



**Banco Santander
Chile
1Q20 Results**

Important information

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

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

AGENDA



COVID19: REGULATORY UPDATE



SAN CHILE: BALANCE SHEET

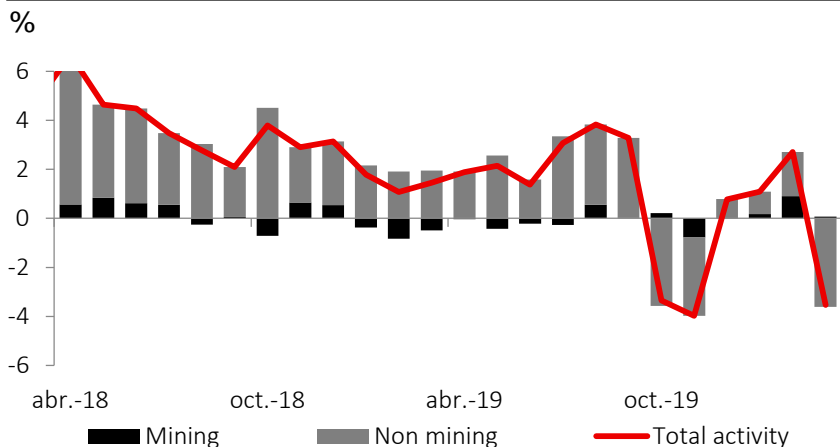


SAN CHILE: BUSINESS GROWTH AND RESULTS

Macroeconomic environment

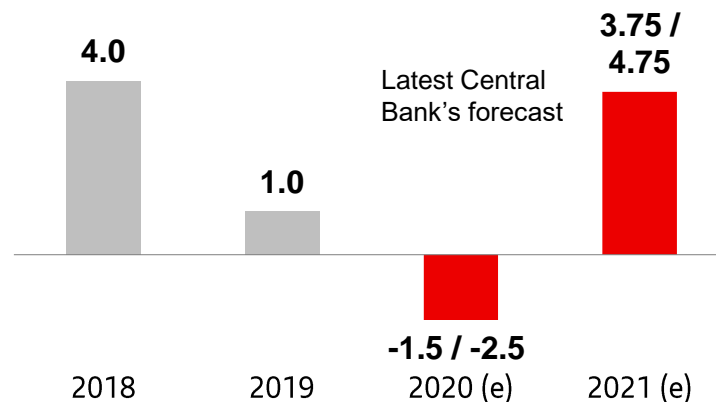
Economy affected by global uncertainty arising from Covid-19

Monthly economic activity (IMACEC)



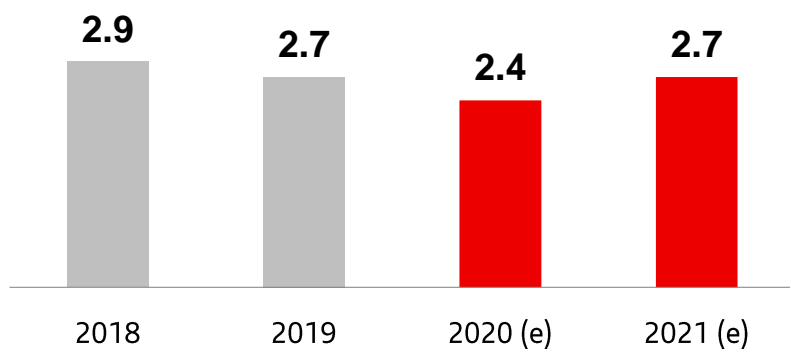
GDP

YoY real growth, %



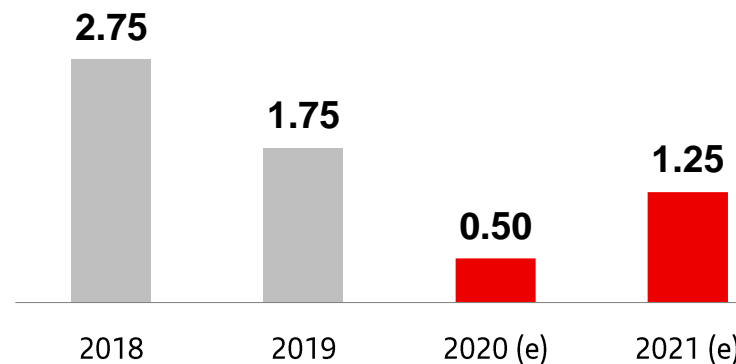
Inflation

Annual change in UF inflation, %



Central Bank interest rate

%

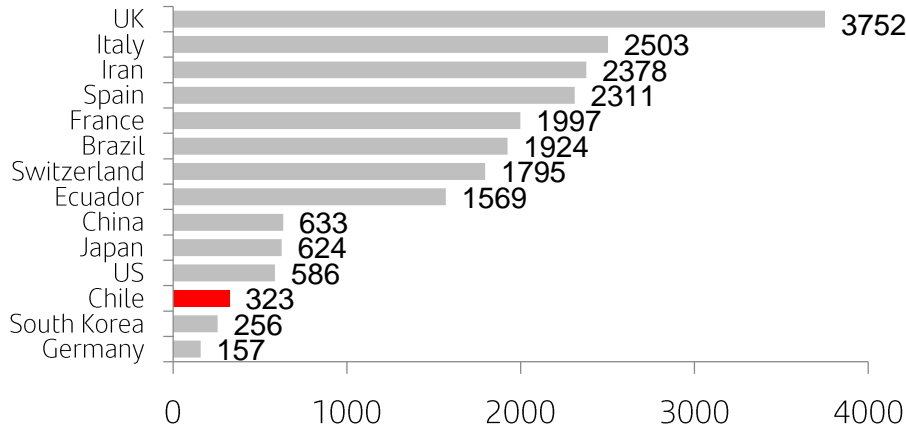


Macroeconomic environment

So far mortality has been low in Chile and oil prices favor the terms of trade

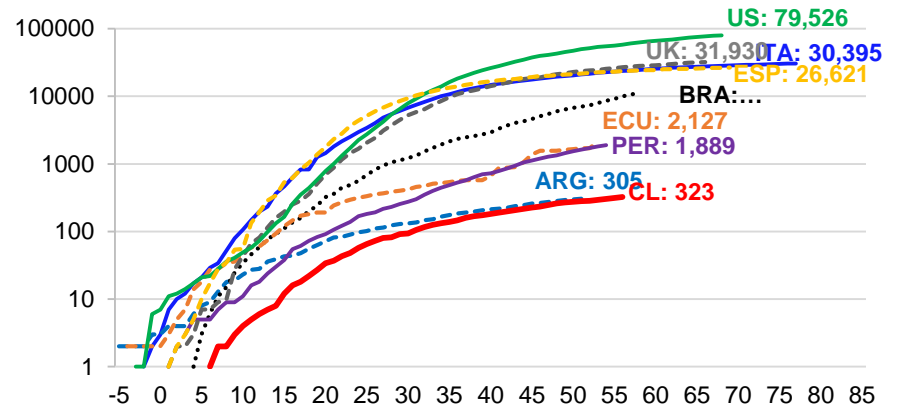
Deaths on reaching 30,000 contagions

(# as of May 11, 2020)



