



Chile 

Q1'20

Earnings Presentation

Important Information

Non-IFRS and alternative performance measures

In addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from our financial statements, this presentation contains certain financial measures that constitute alternative performance measures ("APMs") as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 (ESMA/2015/1415en) and other non-IFRS measures ("Non-IFRS Measures"). The financial measures contained in this presentation that qualify as APMs and non-IFRS measures have been calculated using the financial information from Santander Group but are not defined or detailed in the applicable financial reporting framework and have neither been audited nor reviewed by our auditors. We use these APMs and non-IFRS measures when planning, monitoring and evaluating our performance. We consider these APMs and non-IFRS measures to be useful metrics for management and investors to facilitate operating performance comparisons from period to period. While we believe that these APMs and non-IFRS measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute of IFRS measures. In addition, other companies, including companies in our industry, may calculate or use such measures differently, which reduces their usefulness as comparative measures. For further details of the APMs and Non-IFRS Measures used, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS, please see the 2019 Annual Financial Report, filed with the Comisión Nacional del Mercado de Valores of Spain (CNMV) on 28 February 2020, as well as the section "Alternative performance measures" of the annex to the Banco Santander, S.A. ("Santander") 2020 1Q Financial Report, published as Relevant Fact on 28 April 2020. These documents are available on Santander's website (www.santander.com).

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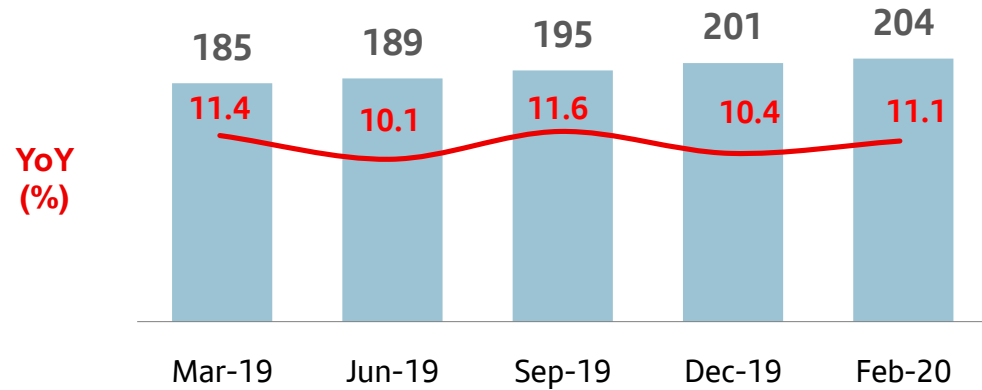
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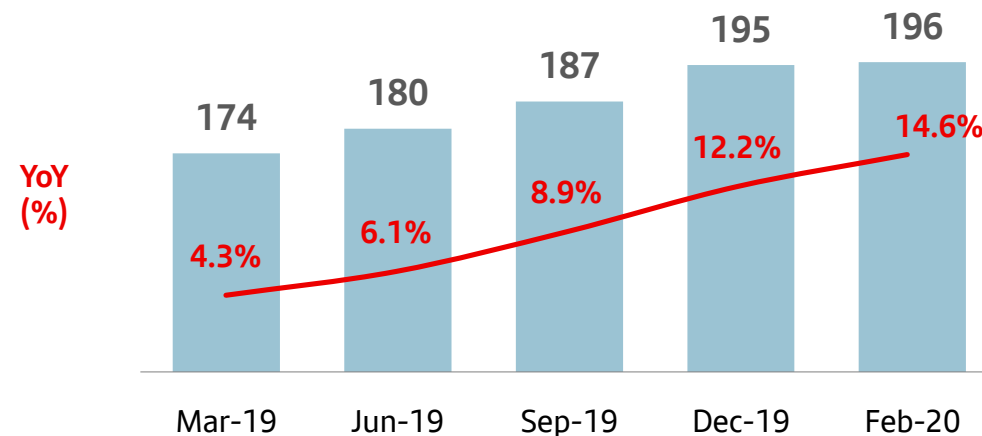
Strong loan growth in 2019 driven by lending to individuals and M&A

Total loans (Constant EUR bn¹)



- ▶ Lending continued to grow healthily with an increase in mortgage loans due to lower interest rates in 2019 and a backlog from the social unrest in Q4'19.
- ▶ Various non-bank consumer loan portfolios acquired by banks in 2018 and 2019 continued to drive consumer loan growth.
- ▶ Stable asset quality, with a slight increase in NPLs after the incorporation of the retail consumer loan portfolios to the banking system at the beginning of the year and more recently due to the domestic social unrest.

Total customer funds (Constant EUR bn^{1,2})



- ▶ High liquidity continued in the first quarter due to market volatility.
- ▶ Lower interest rates resulted in a movement from time deposits to demand deposits and mutual funds

(1) End period exchange rate as at Feb-19.
 (2) Include demand deposits, time deposits and mutual funds.

