurchase and securities lending contracts	-	-	**-**	-	**-**
Interbank loans and receivables from customers	-	-	**-**	35,676,007	**35,676,007**
Total	**8,976,617**	**-**	**8,976,617**	**36,822,997**	**45,799,614**
Liabilities					
Financial derivatives contracts and hedge accounting (*)	8,730,066	-	**8,730,066**	2,141,175	**10,871,241**
Repurchase and securities lending contracts	86,634	-	**86,634**	-	**86,634**
Deposits and obligations with banks	-	-	**-**	36,858,576	**36,858,576**
Total	**8,816,700**	**-**	**8,816,700**	**38,999,751**	**47,816,451**

(*) These items include guarantees of MCh$ 882,398 and MCh$ 999,425 for derivative assets and liabilities, respectively.

As of January 1, 2021	Linked financial instruments offset on the balance sheet				
	Gross imports	Amounts offset on the balance sheet	Net amount presented in the balance sheet	Residuals of financial instruments that are not linked and/or not subject to compensation	Amount in the statement of financial position
	MCh$	MCh$	MCh$	MCh$	MCh$
Assets					
Financial derivatives contracts and hedge accounting (*)	8,976,617	-	**8,976,617**	1,146,990	**10,123,607**
Repurchase and securities lending contracts	-	-	**-**	-	**-**
Interbank loans and receivables from customers	-	-	**-**	35,676,007	**35,676,007**
Total	**8,976,617**	**-**	**8,976,617**	**36,822,997**	**45,799,614**
Liabilities					
Financial derivatives contracts and hedge accounting (*)	8,730,066	-	**8,730,066**	2,141,175	**10,871,241**
Repurchase and securities lending contracts	86,634	-	**86,634**	-	**86,634**
Deposits and obligations with banks	-	-	**-**	36,858,576	**36,858,576**
Total	**8,816,700**	**-**	**8,816,700**	**38,999,751**	**47,816,451**

(*) These items include guarantees of MCh$191,802 and MCh$96,263 for derivative assets and liabilities, respectively.

NOTE 44 - FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES, continued

To reduce the credit exposure on its financial derivatives transactions, the Bank has entered into bilateral collateral agreements with its counterparties, setting out the terms and conditions under which they operate. In general terms, collateral (received/delivered) operates when the net fair value of the financial instruments held exceeds the thresholds defined in the respective contracts.

Financial derivative contracts are listed below, according to their collateral agreement:

Financial derivatives contracts and hedge accounting	As of December 31, 2022		As of December 31, 2021		As of January 1, 2021	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Derivative contracts with a zero threshold collateral agreement	8,177,074	9,588,768	8,696,994	9,280,079	8,127,263	7,900,539
Derivative contracts with non-zero threshold collateral agreement	440,091	536,318	1,124,413	906,479	471,529	606,661
Derivative contracts without collateral agreement	3,533,557	3,983,028	302,200	684,683	433,293	511,460
Total financial derivatives	**12,150,722**	**14,108,114**	**10,123,607**	**10,871,241**	**9,032,085**	**9,018,660**

NOTE 45 - MATURITY OF FINANCIAL ASSETS AND LIABILITIES ACCORDING TO REMAINING MATURITIES

As of December 31, 2022, and 2021, the detail of the maturity of financial assets and liabilities according to their remaining maturities is as follows:

As of December 31, 2022	On demand MCh$	Up to 1 month MCh$	Between 1 to 3 months MCh$	Between 3 to 12 months MCh$	Between 1 to 3 years MCh$	Between 3 to 5 years MCh$	More than 5 years MCh$	Total MCh$
Financial assets								
Cash and bank deposits	1,982,942	-	-	-	-	-	-	**1,982,942**
Cash in collection process	843,816	-	-	-	-	-	-	**843,816**
Debt instruments at fair value with changes in income	-	1	114,165	70	3,880	23,277	12,653	**154,046**
Debt instruments at fair value with changes in other comprehensive income	-	2,617,251	744,182	68,973	2,167	559,210	1,888,950	**5,880,733**
Financial derivative contracts and hedge accounting	-	734,755	570,803	1,499,473	3,396,062	2,026,248	3,923,382	**12,150,723**
Rights under repurchase and securities lending agreements	-	-	-	-	-	-	-	**-**
Debt financial instruments at amortised cost (1)	-	-	96,326	-	2,545,919	2,225,346	-	**4,867,591**
Interbank loans (2)	-	32,955	-	-	-	-	-	**32,955**
Loans and receivables from customers (3)	713,513	3,402,788	2,980,575	5,158,378	7,943,135	4,431,396	14,066,625	**38,696,410**
Guarantee money deposits	2,442,327	-	-	-	-	-	-	**2,442,327**
Total financial assets	**5,981,887**	**6,787,750**	**4,506,051**	**6,726,894**	**13,891,163**	**9,265,477**	**19,891,610**	**67,050,832**

As of December 31, 2022	On demand MCh$	Up to 1 month MCh$	Between 1 to 3 months MCh$	Between 3 to 12 months MCh$	Between 1 to 3 years MCh$	Between 3 to 5 years MCh$	More than 5 years MCh$	Total MCh$
Financial liabilities								
Cash in collection process	746,872	-	-	-	-	-	-	**746,872**
Financial derivative contracts and hedge accounting	-	67,236	151,948	2,541,236	4,686,662	2,415,134	4,245,898	**14,108,114**
Deposits and other demand liabilities	14,086,226	-	-	-	-	-	-	**14,086,226**
Time deposits and other term equivalents	234,170	12,712,880	5,806	-	25,934	-	-	**12,978,790**
Obligations under repurchase and securities lending agreements	-	211,730	103,516	109	-	-	-	**315,355**
Interbank borrowing	24,667	149,482	818,030	2,288,492	5,584,094	-	-	**8,864,765**
Debt and regulatory capital financial instruments issued	-	92,205	62,084	334,107	2,809,572	1,715,753	4,272,288	**9,490,009**
Other financial liabilities	-	292,756	-	-	142	97	-	**292,995**
Obligations under leasing contracts	-	-	-	25,902	46,955	32,785	31,447	**137,089**
Guarantee money deposits	1,017,968	-	-	-	-	-	-	**1,017,968**
Total financial liabilities	**16,109,903**	**13,530,289**	**1,141,384**	**5,189,846**	**13,153,359**	**4,163,769**	**8,749,633**	**62,038,183**

(1) Debt financial instruments are presented on a gross basis; the amount of the provision is MCh$894.
(3) Amounts due from banks are presented on a gross basis; the amount of the provision is MCh$36.
(4) Loans and receivables are presented on a gross basis; the amount of provisions is MCh$1,036,525.

NOTE 45 - MATURITY OF FINANCIAL ASSETS AND LIABILITIES ACCORDING TO REMAINING MATURITIES, continued

As of December 31, 2021	On demand MCh$	Up to 1 month MCh$	Between 1 to 3 months MCh$	Between 3 to 12 months MCh$	Between 1 to 3 years MCh$	Between 3 to 5 years MCh$	More than 5 years MCh$	Total MCh$
Financial assets								
Cash and bank deposits	2,881,558	-	-	-	-	-	-	**2,881,558**
Cash in collection process	390,271	-	-	-	-	-	-	**390,271**
Debt instruments at fair value with changes in income	-	698	67	-	24,341	38,644	9,597	**73,347**
Debt instruments at fair value with changes in other comprehensive income	-	3,259,823	90	309,831	89,127	306,049	1,838,219	**5,803,139**
Financial derivative contracts and hedge accounting	-	186,546	318,606	1,185,220	2,222,851	2,172,208	4,038,176	**10,123,607**
Rights under repurchase and securities lending agreements	-	-	-	-	-	-	-	-
Debt financial instruments at amortised cost (1)	-	-	-	401,086	3,979,594	-	-	**4,380,680**
Interbank loans (2)	-	407	21	-	-	-	-	**428**
Loans and receivables from customers (3)	194,086	1,562,696	1,695,130	3,792,426	5,146,156	697,335	23,546,511	**36,634,340**
Guarantee money deposits	1,988,410	-	-	-	-	-	-	**1,988,410**
Total financial assets	**5,454,325**	**5,010,170**	**2,013,914**	**5,688,563**	**11,462,069**	**3,214,236**	**29,432,503**	**62,275,780**

As of December 31, 2021	On demand MCh$	Up to 1 month MCh$	Between 1 to 3 months MCh$	Between 3 to 12 months MCh$	Between 1 to 3 years MCh$	Between 3 to 5 years MCh$	More than 5 years MCh$	Total MCh$
Financial liabilities								
Cash in collection process	379,934	-	-	-	-	-	-	**379,934**
Financial derivative contracts and hedge accounting	-	195,808	348,382	987,403	2,948,206	2,294,608	4,096,834	**10,871,241**
Deposits and other demand liabilities	17,900,938	-	-	-	-	-	-	**17,900,938**
Time deposits and other term equivalents	204,548	5,211,798	2,642,651	1,902,664	108,510	39,728	21,156	**10,131,055**
Obligations under repurchase and securities lending agreements	-	86,634	-	-	-	-	-	**86,634**
Interbank borrowing	100,135	218,528	606,255	2,290,225	5,611,440	-	-	**8,826,583**
Debt and regulatory capital financial instruments issued	-	7,375	289,466	871,447	1,819,637	2,368,118	333,465	**8,989,508**
Other financial liabilities	182,442	69	101	34	101	115	45	**182,907**
Obligations under leasing contracts	-	-	-	23,391	45,121	35,248	36,035	**139,795**
Guarantee money deposits	857,679	-	-	-	-	-	-	**857,679**
Total financial liabilities	**19,625,676**	**5,720,212**	**3,886,855**	**6,075,164**	**10,533,015**	**4,737,817**	**7,787,535**	**58,366,274**

(1) Debt financial instruments are presented on a gross basis; the amount of the provision is MCh$710.
(2) Amounts due from banks are presented on a gross basis; the amount of the provision is MCh$0.
(3) Loans and receivables are presented on a gross basis; the amount of provisions is MCh$958,769.

NOTE 45 - MATURITY OF FINANCIAL ASSETS AND LIABILITIES ACCORDING TO REMAINING MATURITIES, continued

As of January 1, 2021	On demand MCh$	Up to 1 month MCh$	Between 1 to 3 months MCh$	Between 3 to 12 months MCh$	Between 1 to 3 years MCh$	Between 3 to 5 years MCh$	More than 5 years MCh$	Total MCh$
Financial assets								
Cash and bank deposits	2,803,288	-	-	-	-	-	-	**2,803,288**
Cash in collection process	452,963	-	-	-	-	-	-	**452,963**
Debt instruments at fair value with effect on income	-	680	2,630	499	633	18,257	111,019	**133,718**
Debt financial instruments to OCI	-	1,006,983	493	188,977	205,150	2,378,752	3,382,187	**7,162,542**
Financial derivative contracts and hedge accounting	-	385,231	401,486	795,881	1,723,334	1,692,142	4,034,011	**9,032,085**
Rights under repurchase and securities lending agreements	-	-	-	-	-	-	-	**-**
Debt financial instruments at amortised cost (1)	-	-	-	-	-	-	-	**-**
Interbank loans (2)	-	12,969	5,961	-	-	-	-	**18,930**
Loans and receivables from customers (3)	170,214	1,233,302	1,437,698	3,670,246	3,659,994	308,651	23,910,135	**34,390,240**
Guarantee money deposits	608,359	-	-	-	-	-	-	**608,359**
Total financial assets	**4,034,824**	**2,639,165**	**1,848,268**	**4,655,603**	**5,589,111**	**4,397,802**	**31,437,352**	**54,602,125**

As of January 1, 2021	On demand MCh$	Up to 1 month MCh$	Between 1 to 3 months MCh$	Between 3 to 12 months MCh$	Between 1 to 3 years MCh$	Between 3 to 5 years MCh$	More than 5 years MCh$	Total MCh$
Financial liabilities								
Cash in collection process	361,631	-	-	-	-	-	-	**361,631**
Financial derivative contracts and hedge accounting	-	386,690	445,376	931,358	1,552,482	1,708,509	3,994,245	**9,018,660**
Deposits and other demand liabilities	14,560,893	-	-	-	-	-	-	**14,560,893**
Time deposits and other term equivalents	159,918	5,843,682	2,912,985	1,434,246	163,053	44,384	23,523	**10,581,791**
Obligations under repurchase and securities lending agreements	-	969,808	-	-	-	-	-	**969,808**
Interbank borrowing	16,832	238,414	222,992	855,434	1,140,426	3,854,501	-	**6,328,599**
Debt and regulatory capital financial instruments issued	-	344,732	447,117	343,156	1,813,341	2,499,560	2,756,271	**8,204,177**
Other financial liabilities	144,478	38,148	1,375	27	89	105	96	**184,318**
Obligations under leasing contracts	-	-	-	25,526	44,933	35,679	43,447	**149,585**
Guarantee money deposits	-	-	-	-	-	-	-	-
Cash in collection process	624,205	-	-	-	-	-	-	**624,205**
Total financial liabilities	**15,867,957**	**7,821,474**	**4,029,845**	**3,589,747**	**4,714,324**	**8,142,738**	**6,817,582**	**50,983,667**

(1) Debt financial instruments are presented on a gross basis; the amount of the provision is MCh$0.
(2) Amounts due from banks are presented on a gross basis; the amount of the provision is MCh$9.
(3) Loans and receivables at amortised cost are presented gross; the amount of provisions is MCh$ 958,429.