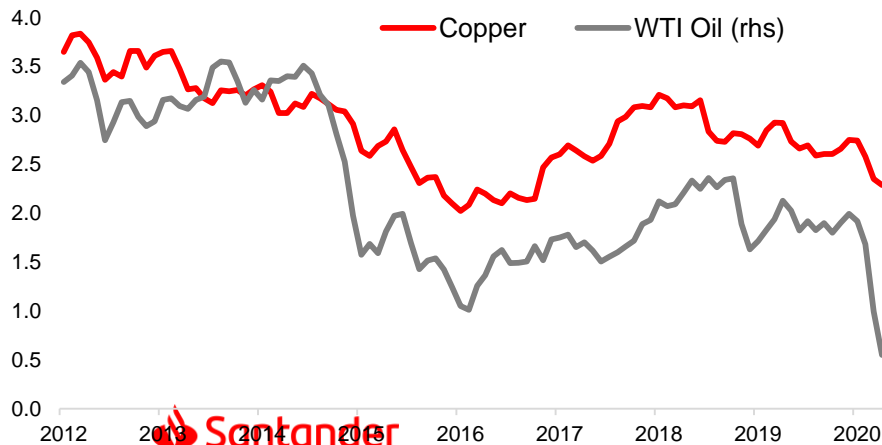
Number of deaths

(logarithmic scale, 0= first day with 100 or more total cases)



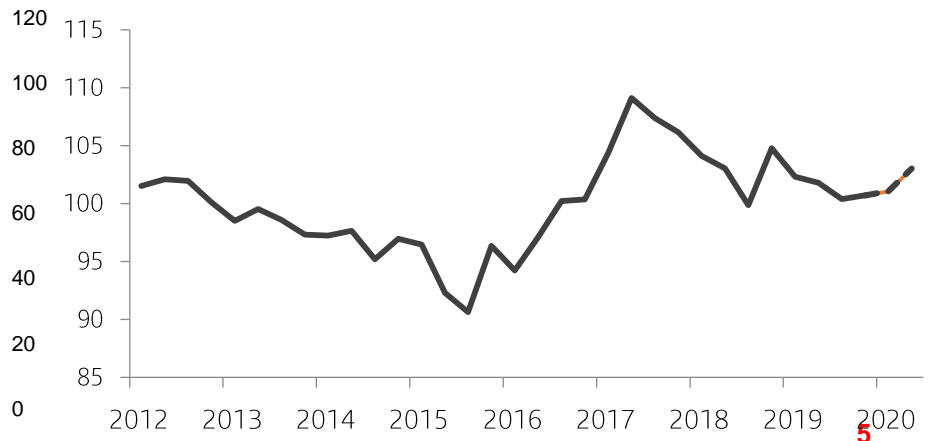
Commodities

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



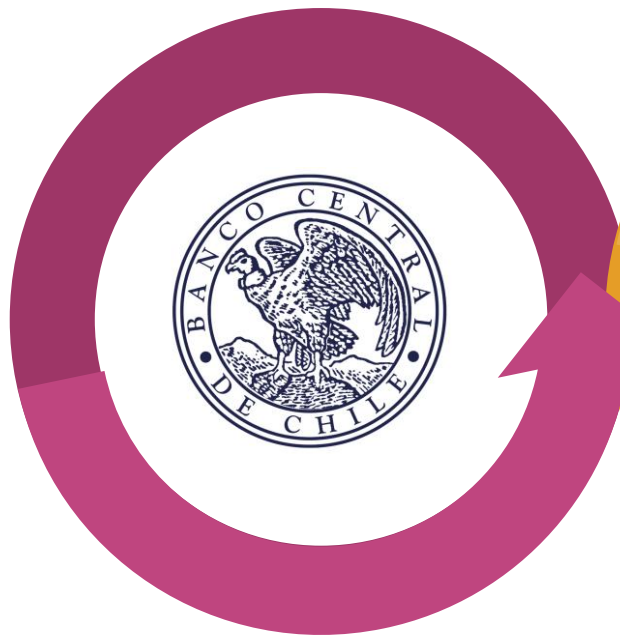
Terms of trade

Average 2012-2019=100)



Regulatory update

Central Bank, Government and CMF have launched different measures to ensure companies have access to financing



Central Bank is providing liquidity to banks



Fiscal measures including an expanded public guarantee scheme for working capital



Local regulation has been adapted to address treatment of credit deferrals and guarantees

The Central Bank is providing liquidity to banks



- Two liquidity programs for banks during 6 months at MPR (0.5%) for up to USD 24bn in total, conditional on credit growth.
 - **FCIC line:** For up to 4 years. Eligible collateral: Standard collaterals, corporate bonds, and high ratings commercial loans
 - **LCL line:** For up to 2 years. Constraint: Banks reserves at the Central Bank
 - Banco Santander Chile has requested a total of USD 1.4 bn from the LCL at the beginning in April 2020, with the possibility to take down an additional ~USD2.4 bn from the FCIC.
- Bank bond purchase program up to USD 8 billion (USD 4.3 bn outstanding as of May 8, 2020)
- Suspension of local liquidity requirements for maturity mismatch of 30 and 90 days. LCR limit continues at 70% for 2020.

- **Expenditure increase:**
 - Health's budget increased by USD 1.5bn (2% GDP)
 - Cash transfers (USD 230) per family for the poorest segments, and allowance per family (USD 300) during three months for those without formal jobs
- **Tax cuts and liquidity measures:**
 - Transitory reduction of the stamp tax
 - Corporate tax provision, VAT and local taxes delayed 3 months
- **Job protection**
 - Injection of USD 2 bn to the unemployment insurance fund. Salaries paid for by the unemployment insurance for those companies that retain workers.
 - New unemployment insurance for those with independent formal jobs (fiscal cost: USD 300 mn).
- **Capitalization** of Banco Estado (USD 0.5 bn) and FOGAPE (USD 3 bn)

Necessary measures to help households and firms

State guarantees for working capital lines



- **COVID-19 guarantee line:** State guarantees for 60-85% of working capital loans to companies with annual sales of up to UF 1 mn (USD 35 mn). This is an extension of the current FOGAPE scheme.¹
 - FOGAPE´s capital increase by USD3 bn should allow up to USD 24 bn in loans
 - Maximum loan amount = 3 months of sales
 - To be paid in 24 -48 months with 6 month grace period
 - For clients not more than 30 days overdue as of March 2020 or for SMEs as of October 2019
 - Amortizations of existing loans with the same bank will be postponed for 6 months
 - Working capital line cannot be used to increase investments or pay other debts or dividends

99.8% of companies in Chile would be eligible to receive guarantees.
40,000 operations already approved and 300,000 forecasted by the end of June.

CMF announcements to support loan growth during this period

- Possibility of deferring payments without being considered a renegotiation
 - ✓ Mortgages and commercial loans: up to 6 months
 - ✓ Consumer: up to 3 months
- Phase in of Basel III postponed to December 2021
- Allows 15% of FOGAPE guarantees to be treated as voluntary provision for TIER II calculations
- Other initiatives:
 - Mortgage guarantee surpluses can be used to guarantee loans to SMEs
 - Modification to the treatment of derivatives (capital charge reduction)