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Santander Chile is the nation's leading bank

KEY DATA	Q1'20	YoY Var. ⁴
 Customer loans ¹	EUR 37.5 bn	+12.5%
 Customer funds ²	EUR 33.9 bn	+21.5%
 Underlying att. Profit	EUR 125 mn	-1.6%
 Underlying RoTE	15.1%	-120 bps
 Efficiency ratio	41.7%	-88 bps
 Loans market share ³	18.0%	-31 bps
 Deposits market share ³	16.9%	-27 bps
 Loyal customers	680 k	+0.8%
 Digital customers	1,316 k	+20.9%
 Branches	366	-3.7%
 Employees	11,437	-3.8%

- (1) Gross loans excluding reverse repos.
 (2) Excluding repos.
 (3) As at December 2019.
 (4) Constant euros.



STRATEGIC PRIORITIES

Expand digital banking services and accelerate commercial transformation via the new branch network model

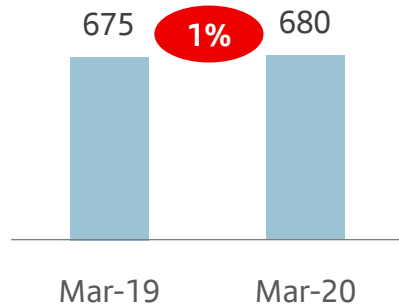
Improve our quality of service and increase customer loyalty

Focus on mass market through *Santander Life*, *SuperDigital* and *Klare*, our open platform insurance broker

2nd in NPS in customer satisfaction and recommendation as customer loyalty continues to expand driven by better quality of service and digital offering



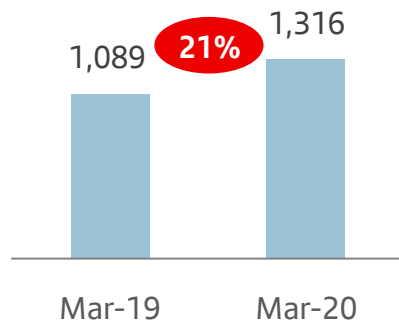
Loyal (k)



Loyal / Active: 44% (-2 pp YoY)

- ▶ Loyal customers increased 1% YoY. More than 50 *Work Café* branches now open across the country. New branch model and new Select/Private banking branch being piloted
- ▶ Loyal corporates and SMEs: +18% YoY. The strong position in cash management drove an increase in customer loyalty and demand deposits.
- ▶ We are Top 2 in NPS and customer satisfaction according to the latest market survey by Activa

Digital customers (k)








Digital sales / total: 30% (-5 pp YoY)

- ▶ Mobile only customers rose 76% year-on-year.
- ▶ Digital framework: delivering efficiency and broadening the product range in digital channels. The *Life* program and *Superdigital* continued to grow strongly, expanding the customer base through digital transactionality.




Record customer growth in Q1'20 due to our innovative digital offer

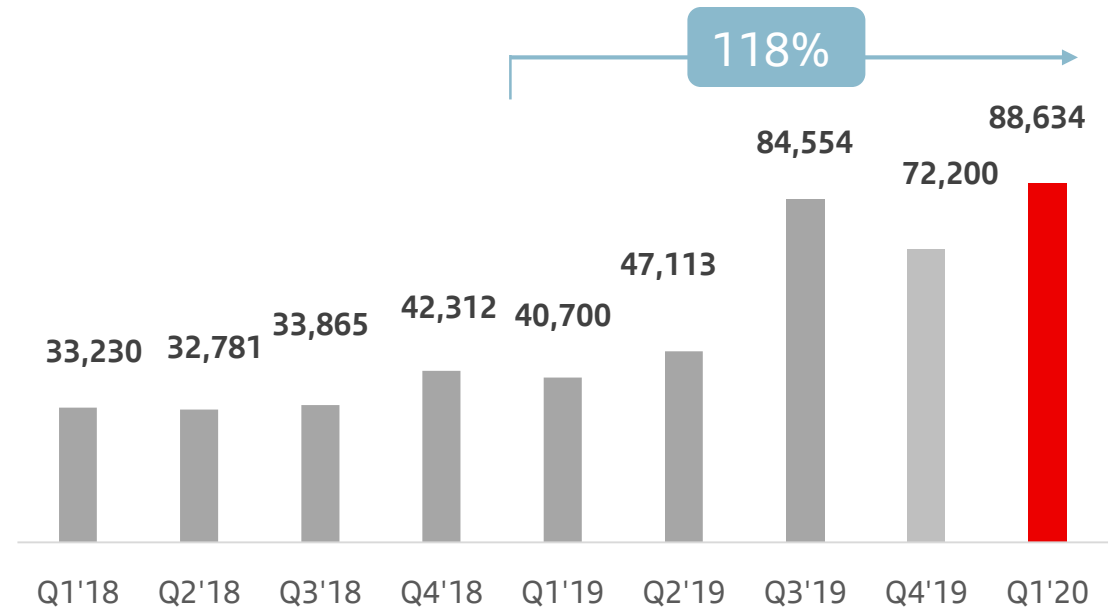
Initiative	Progress
	Soft launch in July and fully operational. More than 26,000 customers.
	Migration to international model for transactions. Acquiring business will start in 2020.
	Close to 166,000 customers, including 78,000 <i>Cuenta Life</i> customers.
	Approval received for the first digital open platform for insurance sales. Launching soon.