NOTE 46 - FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES BY CURRENCY

The following are the amounts of financial and non-financial assets and liabilities for the most relevant currencies at the end of the year ended on December 31, 2022 and 2021.

	As of December 31, 2022										
	Local Currency			Foreign Currency							
	CLP	CLF	Adjustable by exchange rate	USD	EUR	GBP	CHF	JPY	CNY	COP	Other
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial assets	33,409,175	23,698,931	111,018	6,305,859	150,370	15,804	3,181	17,849	117	-	3,403
Non-financial assets	1,921,828	186,188	12	2,338,517	1,506	34	809	-	-	-	3
TOTAL ASSETS	**35,331,003**	**23,885,119**	**111,030**	**8,644,376**	**151,876**	**15,838**	**3,990**	**17,849**	**117**	**-**	**3,406**
Financial liabilities	41,492,839	7,805,156	1	10,209,855	440,062	1,267	710,381	225,558	7	-	135,089
Non-financial liabilities	1,856,448	44,426	42	1,001,061	918	18	1,433	144	1	-	1,526
TOTAL LIABILITIES	**43,349,287**	**7,849,582**	**43**	**11,210,916**	**440,980**	**1,285**	**711,814**	**225,702**	**8**	**-**	**136,615**

	As of December 31, 2021										
	Local Currency			Foreign Currency							
	CLP	CLF	Adjustable by exchange rate	USD	EUR	GBP	CHF	JPY	CNY	COP	Other
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Financial assets	37,389,591	21,405,317	125,536	1,453,389	233,341	1,012	1,935	7,924	11,913	-	7,628
Non-financial assets	953,160	-	168	1,638,194	125,555	97	-		25	-	280,292
TOTAL ASSETS	**38,342,751**	**21,405,317**	**125,704**	**3,091,583**	**358,896**	**1,109**	**1,935**	**7,924**	**11,938**	**-**	**287,920**
Financial liabilities	40,103,320	5,535,745	11	11,055,316	408,157	1,087	860,050	243,274	11,936	-	147,398
Non-financial liabilities	575,070	39,219	-	909,273	13,033	23	884	193	3	-	1,808
TOTAL LIABILITIES	**40,678,390**	**5,574,964**	**11**	**11,964,589**	**421,190**	**1,110**	**860,934**	**243,467**	**11,939**	**-**	**149,206**

The fair value of derivative instruments is shown in Chilean Peso currency and the notional amount is not included.

NOTE 47 - RISK MANAGEMENT AND REPORTING

General information

The Bank has a solid risk culture, which defines how risks are understood and managed, based on the principle that all employees are responsible for their management. Therefore, their classification is fundamental for their effective control.

In this respect, the Bank has established the following key risks in its corporate framework:

- Credit risk: the risk that one party to a financial instrument contract will fail to meet its contractual obligations because of the insolvency or incapacity of the natural or legal persons and will cause the other party to incur a financial loss.

- Market risks: arise from holding financial instruments whose value may be affected by changes in market conditions; they generally include the following types of risk:
  - Foreign exchange risk arises from changes in the exchange rate between currencies.
  - Fair value interest rate risk arises from changes in market interest rates.
  - Price risk arises from changes in market prices, either due to factors specific to the instrument itself or factors affecting all instruments traded in the market.
  - Inflation risk arises due to changes in inflationary indices in Chile, which would apply mainly to financial instruments denominated in UF.

- Liquidity risk: it is the possibility that an entity may be unable to meet its payment commitments or that to meet them, it may have to raise funds with onerous terms or risk damage to its image and reputation.

- Operational risk: it refers to risk arising from human error, systems error, fraud or external events which could cause the Bank reputational loss, have legal or regulatory implications or cause financial loss.

- Capital risk: it is the risk that the Bank has insufficient capital quantity and/or quality to meet the minimum requirements to operate as a bank, respond to market expectations regarding its credit capacity and support the growth of its business and any strategies that may emerge per its strategic plan.

Banco Santander's risk management and control principles are mandatory, must always be applied, and comprise the regulatory requirements and best practices. They are:

1. A strong risk culture that all employees follow covers all risks and promotes socially responsible management, contributing to the Bank's long-term sustainability.

2. All employees are responsible for risk management and must know and understand the risks generated by their daily activities. They must avoid taking risks whose impact is unknown or exceeds the Bank's risk appetite limits.

3. Involvement of senior management in ensuring consistent risk management and control through their conduct, actions, and communications. This body promotes the risk culture, assessing its degree of implementation and monitoring that the profile remains within the levels defined in the Bank's risk appetite.

4. Independence of risk management and control functions.

5. Proactive and comprehensive risk management and control approach across all businesses and risk types.

6. Proper and comprehensive information management enables risks to be identified, assessed, managed and communicated appropriately at the appropriate levels.

These principles, together with several interconnected tools and processes of the strategy, such as the risk appetite, risk profile assessment, scenario analysis, risk reporting structure, and annual budget processes, all articulate a holistic control structure for the entire Bank.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

Risk governance

The Bank has a robust risk governance structure that pursues effective control of the risk profile, consistent with the appetite defined by the Board and based on the distribution of roles among the three lines of defence and a strong committee structure, which is reinforced by the Risk Pro culture that permeates the entire organisation.

The Bank's three lines of defence model aim to ensure effective risk management and control:

First line

Business lines and all other risk-creating functions are the first lines of defence. These functions must ensure their risks align with the approved risk appetite and corresponding limits. Any unit that originates risk has primary responsibility for managing said risk.

Second line

The Risk and Compliance and Conduct functions. Its role is to independently monitor and challenge the risk management activities of the first line of defence. These functions ensure risk management under the appetite defined by the Board and promote a strong risk culture throughout the organisation.

Third line

The Internal Audit function regularly assesses that policies, methodologies, and procedures are adequate and effectively implemented in managing and controlling all risks.

Risk committee structure

The Board of Directors is responsible for establishing and monitoring the Bank's risk management structure. It has a corporate governance system aligned with local regulations and international best practices.

For proper functioning, the Bank has several key high-level committees, each of which is composed of directors and executive members of Santander's management:

A. Comprehensive Risk Committee (CIR)

The Board's Comprehensive Risk Committee is the body responsible for advising the Board on the definition of the risk appetite that the business areas may assume and supervising the correct identification, measurement, and control of all risks that may affect the Bank. In addition, this committee acts as a governance body through which the Board oversees the reasonableness of risk measurement and control systems. The Board of Directors has delegated responsibility for credit risk management to the Bank's Comprehensive Risk Committee (CIR) and the Bank's Risk Division.

B. Directors and Audit Committee

The main responsibility of this Committee is to support the Board of Directors in the ongoing improvement of internal control, which includes reviewing the work of the external auditors and the Internal Audit Department and overseeing the process of generating the financial statements. The Committee is also responsible for analysing the observations made by the regulatory bodies of the Chilean financial system on the Bank and recommending measures to be taken by management. The external auditors are recommended by this Committee to the Board of Directors and appointed by the shareholders at the annual meeting.

C. Asset-Liability Committee (ALCO)

ALCO's main functions are monitoring and controlling structural balance sheet risks, such as inflation exposure limits, interest rate risk, capital funding levels and liquidity. Furthermore, a review of developments in the most relevant local and international monetary markets and policies.

D. Market Committee

The Market Committee is responsible for establishing the Bank's policies, procedures, and limits regarding its trading portfolio, making estimates of domestic and international economic conditions that can be used for position-taking. Review of the results of the Bank's customer treasury business.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

E. Risk Division

The Board delegates the identification, measurement and control of the various risks faced by the Bank to the Risk Division, which is led by the Chief Risk Officer (CRO), reporting directly to the General Manager (in conjunction with the Comprehensive Risk Committee). The Chief Risk Officer (CRO) is responsible for monitoring all risks and reviewing and advising the business lines on managing these risks. The areas of credit risk, market risk (including liquidity and structural), operational risk, strategic risk, model risk, compliance risk and reputational risk report to this division.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument contract will fail to meet its contractual obligations due to the insolvency or incapacity of the natural or legal persons and will cause the other party to incur a financial loss. The Bank consolidates all elements and components of credit risk exposure (e.g. individual creditor default risk, business line or sector inherent risk, and/or geographical risk) for credit risk management purposes.

Credit risk management

The Bank has set up a set of credit approval committees in which teams from the Board of Directors, the Risk Division, and the commercial areas participate, jointly verifying each loan applicant's quantitative and qualitative parameters.

The Board has delegated responsibility for credit risk management to the Integrated Risk Committee (IRC) and the Bank's risk departments, whose roles are summarised below:

- Formulation of credit policies, in consultation with the business units, covering collateral requirements, credit assessment, risk rating and reporting, documents and legal procedures in compliance with regulatory, legal and internal Bank requirements.

- Establishing the authorisation structure for the approval and renewal of credit applications. The Bank structures credit risk levels by limiting the concentration of credit risk in terms of individual debtors, groups of debtors, industry segments and countries.

- Authorisation limits assignment to the respective business unit officers (commercial, consumer, SME) to be monitored on an ongoing basis by the administration. Furthermore, these limits are regularly reviewed. Risk assessment teams at the branch level regularly interact with clients, yet, for large operations, the risk teams at the head office and even the Risk Committee collaborate directly with clients in assessing credit risks and preparing credit applications.

- Limiting exposure concentrations to customers, counterparties, in geographic areas, industries (for receivables or credits), and credit rating and liquidity (for investments) by the issuer.

- Developing and maintaining the Bank's risk classification to categorise risks by the exposure to financial loss of the respective instruments and to focalise risk management, specifically on the related risks.

- Reviewing and assessing credit risk. The risk divisions are largely independent of the Bank's commercial division and assess all credit risks above designated limits before customer credit approvals or specific investments acquisition. Credit renewals and reviews are subject to similar processes.

The risk assessment teams regularly interact with our clients. Risk teams collaborate directly with clients to assess credit risks and prepare credit applications for larger transactions. Credit approval committees, including risk and commercial staff, must ensure that each applicant meets appropriate qualitative and quantitative parameters. The Bank's Board of Directors defines the powers of each committee.