So far 800,000 requests to defer payments have been made to the banking system

AGENDA

COVID19: REGULATORY UPDATE

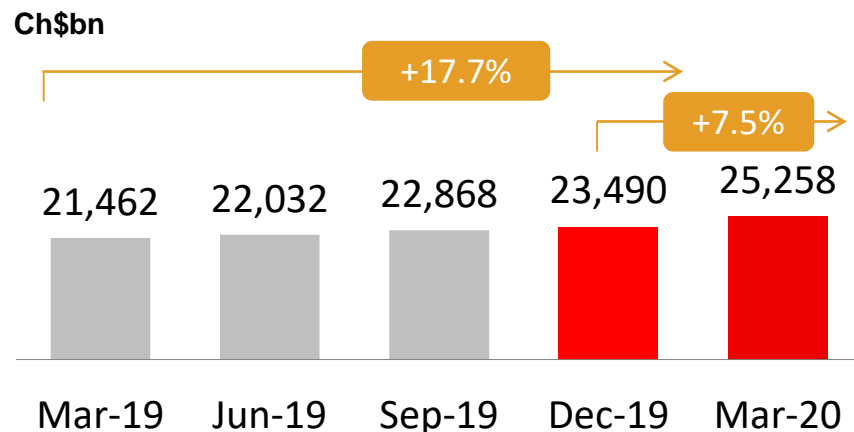
SAN CHILE: BALANCE SHEET

SAN CHILE: BUSINESS GROWTH AND RESULTS

Balance sheet

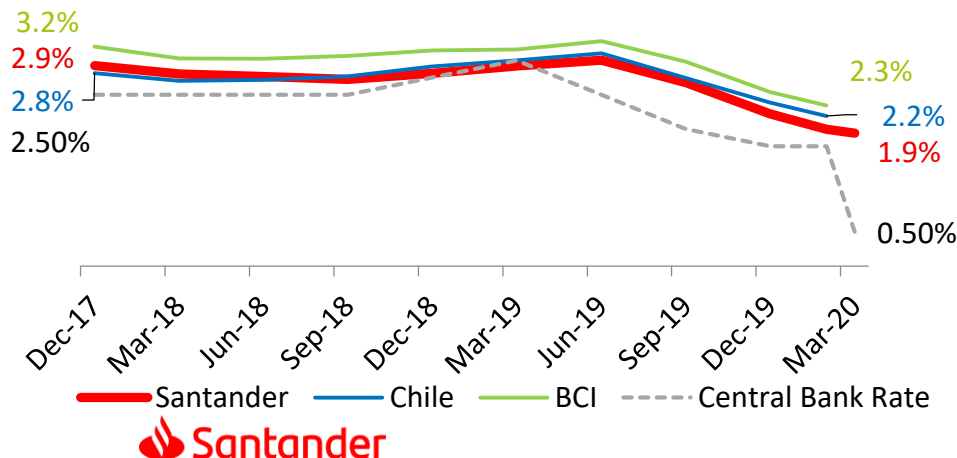
Positive evolution of funding mix

Total Deposits



Ch\$ bnS	3M20	YoY	QoQ
Demand deposits	11,048	29.6%	7.3%
Time deposits	14,210	9.9%	7.7%
Total Deposits	25,258	17.7%	7.5%
Mutual funds ¹	6,979	20.0%	7.0%
Loans/Deposits²	91.5%		
LCR³	205%		
NSFR⁴	109%		

CLP Time Deposit Cost Evolution⁵

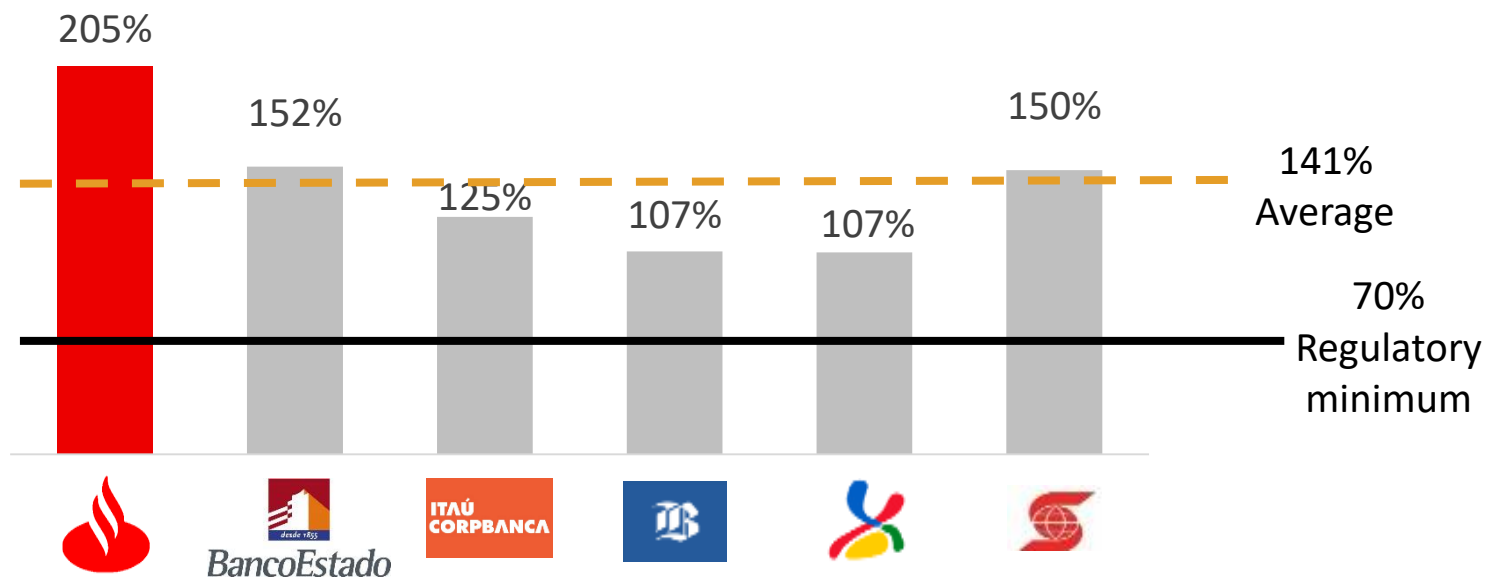


Demand deposits by segment

Ch\$ bn	3M20	YoY	QoQ
Individuals	3,951	31.0%	8.3%
SMEs	1,794	22.2%	5.7%
Retail	5,745	28.1%	7.5%
Middle Market	3,098	20.6%	3.9%
Corporate (SCIB)	2,040	64.7%	24.3%
Total⁶	11,048	29.6%	7.3%