In preparing a credit application for a corporate customer whose loans are approved on an individual basis, the Bank verifies various parameters such as debt servicing capacity (including, typically, projected cash flows), the customer's financial history and/or projections for the economic sector in which it operates. The risk division is actively involved in this process and prepares the credit application for the customer. All applications contain an analysis of the client's strengths and weaknesses, a rating and a recommendation. Credit limits are not determined based on outstanding customer balances but the financial group's direct and indirect credit risk. For example, a corporation would be assessed with its subsidiaries and affiliates.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

Their respective risk divisions assess and approve consumer loans (individuals, SMEs). The assessment is based on an evaluation system known as Garra (Banco Santander-Chile), an automated process with a scoring system that includes the credit risk policies implemented by the Bank's Board of Directors. The credit application process is based on collecting information to determine the client's financial situation and ability to pay. The parameters used to assess the applicant's credit risk include several variables such as income levels, length of current employment, indebtedness, and credit bureau reports.

For investments in debt instruments, the Bank assesses the probability of Uncollectibility or default of issuers or counterparties using internal and external assessments such as the Bank's independent risk assessors. Furthermore, the Bank adheres to a strict and conservative policy that ensures that the investment issuers and counterparties to derivative transactions have the highest reputation.

Furthermore, the Bank operates several instruments that involve exposure to credit risk but are not reflected in the Consolidated Statements of Financial Position, such as guarantees and sureties, documentary letters of credit, letters of guarantee and commitments to extend credit.

Guarantees and sureties represent an irrevocable payment obligation. If a guaranteed customer defaults on its obligations to third parties guaranteed by the Bank, the Bank will make the corresponding payments. These transactions involve the same credit risk exposure as ordinary loans.

Documentary letters of credit are commitments recorded by the Bank on behalf of the customer. They are secured by the traded goods they relate to and have a lower risk than direct borrowing. The guaranteed bonds are contingent commitments that become effective only if the customer fails to perform the works agreed with a third party, as guaranteed by the bonds.

In the case of commitments to extend credit, the Bank is potentially exposed to losses equal to the total unused commitment. Nevertheless, the likely amount of loss is less than the unused total of the commitment. In addition, the Bank monitors the maturity period of the credit lines because long-term commitments generally have a higher credit risk than short-term commitments.

COVID-19 Solutions

The breakdown of the Bank's assistance measures in the context of the pandemic is as follows:

Covid-19 Policy	As of December 31, 2021 MCh$
Fogape Covid-19	1,331,940
Fogape Reactiva	876,698
Rescheduling	7,877,036

The grace periods granted by the rescheduling had expired by December 31, 2021, with 97.3% of customers up to date and only 2.7% impaired.

The government supported SMEs by expanding the Guarantee Fund for Small Entrepreneurs (Fogape Covid-19) and amending rules and regulations to encourage banks to provide working capital loans to small businesses. Furthermore, in 2021, the government approved the Fogape Reactiva programme to encourage investment. As of December 31, 97.4% were on a normal payment schedule, and 2.6% were impaired.

Regarding provisions, on July 17, 2020, the CMF requested the determination of specific provisions for loans backed by Fogape guarantees, for which expected losses must be determined, estimating the risk of each transaction, without considering the substitution of the credit quality of the guarantee, according to the appropriate individual or group analysis method, under the provisions of Chapter B-1 of the CASB. See Note 2, letter q.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

The balance of provisions for these items as of December 31, 2022 and 2021 amounts to MCh$19,424 and MCh$30,287, respectively.

Additional provisions

According to FMC regulation, banks can establish provisions over the already described limits to protect themselves from the risk of non-predictable economic fluctuations that could affect the macroeconomic environment or a specific economic sector. These provisions shall be reported under liabilities per number 9 of Chapter B-1 of the FMC's CASB.

Due to the spread of the pandemic, the presence of new variants of the virus and the decrease in state aid in the coming months, the Bank's Board of Directors approved the creation of additional voluntary provisions in 2021 for MCh$132,000, which added to those approved in 2020, amount to MCh$258,000. As of December 31, 2022 additional provisions amount to MCh$293,000.

Maximum credit risk exposure

For financial assets recognised in the Consolidated Statements of Financial Position, the exposure to credit risk is equal to their carrying amount. The maximum credit risk exposure for financial guarantees granted is the maximum amount the Bank would have to pay if the guarantee were enforced.

The following is the distribution by financial asset of the Bank's maximum credit risk exposure as of December 31, 2022 and December 31, 2021, without deducting collateral and credit enhancements received:

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

	Note	As of December 31, 2022 Amount of exposure MCh$	2021 Amount of exposure MCh$
Deposits in banks	7	1,982,942	1,998,235
Cash in collection process	7	843,816	390,272
Financial assets held for trading at fair value through profit or loss	8		
Financial derivatives contracts		11,672,960	9,494,470
Debt instruments		154,046	73,348
Financial assets at fair value through other comprehensive income	11		
Debt instruments		5,880,733	5,800,861
Credits and receivables from customers		142,306	99,418
Financial derivative contracts for hedge accounting	12	477,762	629,136
Financial assets at amortised cost	13		
Debt instruments		4,867,591	4,691,730
Interbank loans		32,955	428
Credits and receivables from customers		37,659,885	35,570,090
Unrecognised loan/credit commitments:			
Letters of credit for goods movement transactions		255,522	377,308
Transactions related to contingent events		1,476,599	1,390,409
Immediately repayable unrestricted credit lines		8,974,077	9,642,361
Guarantees and sureties		924,173	579,051
Contingent credits linked to CAE		1,617	2,640
Other credit commitments		313,345	262,877
Total		**75,660,329**	**71,002,634**

Under the new CASB, the provisions for credit risk on loans and receivables (due from banks and loans and receivables from customers) and contingent credits are determined under the criteria defined in chapters B-1 to B-3 of the new CASB. While debt instruments are measured at amortised cost and fair value through other comprehensive income, their impairment is measured under chapter 5.5 of IFRS 9. Debt instruments measured at fair value through profit or loss are not subject to impairment requirements.

In the case of derivatives, the fair value of derivatives includes the adjustment reflecting the counterparty credit risk (CVA). The CVA is calculated considering the potential exposure to each counterparty in future periods.

The methodology established for determining provisions for loan losses and contingent loans is set out in Note No 2 of accounting principles letter q). In addition, the methodology used for calculating provisions for debt instruments measured at amortised cost and those measured at fair value through other comprehensive income is described in Note 2 (r). Information related to the concentration of credit risk is provided in Note 13, letters k, m, and n.

For derivative instruments, as of December 31, 2022, the Bank's foreign exposure, including counterparty risk in the derivatives portfolio, was US$9,037 million.

The table below calculates the derivative exposure using the corresponding credit risk, which is equal to the net replacement value plus the maximum potential value, considering cash collateral that mitigates the exposure. Additional details regarding our exposure to countries rated above 1 and corresponding to the largest exposures are also included. The exposure as of December 31, 2022, considering the fair value of derivative instruments, amounts to:

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

Domestic Loans	Ranking	Derivative instruments (Market-adjusted) US$ million	Deposits US$ million	Credits US$ million	Financial investments US$ million	Total exposure US$ million
Hong Kong	2	-	9	12	-	21
Italia	2	-	1	-	-	1
México	3	3	-	-	-	3
China	2	-	-	11	-	11
Total		**3**	**10**	**23**	**-**	**36**

Our exposure to Spain within the group is as follows:

Counterpart	Domestic Loans	Classification	Derivative instruments (market-adjusted)	Deposits	Credits	Financial investments	Total exposure
				in US$ million.			
Banco Santander SA	España	1	225	36	-	-	**261**

(*) Our exposure to Santander Hong Kong, BSCH Spain and Santander NY is included as exposure to Spain.

Recognition and measurement of credit risk provisions

The Bank segments loans and contingent credits by the type of obligor and credit to a level appropriate for applying the models.

Provisions required to cover loans and contingent credit exposures are calculated and set up monthly in relation to the valuation models used and the type of transaction. See Note 2 (q).

Provisions on the loan portfolio are treated as valuation accounts for the respective assets. Accordingly, the amount of the portfolio net of provisions is reported in the Consolidated Statements of Financial Position. Additional and contingent provisions are reported under liabilities. See Note 13.

The following is a breakdown of the loans (due from banks and receivables from customers) and contingent credit exposures and related provisions as of December 31, 2022 and 2021:

As of December 31, 2022 (**) MCh$	Financial assets before provisions					Established provisions					
	Normal Portfolio		Substandard Portfolio	Non-performing Portfolio		Normal Portfolio		Substandard Portfolio	Non-performing Portfolio		Deductible Fogape Covid-19 guarantees
	Evaluation		Evaluation	Evaluation		Evaluation		Evaluation	Evaluation		
	Individual	Group	Individual	Individual	Group	Individual	Group	Individual	Individual	Group	
Interbank loans	32,991	-	-	-	-	36	-	-	-	-	-
Commercial loans	10,952,240	4,554,140	1,110,717	698,790	368,702	97,070	81,181	36,420	220,089	186,830	19,424
Mortgage loans	-	15,306,945	-	-	422,064	-	29,593	-	-	76,998	-
Consumer loans	-	5,103,219	-	-	179,593	-	168,119	-	-	120,801	-
Contingent credit exposure	2,118,902	863,867	52,267	8,464	4,883	15,036	6,137	8,873	4,377	3,546	-

** See Note 13 letters c, d and e for further details.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

As of December 31, 2021 (**) MCh$	Financial assets before provisions					Established provisions					
	Normal Portfolio		Substandard Portfolio	Non-performing Portfolio		Normal Portfolio		Substandard Portfolio	Non-performing Portfolio		Deductible Fogape Covid-19 guarantees
	Evaluation		Evaluation	Evaluation		Evaluation		Evaluation	Evaluation		
	Individual	Group	Individual	Individual	Group	Individual	Group	Individual	Individual	Group	
Interbank loans	428	-	-	-	-	-	-	-	-	-	-
Commercial loans	10,604,128	4,950,187	1,162,468	573,504	363,158	100,020	77,026	42,816	187,123	182,490	30,288
Mortgage loans	-	13,483,219	-	-	392,956	-	20,182	-	-	53,779	-
Consumer loans	-	4,844,524	-	-	154,722	-	140,012	-	-	124,808	-
Contingent credit exposure	2,229,042	2,707,091	47,344	4,781	5,793	13,354	5,994	7,723	2,144	1,585	-

** See Note 13 letters c, d and e for further details.

Provisions for debt instruments are obtained monthly, under the IFRS 9 models developed and approved in the respective committees, and under appropriate governance. Those measured at amortised costs are accounted for in valuation accounts by deducting the asset's value and the corresponding effect on profit or loss. Those measured at fair value through other comprehensive income are accounted for based on the fair value recorded in 'OCI' against profit or loss. Provisions for loans and receivables measured at fair value through other comprehensive income (OCI) are calculated together with due from banks and loans receivables measured at amortised cost. As of December 31, 2022, and 2021, the impairment that concerns the instruments detailed above is:

	As of December 31,	
	2022	**2021**
	MCh$	**MCh$**
Debt instruments at amortised cost	894	710
Debt instruments at fair value with changes in other comprehensive income	877	703
Loans and receivables	326	226
Total	**2,097**	**1,639**

As of December 31, 2022, and 2021, the debt instrument portfolios include instruments of the Central Bank of Chile and/or the General Treasury of the Republic. Accordingly, their risk has been classified as low (no significant increase in risk). The description of the main components of the IFRS 9 model used by the Bank is set out in Note 2 (r).

As of December 31, 2022, and 2021, the loans included in the portfolio of loans and receivables measured at fair value through other comprehensive income are assets of a high credit quality (normal portfolio).

Non-compliance

The non-performing portfolio includes debtors and their loans for which recovery is considered remote, as they show an impaired or zero payment capacity, have been subject to forced restructuring or are overdue by 90 days or more in the payment of interest or principal, and are classified in the non-performing portfolio (C1 to C6).

Non-performing portfolio	As of December 31,			
	2022		**2021**	
	Financial assets	**Provisions**	**Financial assets**	**Provisions**
	MCh$	**MCh$**	**MCh$**	**MCh$**
Interbank loans	-	-	-	-
Commercial loans	1,067,492	406,919	936,661	369,613
Mortgage loans	422,064	76,998	392,955	53,779
Consumer loans	179,593	120,801	154,724	124,808
Contingent credit exposure	13,347	-	10,574	3,729
Total	**1,682,496**	**604,718**	**1,494,914**	**551,929**

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

Under the IFRS9 model, the Bank uses one of the default presumption factors when an asset is overdue by 90 days or more.

Debt instruments and loan receivables measured at fair value through OCI are not non-performing.

Individual/Group

Group assessments are suitable for dealing with many transactions with low individual amounts and involving individuals or small companies. The Bank groups debtors with similar credit risk characteristics by associating each group with a certain probability of non-performing and a recovery rate based on a substantiated historical analysis. To this end, the Bank implemented the standard model for mortgage and commercial loans and the internal model for consumer loans.

IFRS 9 aims to recognise expected credit loss over the asset's life, attending to significant increases in credit risk since the initial recognition. This may require a group assessment as the increase in credit risk may become more evident before the financial instrument is overdue, depending on the instrument's nature and available information. Always on the premise that information is available at no cost or effort. The grouping is based on similar risk characteristics.

Credit impairment

The impaired portfolio consists of the non-performing loans (C1 to C6) plus B3 and B4 in the case of individual assessment. As of December 31, 2022, and 2021, the impaired portfolio amounts to MCh$1,847,333 and MCh$1,651,152, respectively.

IFRS 9 defines an asset as impaired when one or more events harm the estimated future cash flows, as evidenced by the issuer's financial difficulties, default or delinquency, bankruptcy or financial reorganisation, and disappearance from the active market.

Debt instruments and loan receivables measured at fair value through other comprehensive income are not impaired.

Charge-offs

Charge-offs must be affected when the contractual rights to the cash flows expire. Charge-offs are translated into derecognitions in the Statement of Financial Position and include the unmatured portion in the case of instalment loans. Additional circumstances could lead to a loan charge-off, such as when the Bank concludes that it will not obtain any flows, or there is no enforceable title, when collection actions become time-barred or when the deadlines defined by the FMC are reached (see Note 2 letter q). As of December 31, 2022, and 2021, impaired loans amount to MCh$337,851 and MCh$320,014, respectively.

IFRS 9 states that a charge-off occurs when there is no reasonable expectation of recovering all or part of the contractual cash flows. A charge-off constitutes a derecognition.

Debt instruments and loans receivables measured at fair value through other comprehensive income do not present impaired instruments/transactions.

Reconciliation of provisions and loans

The reconciliation between the opening and closing balance of provisions for the bank loans, commercial loans, mortgage loans, consumer loans and exposure for contingent loans is presented in Note 13 f, g, h, i and j.

The normal portfolio comprises those debtors whose ability to pay enables them to meet their obligations and commitments, which is not expected to change. When a debtor is experiencing financial difficulties or a significant deterioration in its ability to pay, and there are reasonable doubts about the full recovery of principal and interest under the contractual terms, the customer is classified in the substandard portfolio. A client will be classified towards the non-performing portfolio if the possibility of recovering the credit is considered remote, as it shows an impaired or no ability to pay.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

Reconciliation or movements of debt instruments and loans and receivables measured at fair value through other comprehensive income (OCI) are presented in Note 11.

Reconciliation or movements of debt instruments measured at amortised cost are presented in Note 13 b.

Guarantees and credit enhancements

In some cases, the maximum credit risk exposure is reduced by guarantees, credit enhancements and other actions that mitigate the Bank's exposure. On this basis, the constitution of guarantees is a necessary but insufficient instrument in the granting of a loan; therefore, the acceptance of the risk by the Bank requires the verification of other variables or parameters such as the capacity to pay or the generation of resources to mitigate the risk incurred.

The securities management and valuation procedures are set out in the internal risk management policy. These policies set out the basic principles for credit risk management, including managing collateral received in customer transactions. In this respect, the risk management model includes assessing the existence of appropriate and sufficient guarantees to recover the loan when the debtor's circumstances do not allow it to meet its obligations.

The procedures used for the valuation of collateral align with best market practice, involving appraisals on real estate collateral, the market price on stock market securities, the value of units in an investment fund, etc. In addition, all received guarantees must be properly instrumented, registered, and approved by the Bank's legal divisions.

The Bank also has rating tools that enable it to rank the credit quality of transactions or customers. The Bank has historical databases that store internally generated information to study how this probability varies. Rating tools vary according to the customer segment analysed (commercial, consumer, SME, etc.).

The maximum credit risk exposure by type of loan, the associated collateral and the net credit risk exposure as of December 31, 2022 and 2021 are presented below:

	As of December 31,							
	2022				2021			
	Maximum credit risk exposure MCh$	Guarantee MCh$	Net exposure MCh$	Allowance MCh$	Maximum credit risk exposure MCh$	Guarantee MCh$	Net exposure MCh$	Allowance MCh$
Interbank loans	32,991	-	32,991	36	428	-	428	-
Commercial loans	17,827,221	9,945,505	7,881,716	641,340	17,653,212	10,171,168	7,482,044	619,989
Mortgage loans	15,729,009	15,358,111	370,898	106,591	13,876,175	13,331,941	544,234	73,961
Consumer loans	5,282,812	593,660	4,689,152	288,920	4,999,247	619,624	4,379,623	264,819
Contingent credit exposure	3,048,383	476,327	2,572,056	37,969	2,580,613	427,271	2,153,342	30,801
Total	**41,920,146**	**26,373,603**	**15,546,813**	**1,074,856**	**39,109,675**	**24,550,004**	**14,559,671**	**989,570**

Mortgage placements are, by their nature, covered by the properties that generated the loan, that is, the property that the customer has acquired and which guarantees the transaction.

When the Bank can receive or foreclose a property, it is accounted for as an 'Asset received or awarded in payment', and the loan and its provision are derecognised. The asset received is carried at the lower of book value and fair value (appraisal) minus costs to sell, under IFRS 5, and categorised as held for sale.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

Impaired and non-impaired financial assets with associated guarantees, collateral or credit enhancements in favour of the Bank as of December 31, 2022 and 2021 are presented below:

	As of December 31,	
	2022 MCh$	2021 MCh$
Non-impaired financial assets		
Properties/mortgages	28,012,572	27,013,636
Investments and others	4,441,058	1,813,714
Impaired financial assets		
Properties/mortgages	2,009,968	1,715,628
Investments and others	274,296	69,083
Total	**34,737,894**	**30,612,061**

Financial derivative transactions are secured by collateral agreements deposited or transferred by one party in favour of the other, either in cash or financial instruments, and reduce the counterparty's credit risk. These guarantees are monitored periodically (usually daily). Accordingly, the net balance per counterparty is determined based on agreed parameters, and a decision is taken concerning whether collateral is to be posted or collected.

Credit limits of debtors related to the ownership or management of the bank

According to Article 84, No 2 of the General Banking Law (LGB) and the Updated Compilation of Banking Regulations (RAN) 12-4, the total amount of credits granted to a group of related persons may not exceed 5% of the bank's effective equity; this limit increases to 25% if what exceeds 5% corresponds to credits secured by guarantees. In no case may the total of such credits granted by a bank exceed the amount of its effective equity. Furthermore, these credits may not be granted on more favourable terms of maturity, interest rates or guarantees than those granted to third parties in similar operations.

A person's relationship with the Bank arises when they have a direct, indirect or third-party ownership interest in the Bank, participate in the management or are presumed to have such a relationship until there is sufficient evidence to rebut the presumption.

A group of persons related to the Bank shall be understood to include all natural and legal persons who can exert significant and permanent influence on the decisions of the other; there is a presumption that credits granted to one person will be used for the benefit of another, or there is a well-founded presumption that the persons maintain a relationship and form a unit of economic interest.

Subsidiaries, business support companies and affiliated companies are companies related to a bank.

Security over movable or immovable tangible property, or any other property that may legitimately be received as security, constitutes valid security.

As of December 31, 2022, and 2021, the credit limit for debtors related to the ownership or management of the Bank under Article 84 No 2 of the General Banking Law and Chapter 12-4 of the Updated Compilation of Banking Regulations (RAN) are as follows:

	As of December 31,			
	2022		2021	
	%	MCh$	%	MCh$
Global limitation to related groups of persons	7%	473,133	7%	419,008
Regulatory capital		6,759,047		5,776,831

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

MARKET RISK

Market risk arises due to market activity through financial instruments whose value may be affected by changes in market conditions, reflected in changes in the various assets/liabilities and financial risk factors. Market risk management aims to manage and control market risk exposure within acceptable parameters.

Four main risk factors affect market prices: interest rates, exchange rates, price, and inflation.

- Interest Rate Risk: the exposure to losses arising from adverse changes in market interest rates that affect the value of instruments, contracts and other transactions recorded on the balance sheet.
- Foreign exchange risk is the sensitivity to losses arising from adverse changes in the value of the exchange rates of foreign currencies, including gold, in which the instruments, contracts and other transactions recorded on the balance sheet are denominated.
- Inflation risk is the exposure to losses arising from adverse changes in the units or indices of readjustment defined in national currency. The instruments, contracts, and other transactions are denominated on the balance sheet.
- Price risk is generated by the volatility of rates or prices of assets or liabilities. Prepayment risk arises when, based on price movements, holders can alter the future cash flows of these assets or liabilities, leading to balance sheet mismatches that pose additional market risk management challenges.

Market risk management

The measurement and control of market risks are the responsibility of Market Risk Management, which is part of the Risk Division. The various committees in charge approve the limits, with responsibility mainly falling on the Market Committee and the Assets and Liabilities Committee. The main market risks are also reviewed by the Integrated Risk Committee.

The Finance Division manages the Bank's balance sheet, supervised and controlled by the Assets and Liabilities Committee and the Risk Division through the Financial Management Department. Its functions include the elaboration of detailed policies and their implementation, as well as:

i. To optimise the cost of liabilities and seek the most efficient financing strategies, including issuing bonds and bank facilities.
ii. Management of short and long-term regulatory liquidity limits.
iii. Inflation risk management.
iv. Management of interest rate risk in local and foreign currencies.

Rate sensitivity is measured primarily using an analysis that quantifies the impact on earnings and the balance sheet of parallel movements in the real and nominal interest rate curve in Pesos and US dollars.

The Bank's internal management for measuring market risk is mainly based on analysing the management of the following three components:

- trading portfolio
- local financial management portfolio
- foreign financial management portfolio

Treasury manages the Bank's trading portfolios and ensures they remain within the loss limits determined, calculated and estimated by Market Risk Management. The trading portfolio (measured at fair value through profit or loss) consists mainly of those investments measured at fair value, free of any restriction on their immediate sale and which are often bought and sold by the Bank to sell them in the short term to benefit from short-term price movements. Financial management portfolios (measured at fair value through other comprehensive income) include all financial investments not considered in the trading portfolio.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

The roles that concern the trading portfolio comprise the following:

i. applying Value-at-Risk (VaR) techniques to measure interest rate risk,
ii. adjusting trading portfolios to market and the measurement of daily profit and loss from trading activities,
iii. comparing the actual VAR with the established limits,
iv. establishing loss control procedures for losses above predetermined limits, and
v. providing information on trading activities to the ALCO, other members of the Bank's management, and the Global Risk Department

The functions regarding financial management portfolios entail the following:

i. Applying sensitivity simulations (as explained below) to measure the interest rate risk of local currency activities and the potential loss predicted by these simulations, and
ii. Providing the respective daily reports to the ALCO, other members of the Bank's Management, and the Global Risk Department.

Market risk - Trading portfolio

The Bank applies VaR methodologies to measure the trading portfolio's foreign currency risk and interest rate sensitivity. The Bank has a consolidated trading position comprising fixed-income investments and foreign currency trading. This portfolio comprises bonds issued by the Central Bank of Chile, mortgage bonds and low-risk locally issued corporate bonds. At the end of the year, the trading portfolio did not present investments in equity portfolios.