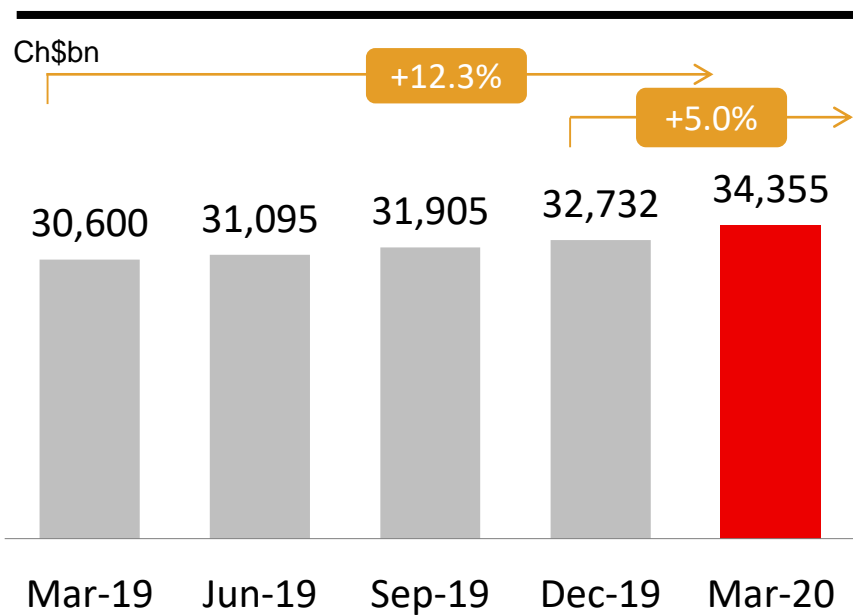
Solid levels of liquidity in the system

Liquidity coverage ratio¹



Loan growth driven by Corporate and Middle-market

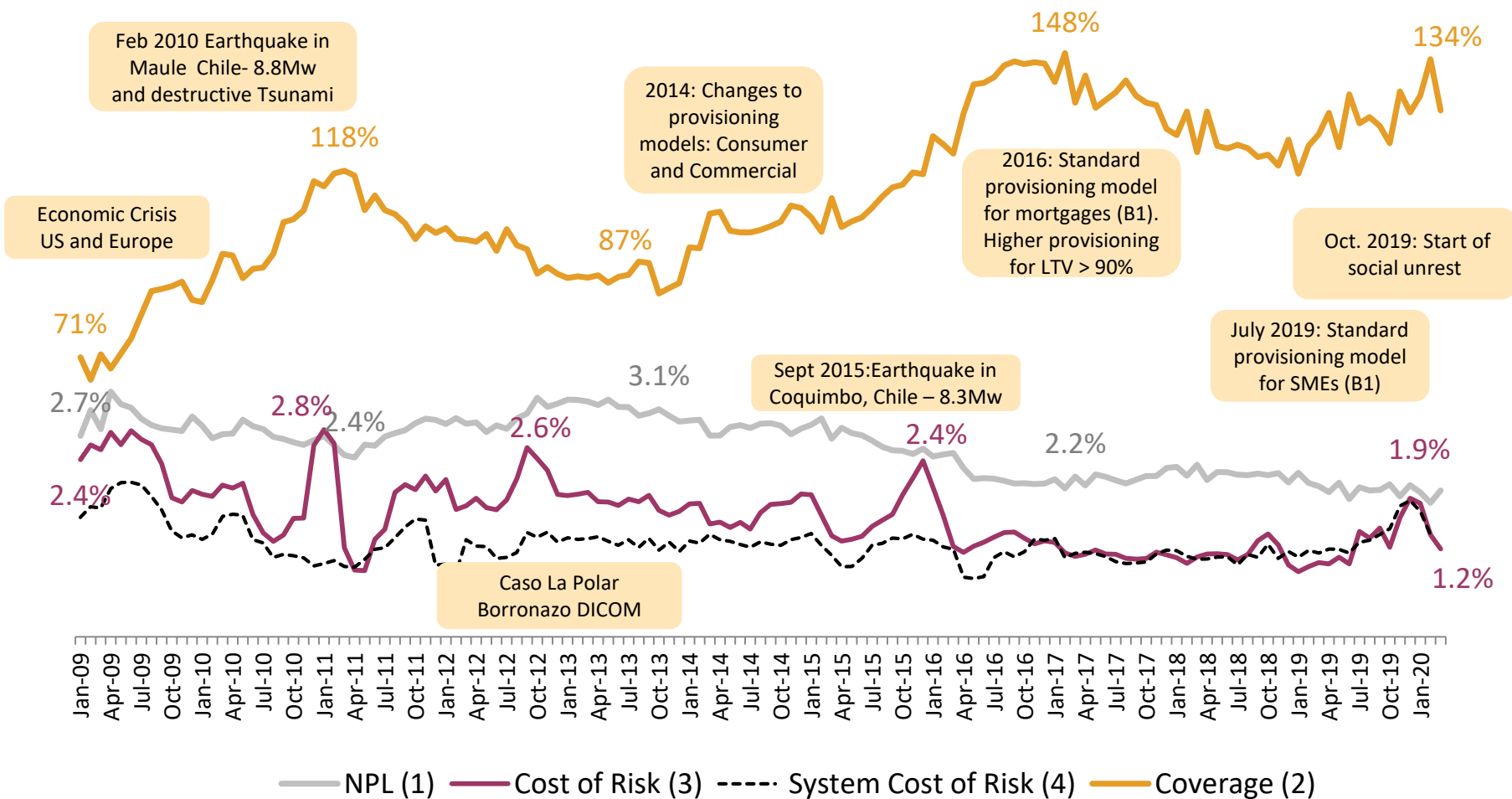
Total Loans



Ch\$ bn	3M20	YoY	QoQ
Individuals ¹	19,262	12.3%	2.3%
Consumer	5,451	10.8%	(1.6%)
Mortgages	11,664	12.9%	3.6%
SMEs	4,129	7.7%	1.1%
Retail	23,390	11.5%	2.1%
Middle Market	8,789	11.5%	8.6%
Corporate (SCIB)	2,173	36.6%	30.0%
Total²	34,355	12.3%	5.0%

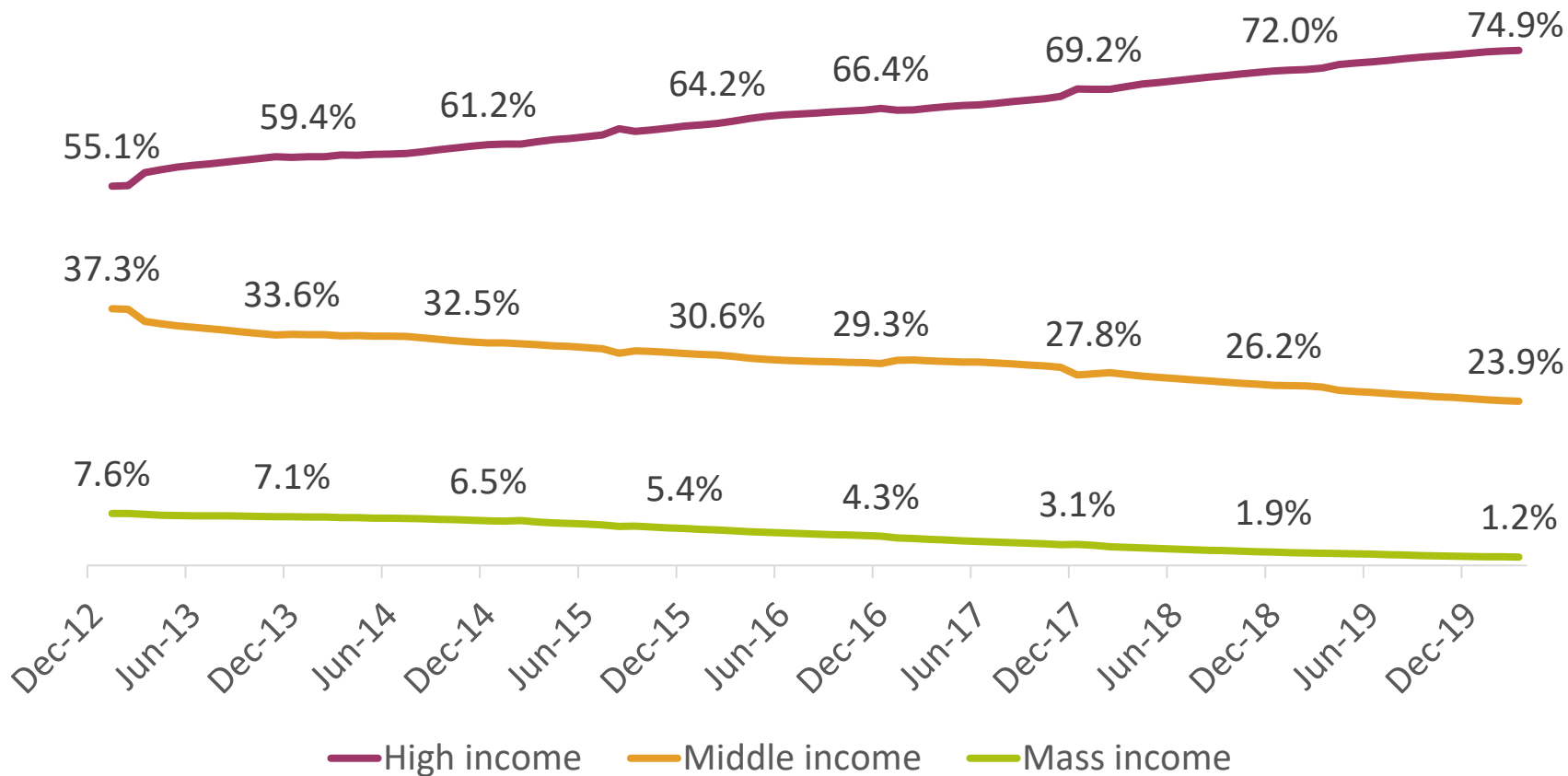
Improving our cost of risk compared to the system