Historical simulation methodology is used to estimate the Bank's VaR, which consists of observing the behaviour of the profits and losses that would have occurred with the current portfolio if market conditions in a given historical period had prevailed and using this information to infer the maximum loss with a given level of confidence. The methodology accurately reflects the historical distribution of market variables and does not require any specific probability distribution assumptions. All VaR measures are intended to determine the distribution function for the change in the value of a given portfolio. Once this distribution is known, the percentile is calculated related to the required confidence level, which will equal the value at risk under these parameters. As calculated by the Bank, the VaR estimates the maximum expected loss of the market value of a given portfolio over a 1-day horizon with 99.00% confidence. This is the maximum one-day loss the Bank could expect to incur on a given portfolio with a 99.00% confidence level. In other words, it is the loss that the Bank would expect to surpass 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. Returns are calculated using a time window of 2 years or at least 520 data points backwards in time from the VaR calculation reference date.

The Bank does not calculate three separate VaRs. Instead, a single VaR is calculated for the entire trading portfolio, further segregated by risk type. The VaR programme performs a historical simulation and calculates a Profit and Loss (G&P) statement for 520 data points (days) for each risk factor (fixed income, foreign exchange and equities). Then, the G&P of each risk factor is added together, and a consolidated VaR is calculated with 520 data points or days of data. Simultaneously, the VaR is calculated for each risk factor based on the individual G&P calculated for each factor. Furthermore, a weighted VaR is calculated similarly as described above but gives a higher weighting to the most recent 30 data points. As a result, the higher of the two VaRs is reported. The Bank uses VaR estimates to warn if statistically estimated losses in the trading portfolio exceed prudent levels and, therefore, certain predetermined limits are in place.

Limitations of the VaR model

In applying this methodology for calculation, no assumptions are made about the probability distribution of risk factors changes; instead, the historically observed changes are used to generate scenarios for the risk factors under which each portfolio item will be valued. The definition of a valuation function fj (xi) for each instrument j is necessary, preferably the same as the one used to calculate the market value and daily position results. This valuation function shall be applied to generate simulated prices for all instruments in each scenario.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

Furthermore, the VaR methodology should be interpreted considering the following limitations:

- Market rate and price changes may not be independent and identically distributed random variables, nor may they have a normal distribution. The normal distribution assumption, in particular, may underestimate the probability of extreme market movements.

- The historical data used by the Bank may not provide the best estimate of future joint distribution of changes in risk factors. Any modification of the data may be inappropriate. In particular, the use of historical data may fail to capture the risk of possible extreme and adverse market fluctuations regardless of the time frame used;

- A 1-day time horizon may not fully capture those market risk positions that cannot be liquidated or hedged within one day. It would not be possible to liquidate or hedge all positions in one day;
- the VaR is calculated at the close of business, but trading positions may change substantially during the trading day;

- the use of a 99% confidence level does not consider or make any representation about losses that may occur beyond this confidence level, and

- The VaR model does not capture all the complex effects of risk factors on the value of positions or portfolios and, therefore, may underestimate potential losses.

During the period ended on December 31, 2022, and 2021, the Bank did not exceed the VaR limits of the trading portfolio's three components: fixed-income, equity, and foreign currency investments.

The Bank performs back-testing daily and generally finds that trading losses exceed the estimated VaR almost every 100 trading days. At the same time, a limit was set on the maximum VaR it is willing to accept on the trading portfolio. As of December 31, 2022, and 2021, the Bank has remained within its VaR threshold, even in instances where the actual VaR exceeded the estimated VaR.

The high, low and average levels for each component and each year were as follows:

	As of December 31,	
	2022	2021
VAR	**US$ million**	**US$ million**
Consolidated:		
High	6.23	2.83
Low	2.73	1.52
Average	4.41	2.18
Fixed income investments:		
High	5.78	2.83
Low	2.75	1.53
Average	4.20	2.16
Variable income investments:		
High	-	-
Low	-	-
Average	-	-
Foreign currency investments		
High	4.82	1.75
Low	0.17	0.07
Average	1.14	0.79

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

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 credit/loan portfolio. The Bank's commercial strategies (structural risk) heavily influence these portfolios' investment and funding decisions.

The Bank uses sensitivity analysis to measure the market risk of local and foreign currency (not included in the trading portfolio). The Bank conducts a scenario simulation which is calculated as the difference between the present value of the flows in the chosen scenario (curve with a parallel movement of 100 bps in all segments) and their value in the baseline scenario (current market). All items in local currency indexed to inflation (UF) are adjusted by a sensitivity factor of 0.57, representing a yield curve shift by 57 basis points in real rates and 100 basis points in nominal rates. The same scenario is conducted for net foreign currency positions and interest rates in US dollars. The Bank has also set limits on the maximum loss these interest rate movements can have on budgeted capital and net interest income for the year. 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 loss and reserves limit, using the following formula:

Bounded limit = square root of a2 + b2 + 2ab, in which:

a: limit in national currency.
b: limit in foreign currency.
Since it is assumed that the correlation is 0. 2ab = 0.

Limitations of sensitivity models

The most important assumption is using 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 as sudden changes of this magnitude are considered realistic. In addition, the Global Risk Department has also established comparable country limits to compare, monitor and consolidate market risk by country in a realistic and orderly manner.

Furthermore, the methodology of sensitivity simulations should be interpreted considering the following limitations:

- The scenario simulation assumes that the volumes remain on the Bank's Consolidated Statements of Financial Position and are always rolled over at maturity, omitting the fact that certain credit risk considerations and prepayments may affect the maturity of certain items.

- This model assumes an equal change across the entire yield curve of everything and does not consider different movements for different maturities.

- The model does not consider the sensitivity of volumes resulting from changes in interest rates.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

Limits on budgeted finance income losses are calculated based on expected finance income for the year that cannot be obtained, which means that the actual percentage of finance income at risk could be higher than expected.

Market Risk - Financial Management Portfolio as of December 31, 2022 and 2021:

	As of December 31,			
	2022		2021	
	Effect on financial income	Effect on capital	Effect on financial income	Effect on capital
Financial management portfolio - local currency (in MCh$)				
Loss limit	33,550	95,710	32,865	84,864
High	23,982	57,176	31,233	80,097
Low	15,459	39,957	13,694	41,653
Average	21,366	49,580	24,018	62,916
Financial management portfolio - foreign currency (in US$ million)				
Loss limit 32	38,231	43,329	36,619	34,991
High	9,713	33,388	8,545	32,205
Low	255	20,371	698	1,055
Average	3,173	26,310	3,733	17,615
Financial management portfolio - consolidated (in MCh$)				
Loss limit	33,550	95,710	32,865	84,864
High	28,699	76,738	25,709	78,259
Low	16,515	66,098	12,854	56,857
Average	23,438	71,003	21,041	69,577

Inflation risk

The Bank's assets and liabilities are indexed according to the Unidad de Fomento (UF) variation. The Bank has, in general, more assets than liabilities in UF. Therefore, moderate rises in inflation have a positive effect on repricing income, while a fall in the UF value negatively impacts the Bank's margin. To manage this risk, the Assets and Liabilities Committee limits the difference between UF-denominated assets and liabilities, which may not exceed 30% of the Bank's interest-earning assets. Financial Management manages this mismatch on a day-to-day basis, and the limits are calculated and monitored by the Market Risk Division.

Market Risk items and their measurement

Market Risk Exposure is measured and monitored using the difference between the foreign currency asset and liability balances (net position) and the cash flows payable (associated with liability items) and cash flows receivable (associated with asset items) in the Trading and Banking Books for a given period.

Foreign currency items and term mismatches are exposed to different adjustment factors, sensitivities and rate changes.

The Board of Directors of Banco Santander presented and approved the Market Risk Exposure Policy on a Standardised Basis.

The following risks will determine Market Risk Exposure:

- Interest Rate Risk
- Currency Risk
- Readjustment Risk
- Currency Options Risk

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

The following illustrates the market risk exposure according to the FMC and the Central Bank of Chile guidelines. The maximum exposure to long-term interest rate risk is 35% of regulatory capital and is approved by the Board of Directors. The maximum exposure to short-term interest rate risk is 30% of net interest and repricing income plus interest rate sensitive fees:

	As of December 31, 2022 MCh$	2021 MCh$
Trading portfolio market risk		
Rate Risk Exposure	441,688	377,006
Currency Risk Exposure	1,535	8,089
Interest Rate Options Risk	-	-
Risk Currency Options	1,145	1,429
Total exposure of the trading portfolio	**444,368**	**386,524**
10% of the RWAs	555,460	3,577,035
Subtotal	999,828	3,963,559
Limit = Regulatory capital	6,759,047	5,114,609
Available margin	**5,759,219**	**1,151,050**
Short-term market risk of financial management portfolio		
Short-term Exposure to Interest Rate Risk	193,895	217,045
Exposure to Readjustment Risk	112,523	178,033
Short-term exposure to financial management portfolio	**306,418**	**395,078**
Limit = 35% net (net interest and adjustment income + interest rate-sensitive fees)	530,199	529,542
Available margin	**223,781**	**134,464**
Long-term market risk of financial management portfolio		
Long-term exposure to interest rate risk	1,194,181	1,221,762
Limit = 35% of Effective Equity	2,365,666	1,790,113
Available margin	**1,171,485**	**568,351**

IBOR Reform

In December 2020, the ICE Benchmark Administration Limited (IBA) launched a consultation on its intention to cease publication of non-USD LIBOR and USD LIBOR 1W and 2M tenors until December 31, 2021 and of all other USD LIBOR tenors after publication on June 30, 2023. The Bank has been working since 2019 on the transition to risk-free reference rates (hereafter also "RFR"), including the SOFR. 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 working teams for each risk, the involvement of senior management in a robust project governance plan and an action plan for each of the identified impacted/risk areas, which will enable us to meet the challenges imposed by the changes in benchmark rates. As of December 31, 2022, and 2021, the financial asset and liability exposures impacted by the IBOR reform are presented below:

	Credits and receivables from customers MCh$	Deposits MCh$	Financial instruments MCh$	Financial derivatives contracts (Assets) MCh$	Financial derivatives contracts (Liabilities) MCh$
31.12.2022	515,277	-	36,730	1,818,517	1,712,642
31.12.2021	609,243	-	38,819	1,672,422	1,623,725

The Bank has been working on the basis of its IBOR transition programme focusing mainly on: i) Identifying the risks associated with the transition and defining mitigation actions, ii) Developing products benchmarked to the proposed replacement rates, iii) Developing transition capacity through the renegotiation of existing USD LIBOR benchmarked contracts. In this regard, efforts in the latter half of 2021 and the first half of 2022 focused on preparing to offer RFR index-linked products.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

In the second half of 2022 and during 2023 until the cessation of the index, work will focus on the renegotiation and migration of existing USD LIBOR contracts to transition to RFR (SOFR) indices:

- From September, 2022 to March 2023, the renegotiation of USD LIBOR-linked contracts with a maturity beyond June 2023 will occur.
- During the last quarter of 2022 until June, 2023, USD LIBOR-referenced transactions with a maturity later than June 2023 will be migrated.

As of December 31, 2022, the financial asset and liability items impacted by the IBOR reform are loans and receivables from customers, deposits, financial instruments and derivative contracts. To fulfil its functions, the Integrated Risk Committee works directly with the Bank's risk and control departments whose joint objectives include:

- To assess those risks which, due to their size, could compromise the Bank's solvency or which present potentially significant operational or reputational risks;
- to ensure that the Bank has the means, systems, structures and resources following the best practices to implement the risk management strategy;
- to ensure the integration, control and management of all the Bank's risks;
- to implement consistent risk principles, policies and metrics across the Bank and its businesses;
- to develop and implement a risk management model in the Bank so that risk exposure is properly integrated into the different decision-making processes;
- to identify risk concentrations and mitigation alternatives, monitor the macroeconomic and competitive environment and quantify sensitivities and the foreseeable impact of different scenarios on risk positioning; and
- to manage the Bank's structural liquidity, interest rate and exchange rate risks, as well as the Bank's own funds base.

In order to achieve the objectives mentioned above, the Bank (Management and Asset-Liability Committee) performs several activities related to risk management, which include: to calculate the risk exposures of the different portfolios and/or investments, considering mitigating factors (guarantees, netting, collateral, etc.); to calculate the expected loss probabilities of each portfolio and/or investments; to assign loss factors to new operations (rating and scoring); to measure the risk values of the portfolios and/or investments based on different scenarios employing simulations.); to calculate the expected loss probabilities of each portfolio and/or investments; to assign loss factors to new transactions (rating and scoring); to measure the risk values of portfolios and/or investments against different scenarios through historical simulations; to set limits to potential losses based on the different risks incurred; to determine the potential impact of structural risks on the Bank's Consolidated Income Statements; to set limits and alerts to ensure the Bank's liquidity; and to identify and quantify operational risks by business lines and thus facilitate their mitigation through corrective actions.

The Integrated Risk Committee is primarily responsible for monitoring compliance with the Bank's risk management policies and procedures and reviewing the adequacy of the risk management framework concerning the risks faced by the Bank.

Benchmark interest rate reform - phase 2

In 2013, IOSCO published the Principles for Financial Benchmarks (IOSCO Principles), setting standards for developing benchmarks. Subsequently, the FSB formed the Official Sector Steering Group (OSSG) to apply the IOSCO Principles to IBOR (Interbank Offered Rates) indices. Since then, central banks and regulators in several jurisdictions have organised working groups to recommend alternative indices to indices such as EONIA (Euro Overnight Index Average) and LIBOR (London Interbank Offered Rates). As of September 13, 2018, the European Central Bank's working group recommended that the euro short-term interest rate (€STR) should replace the EONIA. Accordingly, as of October 2, 2019, when the €STR became available, the EONIA changed its methodology to be calculated as the €STR plus a spread of 8.5 basis points. This change in the EONIA methodology was intended to facilitate the transition of the EONIA market to €STR before its final cessation on January 3, 2022.

On March 5, 2021, the Financial Conduct Authority (FCA) announced the final dates for the cessation of LIBOR:

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

- On December 31, 2021, the publication of USD LIBOR (one-week and two-month maturities), CHF LIBOR (all maturities), GBP LIBOR (overnight, one-week, two-month and 12-month maturities), JPY LIBOR (overnight, one-week, two-month and 12-month maturities) and EUR LIBOR (all maturities) ceased.
- On December 31, 2021, the calculation methodology for some LIBORs was amended to publish temporary synthetic LIBORs, which became non-representative: GBP LIBOR (1-month, 3-month and 6-month maturity) and JPY LIBOR (1-month, 3-month and 6-month maturity).
- On June 30, 2023, the publication of USD LIBOR (overnight, 1 month, 3 months, 6 months and 12 months) will cease.

In October 2020, the International Swaps and Derivatives Association (ISDA) launched the protocol and supplement of substitute indices (from now on fallbacks) for IBORs (which came into force on January 25, 2021). It provided derivatives market participants with new fallbacks of LIBORs (among other IBORs, such as EURIBOR) for existing and new derivative contracts. Furthermore, on August 19, 2021, ISDA launched a new protocol allowing institutions to incorporate a fallback to the EONIA as the applicable collateral rate in ISDA collateral arrangements (CSAs). To control the risks and address the different challenges generated by the transition, in 2019, the Corporate Department launched a global Santander programme. This IBOR transition programme enabled us to ensure that the risks linked to the process were identified and managed consistently and appropriate measures were taken to mitigate them. The programme structure focuses on the following areas: Technology and Operations, Legal, Customer Relationship, Risk Management and Modelling, Conduct and Communication, and Accounting and Finance. In 2021, the programme focused on making all contractual, commercial, operational and technological changes necessary to address the transition from LIBOR and EONIA rates that were discontinued in 2021.

LIQUIDITY RISK

This refers to the possibility that an entity may not be able to meet its payment commitments or may have to resort to raising funds on burdensome terms or on terms that could damage its image and reputation.

Liquidity risk management

The Bank's approach to liquidity management is to ensure, to the extent possible, that it always has sufficient resources to meet its obligations as they fall due under normal circumstances and stress conditions without incurring unacceptable losses or risking damage to the Bank's reputation. Accordingly, the Board sets limits on a minimum portion of maturing funds available to meet such payments and on a minimum level of interbank operations and other lending facilities that should be available to cover drawings at unexpected levels of demand, which is reviewed periodically by the Asset and Liability Committee (ALCO) whose functions include monitoring the necessary liquidity risk management strategies. This committee comprises 3 directors, 7 Bank management committee members, and 3 divisions (Financial Management, Treasury and Market Risk).

The setting of limits is conceived as a dynamic process that responds to the level of risk appetite deemed acceptable by the Bank and its entities.

The system of limits is sufficiently robust to allow the level of exposure each institution incurs to liquidity risks to be known at all times.

Besides the limits, the Bank includes alert indicators by the concentration of counterparties, type of products, and maturities in its management. To diversify the sources of funding and their maturity structure.

The Bank monitors its liquidity position daily, determining the future flows of its inflows and outflows. Furthermore, stress tests are performed at the end of each month, using a variety of scenarios covering both normal market conditions and market fluctuation (stress) conditions.

The Bank has a structure of internal liquidity limits that Financial Management and the Treasury must respect. Market Risk Management calculates and monitors the consumption of internal limits, verifies compliance with them and communicates their status to senior management and the Board of Directors.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

At the beginning of each calendar year, these limits are proposed by Market Risk Management, approved locally at the ALCO and then ratified at the highest level.

Liquidity limits and early warning indicators, and internally defined management measures can be differentiated into the following three groups:

- Limits associated with concentration and mismatches of cash flows and liquidity of the Bank's operations.
- Liquidity Management Tools, called Structural Liquidity or Funding Table, are used to determine the Bank's structural liquidity position and enable its active management as an essential mechanism to ensure its assets' funding under optimal conditions permanently.
- Early warning indicators are linked with concentration risks and as tools for detecting and anticipating potential liquidity stress situations and, if necessary, activating the Liquidity Contingency Plan.

Market Risk Management establishes and updates the Liquidity Management Policy (LMP) contents. Reviews and possible updates are conducted once a year. Nevertheless, it may be updated at the request of any areas affected by the LMP that have identified the need for modification. The Board approves the contents of the LMP of Directors.

Market Risk Management provides all the necessary tools for the statistical analysis required by local liquidity regulations. It also assesses whether the models used are valid at least once a year. The Board of Directors must approve the conclusions of this analysis.

In periods of normal liquidity, Financial Management applies policies and makes arrangements to keep the Bank within internal and regulatory limits.

If a crisis has been identified, even at its mildest level, the Liquidity Crisis Committee applies the necessary policies to deal with potential liquidity shortfalls or restrictions, creates contingency plans to manage emergencies quickly, and reports such situations to senior management and the respective committees.

Liquidity risk measurement and control

1. Time-limit mismatches subject to regulatory limits

The Regulatory Liquidity Ratio measures and limits the mismatches of net income flows relative to capital. Under current regulations, the 30-day mismatch cannot exceed one time the Bank's core capital for both domestic and foreign currency, and the 90-day mismatch cannot exceed two times. As of December 31, 2022 and 2021 the mismatches are as follows:

	As of December 31,	
	2022	2021
	%	%
30-day	-	1
30-day foreign currency	-	2
90-day	-	2

2. Monitoring indicators and liquidity ratios subject to regulatory limits

An important component of liquidity risk management is High-Quality Liquid Assets (HQLA). These are balance sheet assets, mainly consisting of financial investments that are not pledged as collateral, have low credit risk, and have a deep secondary market.

According to Basel III standards, these assets are divided into three tiers, with Tier 1 assets being the most liquid and Tier 3 the least liquid. Level 1 assets are mostly composed of bonds from the Republic of Chile, the Central Bank of Chile, and the United States Treasury Department.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

HQLA	As of December 31,	
	2022	2021
	MCh$	MCh$
Tier 1: available	1,453,265	1,106,152
Tier 1: fixed income	5,424,452	1,223,824
Tier 2: fixed income	8,066	9,792
Total	**6,885,783**	**2,339,768**

3. *Liquidity Coverage Ratio (LCR)*

The Liquidity Coverage Ratio (LCR) measures liquid assets over 30-day net cash outflows. It is used by banks globally as part of the Basel III standards. Since 2019, Chilean banks have been required to have a minimum level of 60%, which will gradually increase to 100% by 2022. A minimum level of 80% was required for the financial year of 2021.

The objective of the LCR is to promote the short-term resilience of banks' liquidity risk profiles. To this end, the LCR ensures that these organisations have an adequate pool of unencumbered High-Quality Liquid Assets, which can be easily and immediately converted into cash in the private markets to cover short-term liquidity needs.

Liquidity coverage ratio	As of December 31,	
	2022	2021
	%	%
LCR	175	149

Banco Santander Chile's LCR indicator was well above the minimum required for 2021 and already above the 100% required for 2022. This reflects the conservative liquidity policies imposed by the Board of Directors through the Assets and Liabilities Committee.

4. *Net Stable Funding Ratio (NSFR)*

This indicator is required by Basel III and provides a sustainable maturity structure of assets and liabilities so that banks maintain a stable funding profile concerning their activities.

The Central Bank and the FMC defined a minimum NSFR level of 60% by 2022, rising to 100% by 2026.

Net stable funding ratio	As of December 31,	
	2022	2021
	%	%
NSFR	116	111

5. *Information on liquidity position per the requirements of the Central Bank of Chile*

i. Maturity mismatches

The Central Bank of Chile published on March 8, 2022 Rules on the Management and Measurement of the Liquidity Position of Banking Companies which modernises liquidity regulation, aligning the published regulatory requirements of the FMC in line with the Basel III standards.

According to the Central Bank, the liquidity position is measured and monitored through the difference between cash flows payable, which are associated with liability and expense account items, and cash flows receivable, which concern asset and income account items, for a given period or time frame, referred to as the maturity mismatch.

The liquidity policy on an Adjusted Basis was presented and approved by the Board of Directors of Banco Santander Chile. Maturity mismatch calculations are performed separately for domestic and foreign currencies.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

Maturity mismatches shall be made in the following time frames:

- First time frame: up to 7 days inclusive
- Second time frame: between 8 days and 15 days inclusive
- Third time frame: between 16 and 30 days inclusive
- Fourth time frame: between 31 days and 90 days inclusive

	As of December 31, 2022					
	Individual			Consolidated		
	Up to 7 days	Up to 15 days	Up to 30 days	Up to 7 days	Up to 15 days	Up to 30 days
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Cash flow to be received (assets) and income	9,123,887	1,805,516	3,552,792	9,269,188	1,804,580	3,514,336
Cash flow payable (liabilities) and expenses	9,295,580	1,855,664	2,702,150	9,320,125	1,855,664	2,707,135
Mismatch	**(171,693)**	**(50,148)**	**850,642**	**(50,937)**	**(51,084)**	**807,201**
Mismatch subject to limits			628,801			705,180
Limits:						
1 times the capital			4,128,808			4,238,372
Available margin			4,757,609			4,943,552
% Used			15%			17%

	As of December 31, 2021					
	Individual			Consolidated		
	Up to 7 days	Up to 15 days	Up to 30 days	Up to 7 days	Up to 15 days	Up to 30 days
	MCh$	MCh$	MCh$	MCh$	MCh$	MCh$
Cash flow to be received (assets) and income	8,075,378	2,192,356	2,098,212	8,239,806	2,156,255	2,052,735
Cash flow payable (liabilities) and expenses	10,499,423	1,558,043	1,717,827	10,655,776	1,557,680	1,714,384
Mismatch	**(2,424,045)**	**634,313**	**380,385**	**(2,415,970)**	**598,575**	**338,351**
Mismatch subject to limits			(1,409,346)			(1,479,044)
Limits:						
1 times the capital			3,359,436			3,359,436
Available margin			1,950,090			1,880,392
% Used			42%			44%

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

ii. Composition of funding sources

The main sources of third-party funding are as follows:

Main sources of funding	As of December 31,	
	2022	2021
	MCh$	MCh$
Deposits and other demand liabilities	14,086,226	17,900,938
Time deposits and other term equivalents	12,978,790	10,131,055
Interbank borrowing	8,864,765	8,826,583
Debt and regulatory capital instruments issued	9,490,009	8,989,528
Total	**45,419,790**	**45,848,104**

The Central Bank has statutory powers allowing it to demand banks to hold reserves of up to 40% on average for demand deposits and up to 20% for time deposits to implement monetary measures. Furthermore, as the aggregate amount of demand deposits exceeds 2.5 times the bank's regulatory capital, the bank must maintain a 100% 'technical reserve' against them in bonds and Central Bank's notes.