Total loans: NPLs, coverage and cost of risk



A better client mix through derisking

Composition of loans to individuals

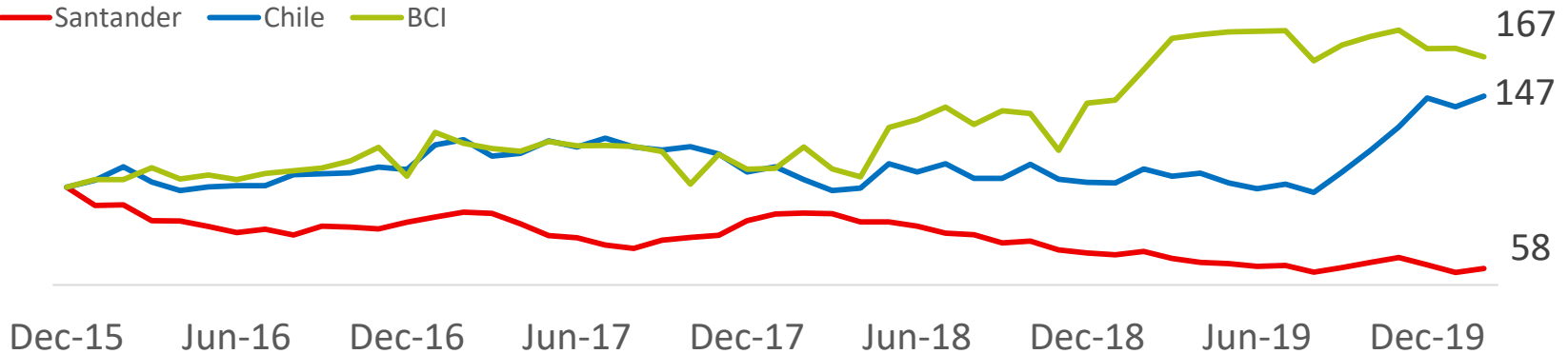


Better performance of evolution of consumer NPLs

Consumer NPLs¹

% of loans; base = 100 as of Dec. 2015

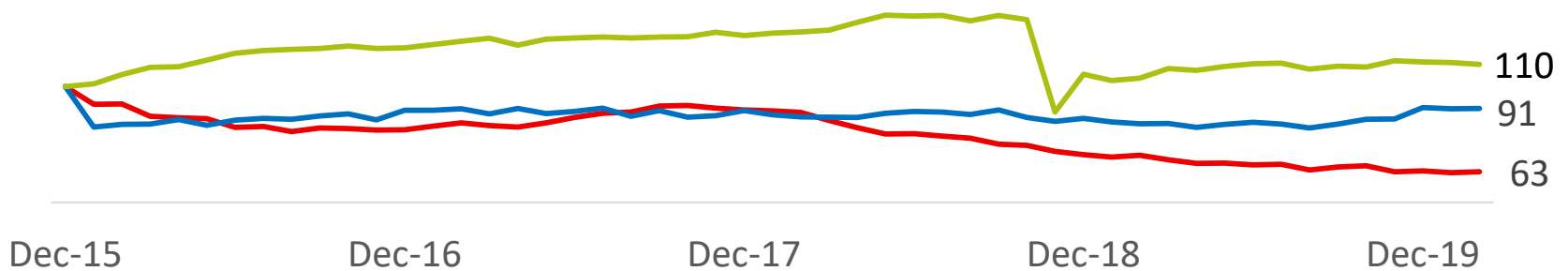
— Santander — Chile — BCI



Consumer Impaired loans²

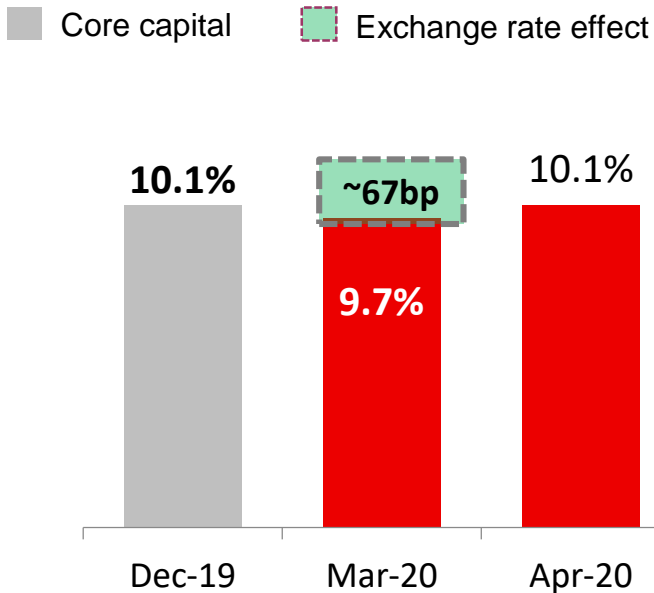
% of loans; base = 100 as of Dec. 2015

— Santander — Chile — BCI

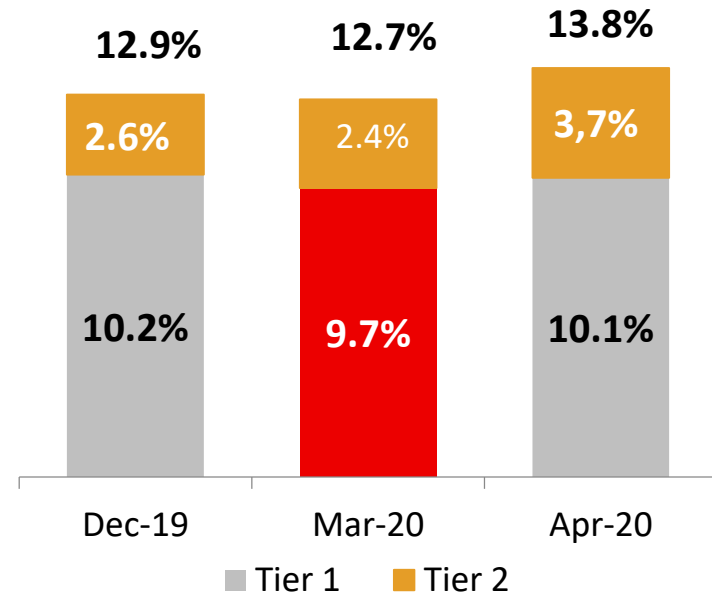


Healthy capital ratios

Core capital



BIS Ratio



Proposed payout lowered to 30% to face uncertainty and facilitate potential volume growth from Covid-19 measures. US\$200Mn in sub-bonds issued in 1Q20