As of December 31, 2022, and 2021, Santander was required by the Central Bank to maintain a technical reserve of MCh$0 and MCh$4,278,104, representing 0% and 15.3% of deposits, respectively.

The volume and composition of liquid assets are presented in item 2 above.

The liquidity coverage ratio is presented in item 3 above.

6. Maturity analysis of financial liabilities

The remaining contractual maturities of financial liabilities are provided in Note 45.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

OPERATIONAL RISK

Operational risk is defined as the risk of loss due to defects or failures of internal processes, employees and systems or external events. It covers risk categories such as operational incidents, cloud computing, cyber security, business continuity, and strategic and non-strategic outsourcing.

Operational risk is generated in all business and support areas and is inherent in all products, activities, processes and systems. For this reason, all employees are responsible for managing and controlling the operational risks generated by their activities. Our operational risk control and management model is based on a continuous process to identify, assess and mitigate risk sources, whether or not they have materialised, ensuring that risk management priorities are properly established.

Operational risk management

The operational risk model regulates the necessary elements for adequate management and control of operational risk, aligned with compliance with advanced regulatory standards and best management practices, and includes the following phases:

- strategy and planning;
- identification, assessment and monitoring of risks and internal controls;
- implementation and monitoring of mitigation measures;
- availability of information, adequate reporting and escalation of relevant issues.

The main operational risk tools used are:

- Internal events database. Recording operational risk events with financial impact (all losses are recorded, regardless of their amount) or non-financial impact (such as the regulatory impact on customers and/or services). This information:
    - allows root-cause analysis;
    - raises awareness of the risks;
    - enables the escalation of relevant operational risk events to the senior management of the Risk division with maximum immediacy;
    - facilitates regulatory reporting;

- Self-assessment of operational risks and controls. A qualitative process that assesses the main operational risks related to each function, the state of the control environment and their assignment to the different functions within the Bank, using the judgement and experience of a panel of experts from each function.

  The objective is to identify and assess material operational risks that could prevent business or support units from achieving their objectives. Once the risks and the internal controls that mitigate them have been assessed, mitigating measures are identified if risk levels are above the tolerable level.

  This process integrates specific operational risk reviews that allow for a cross-cutting identification of risks, especially technological risks, fraud, supplier risks and factors that could lead to other operational risks and specific regulatory non-compliance.

- External events database. Quantitative and qualitative information of external operational risk events. The database allows for a detailed and structured analysis of relevant events in the sector, comparing the loss profile and the proper preparation of self-assessment exercises and scenario analysis.

- Analysis of operational risk scenarios. Its objective is to identify events with an extremely low probability of occurrence that could generate significant losses for the Bank and establish appropriate mitigation measures through the assessment and expert opinion of the business lines and risk managers.

- A statement establishing the Bank's commitment to control and limit non-financial risk events that lead to or could lead to financial losses; fraud events; operational and technological incidents; legal and regulatory breaches; conduct issues, or reputational damage. Although a certain volume of losses is expected, unexpected high-severity losses due to a failure of controls are not acceptable.

- Internal audit, external audit and regulators' recommendations. They provide relevant independent information on inherent and residual risk and identify areas for improvement in controls and processes.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

- Capital model: a model that captures the Bank's risk profile, based primarily on information gathered from the internal loss database, external data and scenarios. The main application of the model is to determine the economic capital for operational risk and the estimation of expected and stressed losses, which are used in the operational risk appetite.

- Other specific tools to further analyse and manage operational risks include assessing new products and services, managing business continuity plans, and updating the perimeter and quality review processes of the operational risk programme.

The Bank's operational risk management and reporting system support programmes and tools focusing on governance, risk and compliance. It provides information for management and reporting and helps improve decision-making in operational risk management by consolidating information, simplifying the process, and avoiding duplication.

Operational continuity plan

Digital transformation is revolutionising the way banks operate, presenting new business opportunities while also giving rise to a wide range of emerging risks, such as technology risks, cyber risks and an increasing reliance on suppliers, which increases exposure to events that may affect the delivery of services to our customers.

The Bank is highly committed to ensuring robust control of the environment as determined by the best industry standards. This seeks to strengthen our operational resilience to potentially disruptive events, thereby ensuring adequate service delivery to our customers and system stability.

One of the main pillars is a business continuity management system aimed at ensuring the continuity of business processes in the event of a disaster or major incident. This process identifies the potential impacts that threaten the entity, supplying the correct protocols and governance to ensure an effective response capability. Its main objectives are:

- To protect the integrity of people in a contingency situation.
- To ensure that core functions are performed and the impact on service delivery to our customers is minimised in contingency events.
- To meet the Bank's obligations to its employees, customers, shareholders and other stakeholders.
- To comply with regulatory obligations and requirements.
- To minimise the entity's potential financial losses and impact on the business.
- To protect the brand image, credibility and trust in the entity.
- To reduce operational effects by providing effective procedures, priorities, and strategies for recovering and restoring business operations following a contingency.
- To contribute to stabilising the financial system.

The pandemic challenged the business continuity planning frameworks and strategies. While some protocols had to be adapted, this crisis demonstrated that the Bank has a robust Business Continuity Management system.

Relevant mitigation measures

The Bank implements and monitors mitigation measures related to the main sources of risk through internal operation risk management tools and other external sources of information.

Business transformation and digitalisation bring new risks and threats, such as increased payment fraud and origination (credit) fraud. We have improved control mechanisms and designed new products to mitigate these risks.

Strong authentication processes in the customer enrolment process and the reinforcement of anti-fraud alerts in origination are increasingly widespread resources to mitigate the risk of fraud.

In the case of cards, the use of chip and PIN cards in shops and ATMs, two-step authentication with one-time passwords (dynamic verification passwords), reinforced security at ATMs through the incorporation of physical protection and anti-skimming elements, as well as improvements in the logical security of the devices have become widespread.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

In the case of internet banking, verification of online banking transactions with a second security factor of one-time passwords, implementation of specific protection measures for mobile banking, such as identification and registration of customer devices, monitoring of the security of the e-banking platform to prevent attacks on the systems, among others.

Cybersecurity

Cybersecurity threats are expected to increase. The financial sector is expected to be one of the main targets. With the increased reliance on digital systems, cybersecurity is one of the main non-financial business risks. Therefore, our goal is to make the Bank a cyber-resilient organisation that can quickly resist, detect, and respond to cyber-attacks by constantly evolving and improving its defences.

In this area, the Bank continues to develop its control and monitoring framework in line with the best international practices.

Outsourcing of services

Consistent with our digitalisation strategy, the Bank aspires to present its customers with the best solutions and products on the market. This implies increasing services provided by third parties and the intensive use of new technologies such as cloud services. In addition, due to increasing cyber risks and regulatory requirements, we have updated and strengthened the supplier management framework, internal control framework and risk culture to ensure that risks associated with third-party procurement are properly assessed and managed.

The Bank has identified the suppliers that could present a higher level of exposure for our operations and the services provided to our customers. Accordingly, it has reinforced the monitoring of these suppliers to ensure that:

- They have an appropriate control environment, depending on the level of risk of their service.
- Business continuity plans are in place to ensure service delivery in case of disruptive events.
- They have controls to protect sensitive information processed during service provision.
- Contracts and agreements with third parties include the necessary clauses to protect the interests of the Bank and our customers while at the same time covering existing legal obligations.
- There are exit strategies, including service reversion or migration plans, in the case of services with a strong impact on business continuity and high replacement complexity.

NOTE 47 - RISK MANAGEMENT AND REPORTING, continued

Insurance

To address operational risk and other risk types generated by the Bank's own operations, insurance has been procured for property damage, general civil liability, fraud, expenses arising from cybersecurity breaches, and third-party claims against executives, among others.

Exposure to net loss, gross loss and gross loss recovery per operational risk event

	As of December 31, 2022 MCh$	2021 MCh$
Gross loss and expenses for operational risk events in the period		
Internal fraud	91	51
External fraud	8,513	5,469
Labour practices and business security	8,095	4,089
Customers, products and business practices	789	256
Damage to physical assets	221	236
Business interruption and system failures	981	177
Execution, delivery and process management	3,624	11,185
Subtotal	**22,314**	**21,463**
Expense recoveries for operational risk events in the period		
Internal fraud	-	568
External fraud	2,194	3,975
Labour practices and business security	1,391	874
Customers, products and business practices	673	243
Damage to physical assets	-	8
Business interruption and system failures	2	33
Execution, delivery and process management	809	2,934
Subtotal	**5,069**	**8,635**
Net loss from operational risk events	**17,245**	**12,828**

NOTE 48 - INFORMATION ON REGULATORY CAPITAL AND CAPITAL ADEQUACY INDICATORS

The Bank defines capital risk as that which the Bank or any of its companies will incur in insufficient quantity and/or quality of capital necessary to: meet the minimum regulatory requirements to operate as a bank; meet market expectations regarding its creditworthiness; and support the growth of its business and any strategic opportunities that may arise, under its strategic plan.

The objectives in this respect include in particular:

- To meet internal capital and capital adequacy targets.
- To comply with regulatory requirements.
- To align the Bank's strategic plan with the capital expectations of external stakeholders (rating agencies, shareholders and investors, customers, supervisors, etc.).
- To support business growth and any strategic opportunities that may arise.

The Bank has a capital adequacy position that exceeds regulatory requirements.

Capital management optimises value creation in the Bank and its business segments. The Bank continuously assesses its risk-return ratios through its core capital, effective net worth, economic capital and return on equity. Regarding capital adequacy, the Bank conducts its internal process based on the standards of the FMC, which are in force as of December 1, 2021 (Basel III). Economic capital is the capital required to bear the full risk of doing business at a given level of solvency.

Capital is managed according to the risk environment, Chile's economic performance and the economic cycle.
The respective Committee may amend our existing capital policies to address changes in the above-risk environment.

Capital risk management

The Bank has an Executive Capital Committee responsible for overseeing, authorising and assessing all aspects of capital and solvency. The Board of Directors has deferred to the ALCO the knowledge and assessment of the capital levels and returns in line with the Bank's strategy. In addition, the Integrated Risk Committee monitors and is responsible for the limits of primary and secondary metrics based on risk appetite.

Capital management is based on a Capital Framework designed to ensure that the capital, structure and composition level are appropriate at any point in time considering the Bank's risk profile and under different scenarios. It warrants the adherence to the minimum regulatory requirements, the risk appetite and the Recovery Plan, and that these frameworks align with the interests of all stakeholders while supporting the growth strategy determined by the Bank.

The capital model defines the functional and governance aspects of capital planning, budget execution and monitoring, capital adequacy analysis, capital measurement, and capital reporting and disclosure. In addition, this model covers the main capital management activities:

1. Establish the Bank's solvency and capital contribution targets aligned with minimum regulatory requirements and internal policies to ensure a strong level of capital, consistent with the Bank's risk profile and efficient use of capital to maximise shareholder value.
2. Development of a capital plan to meet these objectives consistent with the strategic plan.
3. Capital adequacy assessment to ensure that the capital plan is consistent with the Bank's risk profile and risk appetite (also stress scenarios).

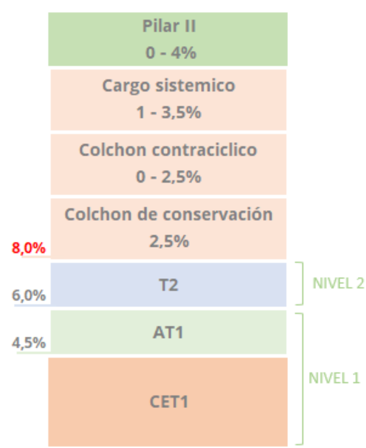
NOTE 48 - INFORMATION ON REGULATORY CAPITAL AND CAPITAL ADEQUACY INDICATORS, continued

4. Capital budget development as part of the Bank's budget process.
5. Monitoring and controlling budget execution and developing of action plans to correct any deviations from the budget.
6. Calculation of capital metrics.
7. Internal capital reporting and reporting to supervisory authorities and the market.

The Bank has also developed the necessary policies to manage and fulfil capital management strategies and objectives, including Capital Adequacy Policy, Capital Planning Policy, Capital Impairment Management Policy, Capital Monitoring Policy, and Dividend Policy.
BASEL III Implementation

A new version of the General Banking Law (LGB) was published in January 2019. Adopting the capital levels established in the Basel III standards is among the most relevant changes. In 2020, the final versions of the rules governing the new capital models for Chilean banks were published.

According to the new General Banking Law (updated through Law No 21,130), the minimum capital requirements have increased in quantity and quality. Total regulatory capital remains at 8% of risk-weighted assets but includes credit, market and operational risk. Minimum Tier 1 capital increased from 4.5% to 6% of risk-weighted assets, of which up to 1.5% can be Additional Tier 1 (AT1), either in the form of preferred shares or bonds with no fixed maturity which can be convertible into shares. Tier 2 capital is now set at 2% of risk-weighted assets.



Additional capital requirements are incorporated through a conservation buffer of 2.5% of risk-weighted assets. Furthermore, in coordination with the FMC, the Central Bank may establish an additional countercyclical buffer of up to 2.5% of risk-weighted assets consistent with the FMC. Both buffers should be composed of core capital.

In addition, the FMC was empowered, subject to the favourable agreement of the Council of the Central Bank of Chile (BCCh), to define by regulation the new methodologies for calculating assets weighted by credit, market and operational risk; the conditions for issuing hybrid AT1 instruments; the determination and capital charges for local systemically important banks; prudential discounts to regulatory capital; and to require additional measures, including higher capital, for banks with deficiencies in the supervisory capital assessment process (Pillar II).

Pillar II aims to ensure that banks maintain a level of capital commensurate with their risk profile and encourage the development and use of appropriate processes for monitoring and managing the risks they face. To this end, banks are responsible for developing an internal capital adequacy assessment process. Supervisors should review their internal strategies and assessments and intervene early when they are not satisfied with the outcome of

NOTE 48 - INFORMATION ON REGULATORY CAPITAL AND CAPITAL ADEQUACY INDICATORS, continued

this process. As a result, supervisors may require additional capital over and above the minimum requirement to ensure a sufficient level to address risks, especially in adverse credit cycles.

The result will be a simplified report with the conclusions of the self-assessment process, which in its first version in 2021 will only include credit risk, and in 2022 will only include Pillar I risks. From 2023 a full report will be required.

Pillar III promotes market discipline and financial transparency by disclosing meaningful and timely information, allowing information users to understand the risk profile of local banking institutions and their capital structure, thereby reducing information asymmetries. Banks must publish the first Pillar 3 document with information for the quarter of January - March 2023.

The new rules for calculating risk-weighted assets came into force in December 2021. Therefore, the Bank implemented the rules through a multidisciplinary group, which conducted the required developments, including applying the files designed by the regulator for this purpose.

Capital metrics

Minimum capital requirement
Under the General Banking Law, a bank must have a minimum of UF800,000 (approximately MCh$ 26,469 or US$28 million as of December 31, 2022) of paid-in capital and reserves, calculated under the FMC Rules.

Capital requirement

According to the General Law of Banks, banks must maintain regulatory capital of at least 8% of risk-weighted assets, net of required credit loss, as well as a paid-in capital and reserve requirement ('core capital') of at least 3% of total assets, also net of credit loss. Regulatory and core capital is calculated based on the Consolidated Financial Statements prepared under the CASB issued by the FMC. As Santander is the result of a merger between two predecessors with a relevant market share in the Chilean market, a minimum regulatory capital to risk-weighted assets ratio of 11% is currently required.

Regulatory capital is defined as the aggregate of:

- a bank's paid-up capital and reserves, excluding capital attributable to foreign subsidiaries and branches or core capital;
- its subordinated bonds, valued at their placement price (but decreasing by 20.0% for each year during the period beginning six years before maturity), for up to 50.0% of their basic capital; and
- its voluntary provisions for credit loss of up to 1.25% of risk-weighted assets.

As of August 21, 2020, Circular No 2,265 indicating the new treatment was published, in which the amounts of loans guaranteed by the Chilean Treasury, CORFO and FOGAPE are incorporated into category 2 of the risk-weighted asset classification, and consequently their credit risk weighting was reduced from 100% to 10%.

From December 1, 2021, the definition of regulatory capital changed and is defined as follows:

- Paid-up capital of the bank in terms of subscribed and paid-up ordinary shares;
- Surcharge paid for the instruments included in this capital component;
- Reserves, both non-earnings and earnings, for depreciation of bonds with no fixed maturity and forfeiture of bonds with no fixed maturity;
- Items of 'other comprehensive income accrued';
- Retained earnings from prior years, profit (loss) for the year, net of provisions for minimum dividend, the repricing of bonds with no fixed maturity and interest and/or dividend payments on issued regulatory capital financial instruments.
- Non-controlling interest as indicated in the Compendium of Accounting Standards (CASB).

NOTE 48 - INFORMATION ON REGULATORY CAPITAL AND CAPITAL ADEQUACY INDICATORS, continued

Total assets, risk-weighted assets and components of effective equity

Item No	Total assets, risk-weighted assets and components of effective equity under Basel III	Global consolidated 31/12/2022 MCh$	Global consolidated 31/12/2021 MCh$
1	Total assets according to the statement of financial position	68,164,604	63,971,270
2	Investment in unconsolidated subsidiaries	-	-
3	Assets discounted from regulatory capital, other than item 2	12,270,810	10,014,280
4	Credit equivalents	2,890,350	2,795,989
5	Contingent loans	2,776,542	4,605,506
6	Assets arising from the intermediation of financial instruments	243,345	25,731
7	**= (1-2-3+4+5-6) Total assets for regulatory purposes**	**61,317,340**	**61,332,754**
8.a	Credit risk-weighted assets, estimated according to standardised methodology (CRWAs)	28,401,718	29,019,933
8.b	Credit risk-weighted assets, estimated according to internal methodologies (CRWAs)	-	-
8	Market risk-weighted assets (MRWAs)	5,554,604	5,599,484
10	Operational risk-weighted assets (ORWAs)	4,070,594	3,316,895
11.a	**= (8.a/8.b+9+10) Risk Weighted Assets (RWAs)**	38,026,916	37,936,312
11.b	**= (8.a/8.b+9+10) Risk-weighted assets, after application of the output floor (RWAs)**	**38,026,916**	**37,936,312**
12	Shareholders' equity	4,128,808	3,400,220
13	Non-controlling interest	109,563	94,360
14	Goodwill	-	-
15	Excess of minority investments	-	-
16	**= (12+13-14-15) Common equity tier 1 (CET1) equivalent**	**4,238,371**	**3,494,580**
17	Additional deductions to Common Equity Tier 1, other than item 2	25,455	-
18	**= (16-17-2) Common Equity Tier 1 (CET1)**	**4,212,916**	**3,494,580**
19	Voluntary (additional) provisions allocated as Additional Tier 1 capital (AT1)	-	-
20	Subordinated bonds imputed as Additional Tier 1 capital (AT1)	190,135	364,262
21	Preference shares imputed to Additional Tier 1 capital (AT1)	-	-
22	Bonds without fixed maturity imputed to Additional Tier 1 capital (AT1)	590,247	592,468
23	Discounts applied to AT1	-	-
24	**= (19+20+21+21+22-23) Additional Tier 1 capital (AT1)**	780,382	**956,730**
25	**= (18+24) Tier 1 capital**	**4,993,298**	**4,451,310**
26	Voluntary (additional) provisions imputed as Tier 2 capital (T2)	293,000	258,000
27	Subordinated bonds imputed as Tier 2 capital (T2)	1,472,749	1,067,521
28	**= (26+27) Equivalent Tier 2 capital (T2)**	**1,765,749**	**1,325,521**
29	Discounts applied to T2	-	-
30	**= (28-29) Tier 2 capital (T2)**	**1,765,749**	**1,325,521**
31	**= (25+30) Effective equity**	**6,759,047**	**5,776,831**
32	Additional core capital required to build up the conservation buffer	444,662	294,249
33	Additional core capital required for the constitution of the cyclical buffer	-	-
34	Additional core capital required for systemically rated banks	142,601	-
35	Additional capital required for the assessment of the adequacy of effective equity (Pillar 2)	-	-

NOTE 48 - INFORMATION ON REGULATORY CAPITAL AND CAPITAL ADEQUACY INDICATORS, continued

Solvency indicators and Basel III compliance indicators

Item No	Solvency indicators and Basel III compliance indicators (in % with two decimals) (*)	Global consolidated 31/12/2022 %	Global consolidated 31/12/2021 %
1	**Leverage indicator (T1_I18/T1_I7)**		
1.a	Leverage indicator to be met by the bank, considering the minimum requirements.	6.87%	5.70%
2	**Core capital indicator (T1_I18/T1_I11.b)**		
2.a	Indicator of core capital to be met by the bank, considering the minimum requirements.	11.08%	9.21%
2.b	Capital buffers deficit	-	-
3	**Tier 1 capital indicator (T1_I25/T1_I11.b)**		
3.a	Tier 1 capital indicator to be met by the bank, considering the minimum requirements.	13.13%	11.73%
4	**Effective net worth indicators (T1_I31/T1_I11.b)**		
4.a	Effective net worth indicator that the bank must meet, considering the minimum requirements.	8.00%	8.00%
4.b	Effective net worth indicator to be met by the bank, considering the Article 35 bis charge, if applicable	9.50%	9.50%
4.c	Effective net worth indicator to be met by the bank, considering minimum requirements, conservation buffer and countercyclical buffer	10.50%	10.90%
5	**Solvency rating**		
	Compliance indicators for solvency		
6	**Voluntary (additional) provisions charged to Tier 2 capital (T2) in relation to CRWAS (T1_I26/ (T1_I8.a or I8.b))**	1.03%	0.89%
7	**Subordinated bonds imputed in Tier 2 capital (T2) relative to core capital.**	34.96%	30.55%
8	**Additional Tier 1 capital (AT1) in relation to core capital (T1_I24/T1_I18)**	18.52%	27.38%
9	**Voluntary (additional) provisions and subordinated debentures that are imputed to Additional Tier 1 (AT1) capital in relation to RWAs (T1_I19+T1_I20 / T1_I11.b)**	0.50%	0.96%

NOTE 49 - SUBSEQUENT EVENTS

1. Other

As of January 23, 2023, the Ministry of Finance together with the Association of Banks and Financial Institutions (ABIF) announced a series of measures aimed at supporting individuals and SMEs, as well as strengthening the banking system, including a boost to credit rescheduling according to the commercial policies dictated by each bank and a commitment to support programmes promoted by the State, such as Fogape and the housing construction programme. In addition, it was announced that Transbank's shareholding banks will start a process of selling their stake in Transbank, in the framework of the so-called four-party model in the payment system.

2. Bond Issuance

The Bank has placed the following bonds:

Series	Currency	Issuance rate Annual	Placement date	Issue Amount
W5	UF	1.80	19-01-2023	310,000
T18	CLP	7.50	06-01-2023	75,000,000
A3	CLP	6.20	12-01-2023	14,750,000

3. Issuance of Financial Statements

As of February 22, 2023, the Directors and Audit Committee approved these Consolidated Financial Statements.

No other subsequent events will be disclosed between January 1, 2023 and the date of issue of these Consolidated Financial Statements (February 22, 2023).

JONATHAN COVARRUBIAS H.
Chief Accounting Officer

ROMÁN BLANCO REINOSA
Chief Executive Officer

Santander