AGENDA

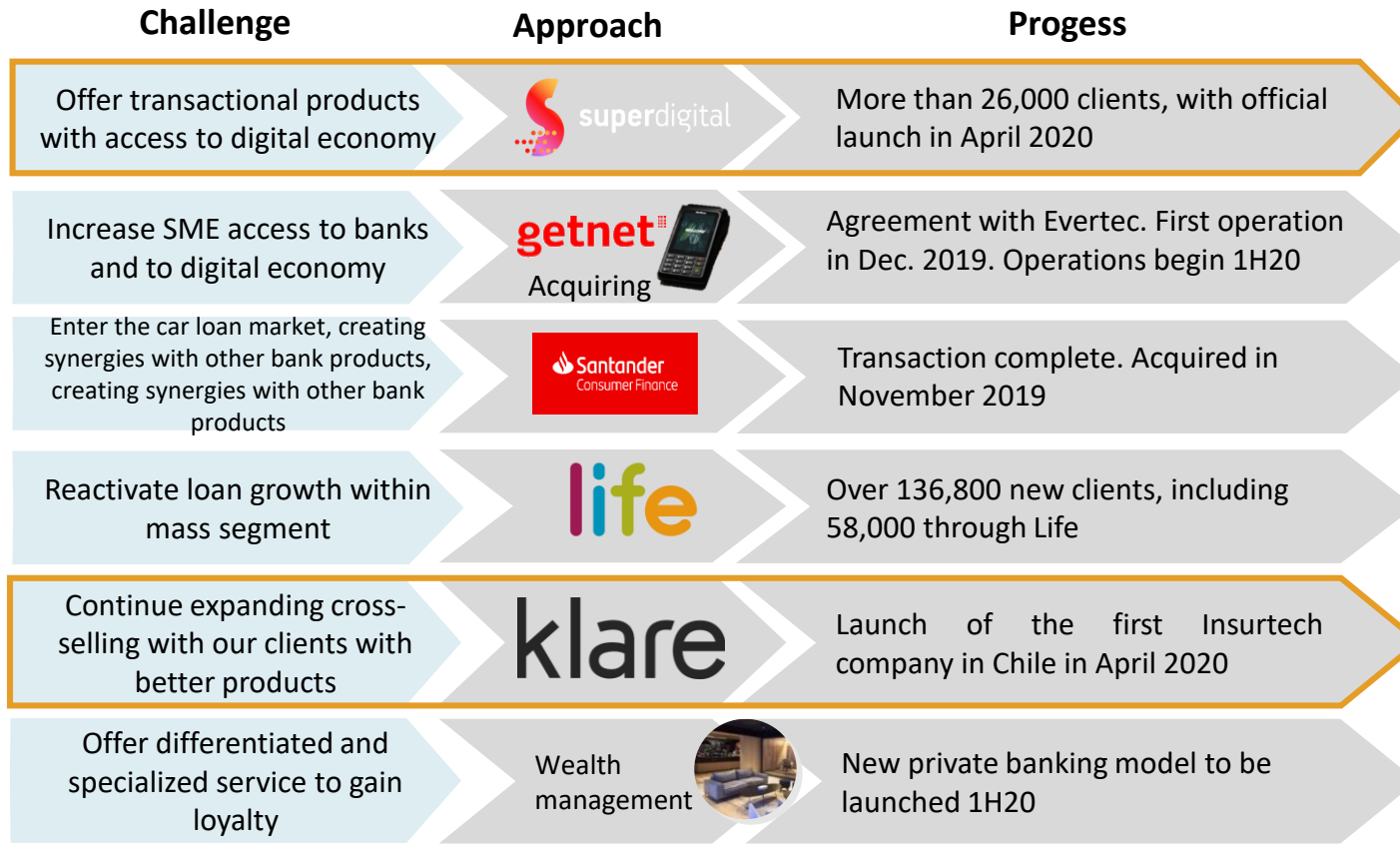
COVID19: REGULATORY UPDATE

SAN CHILE: BALANCE SHEET

SAN CHILE: BUSINESS GROWTH AND RESULTS

Business growth and results

Clients: moving forward in our innovations



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

Despite the Covid-19 crisis, the Bank is open for business

Open for business

Branches

Over 80% open 9am – 2pm

Contact center: 80% open (including home office)

Tele-working

+6,500 employees
95% of our central offices

Supported by digital banking¹

N° of transactions

In branches: -13.2%
Online: +7.4%

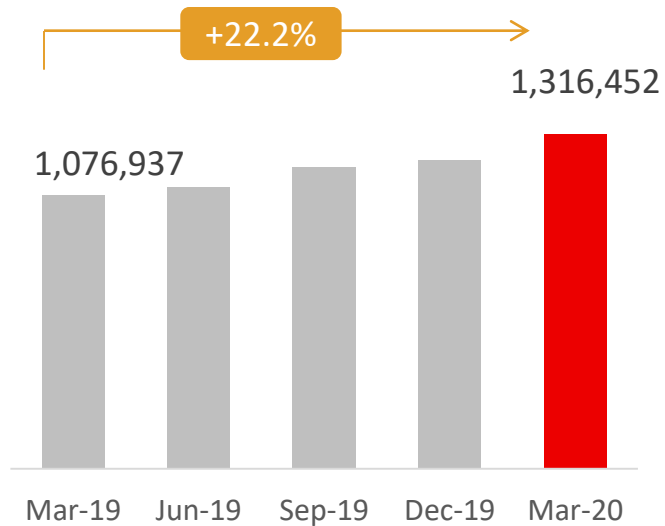
+22.2%

N° of digital clients

+8.7%

N° of purchases online

Digital clients

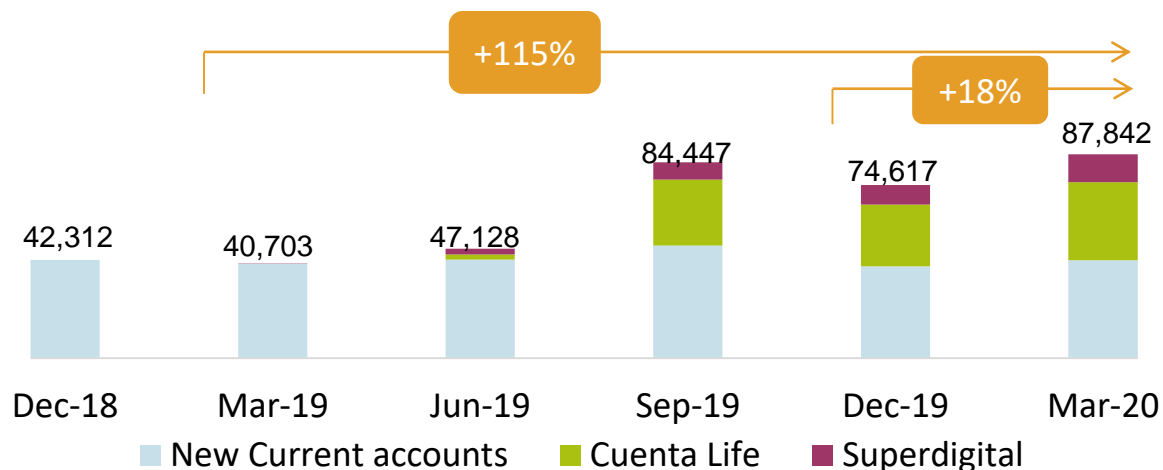


We will be investing more rapidly in automatization and digitalization of loan approvals for SMEs given the strong demand expected

Business growth and results

Record account openings in the quarter

Quarterly new gross accounts



During the 1Q20 we opened 115% more accounts than in 1Q19 despite the social conflict and coronavirus, reflecting the strength of our brand and digital channels

22%

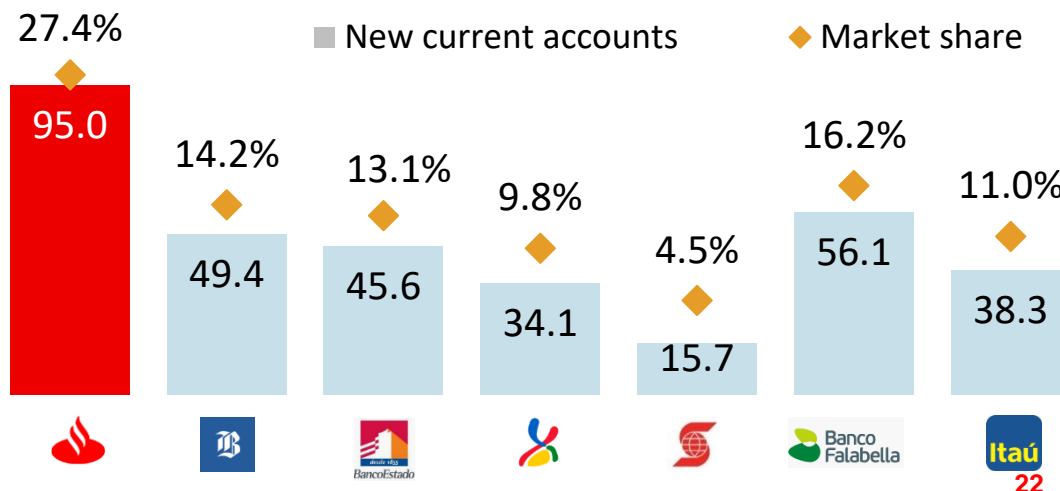
Market share of current accounts²

27%

Market share of current account openings²



Current account openings 12M19²

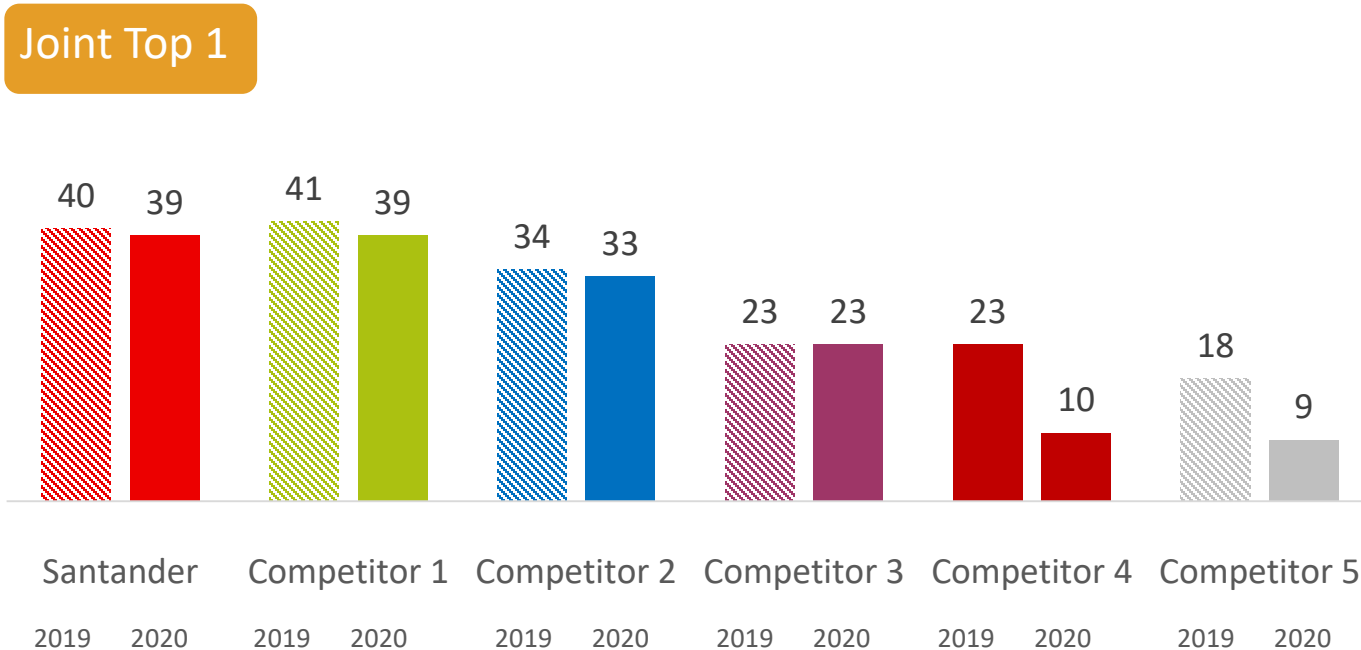


1. Include current accounts, Life and Superdigital. First quarter of 2020 is data from January and February 2020 quartered. 2. Market share with information published by the CMF

Business growth and results

Reaching Top 1 in Net Promoter Score

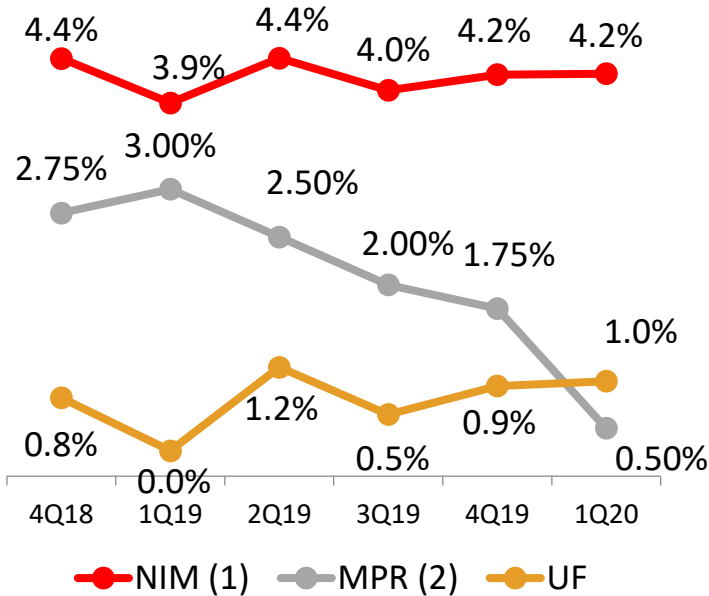
Net Promoter Score (NPS)



Business growth and results

Higher inflation and lower cost of funds drives recovery in NIMs

NIM¹ & Inflation

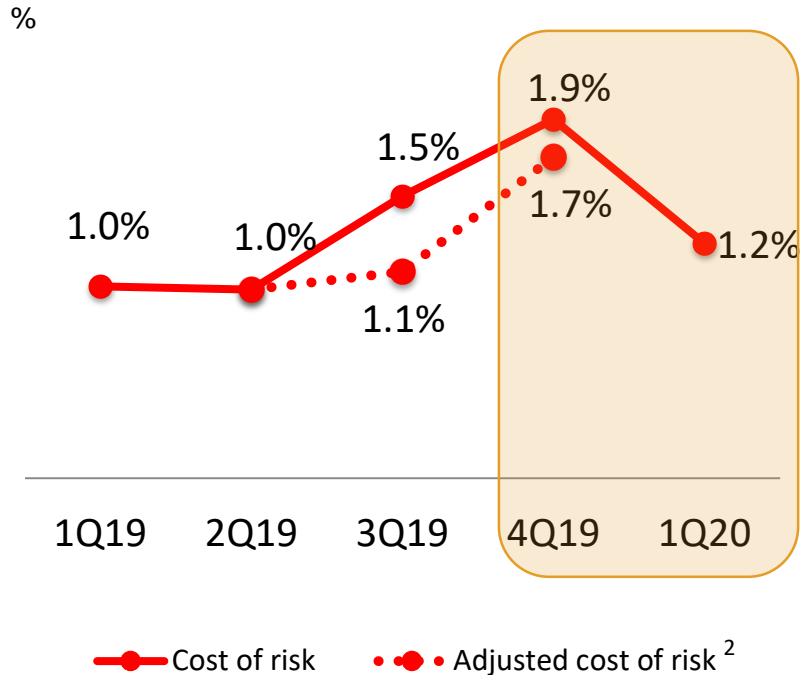


Net interest income

Ch\$ bn	3M20	YoY	QoQ
Net interest income	388	20.3%	3.3%
Average interest-earning assets	36,920	11.6%	3.1%
Average loans	33,575	10.2%	7.0%
Interest earning asset yield ³	6.9%	+137bp	-6bp
Cost of interest bearing liabilities ⁴	2.7%	+99bp	-9bp
NIM YTD	4.2%	+31bp	

Positive evolution of asset quality post social unrest

Cost of risk¹



Provision for loan losses

Ch\$ bn	3M20	YoY	QoQ
Gross provisions and write-offs	(124,956)	28.0%	(26.8%)
Recoveries	22,086	3.6%	18.7%
Provision for loan losses	(102,870)	34.9%	(32.3%)
Cost of risk(YTD)¹	1.23%		

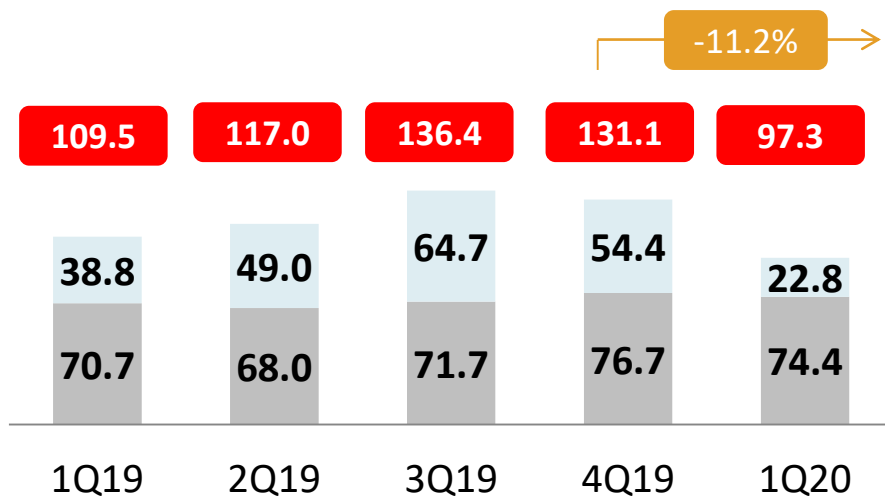
No material impact for Covid-19 yet

Business growth and results

Non-interest income: Client driven

Fees & financial transaction

Ch\$bn



■ Net fee income ■ Financial trx

Fees

Ch\$ bn	3M20	YoY	QoQ
Retail	58.3	2.0%	(3.5%)
Middle Market	10.7	8.0%	4.2%
Corporate	6.4	(15.3%)	(22.9%)
Subtotal	75.5	1.1%	(4.5%)
Others	(1.1)	(73.4%)	(54.7%)
Total	74.4	5.3%	(3.0%)

Financial transactions, net

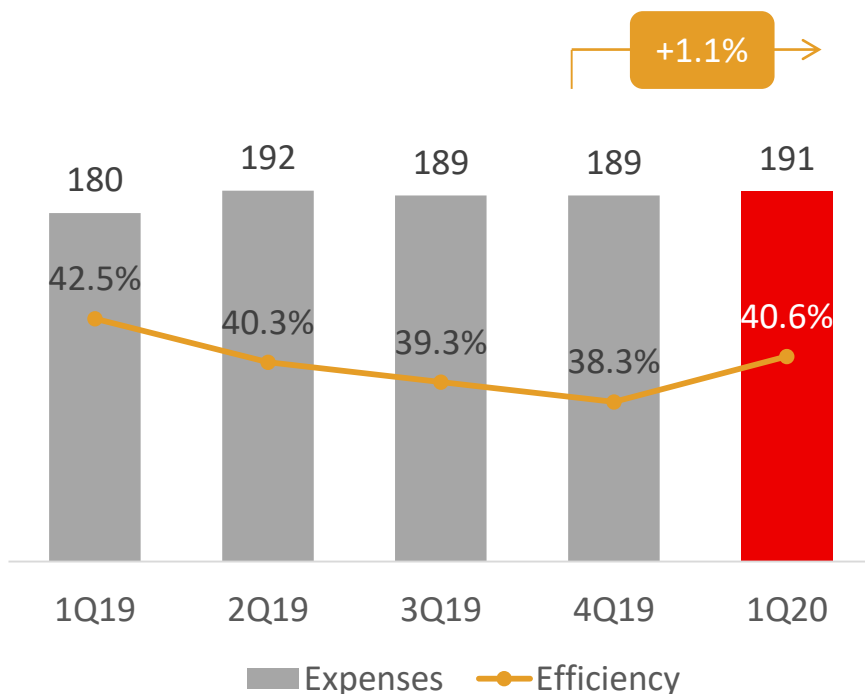
Ch\$ bn	3M20	YoY	QoQ
Client	30.4	0.5%	(13.3%)
Non-Client	(7.6)	(188.1%)	(139.1%)
Total	22.8	(41.2%)	(58.0%)

Business growth and results

Investing to improve productivity and efficiency

Operating expenses

Ch\$bn



Ch\$ bn	3M20	YoY	QoQ
Personnel expenses	99.8	5.6%	(5.7%)
Administrative expenses	63.6	7.2%	14.5%
Depreciation	27.7	5.9%	0.2%
Operational expenses¹	191.2	6.2%	1.1%
Efficiency ratio²	40.6%	-195bp	+234bp
Costs/assets	1.4%	-42.5bp	-12bp



1. Operational expenses exclude impairment and other operating expenses. 2. Efficiency ratio: operating expenses excluding impairment / financial margin + fees+ financial transactions and net other operating income

Conclusions

1Q20 results reflect strong core banking franchise

- ✓ The Central Bank and CMF have launched a series of initiatives that will help to maintain liquidity and capital levels. Measures are also coming to give people relief, which will help asset quality
- ✓ Strong deposit growth in the quarter. High liquidity levels.
- ✓ Capital ratios are healthy. Payout lowered to 30% to assure good core capital levels and to support loan growth
- ✓ Loan growth centered on medium and larger corporates with renegotiation program for individuals and SMEs
- ✓ Client growth has remained strong through digital channels driving fees and client treasury income
- ✓ Solid efficiency levels in the quarter

Thank you.

Our purpose is to help people
and business prosper.

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

Simple Personal Fair



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