 All of which are supported by our *Work Café* model.



Gross new account openings
(Checking accounts + *Cuenta Life* + *Superdigital*)





We continued doing business in a more responsible and sustainable way

Culture

Top 3 in Great Place to Work (companies with more than 1,000 employees)

Top Employer 2019 in Chile by Top Employers Institute

Women
53% of total employees are women

Sustainability

We are the first bank in the country to give customers the opportunity to compensate their carbon footprint. In December, **312 tons of CO2** were compensated through the purchase of carbon credits



Most sustainable bank in Chile¹ and 8th in the world²

Communities

14 k people helped through our community programmes

+400 scholarships granted

668 volunteers from the bank

1,165 hours of voluntary work donated

Financial inclusion



425 k people financially reached through sanodelucas.cl

166 k customers are part of our *Santander Life* programme (including *Cuenta Life*)



(1) As ranked by Video Eiris and the Dow Jones Sustainability Index Chile.
(2) Santander Chile is ranked #8 in the world for retail banking by Vigeo Eiris..



And implemented measures to help our customers during this complicated time



USD 6 billion

Delay your instalment

- Geared towards customers in default or up to 89 days late in their payments
- List of eligible customers selected and approved by the risk department
- Enables to delay up to 6 instalments
- Instalments are capitalised in a new payment schedule
- Insurance will cover the whole life of the loan

Delay consumer instalments

- For all customers that want to reprogram their debts
- Can be taken out online, in one click
- Term of up to 60 months
- 3 months grace period

Refinance digitally

- Customers who are in a complicated situation or with delay in payments can refinance their consumer loans, card loans, or credit line
- Customer refinances all debt into one

One-on-one financial assistance and refinancing

- There is no one-size-fits-all solution for all SMEs
- Tailored solutions for each customer

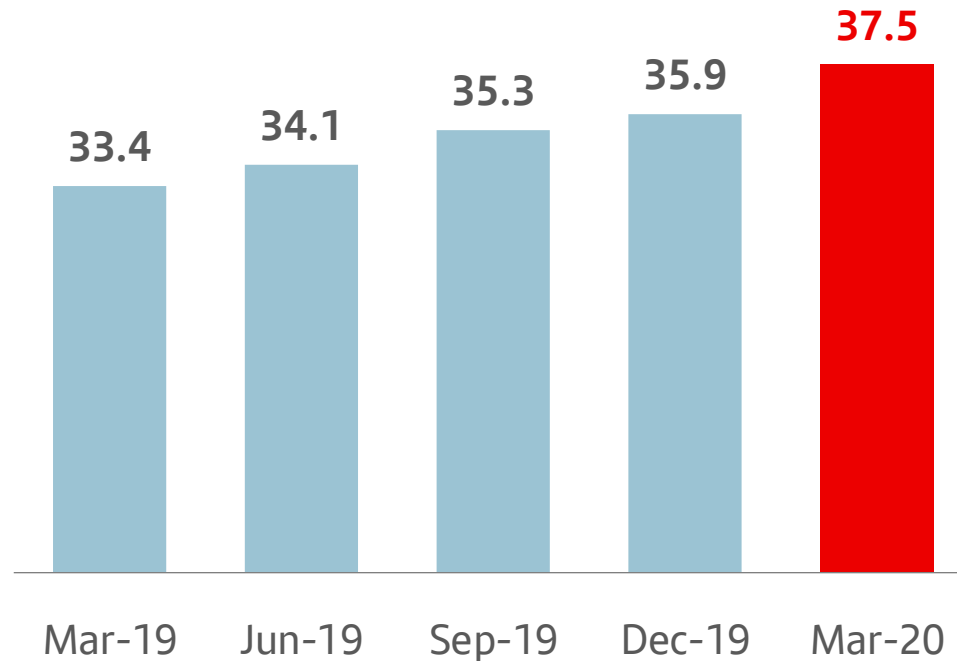


Launch of *Pulsera Chip*, enabling our customers to pay without touching the POS



Loans grew 13% YoY mainly driven by new lending to corporates and large corporates

Total customer loans (Constant EUR bn)¹

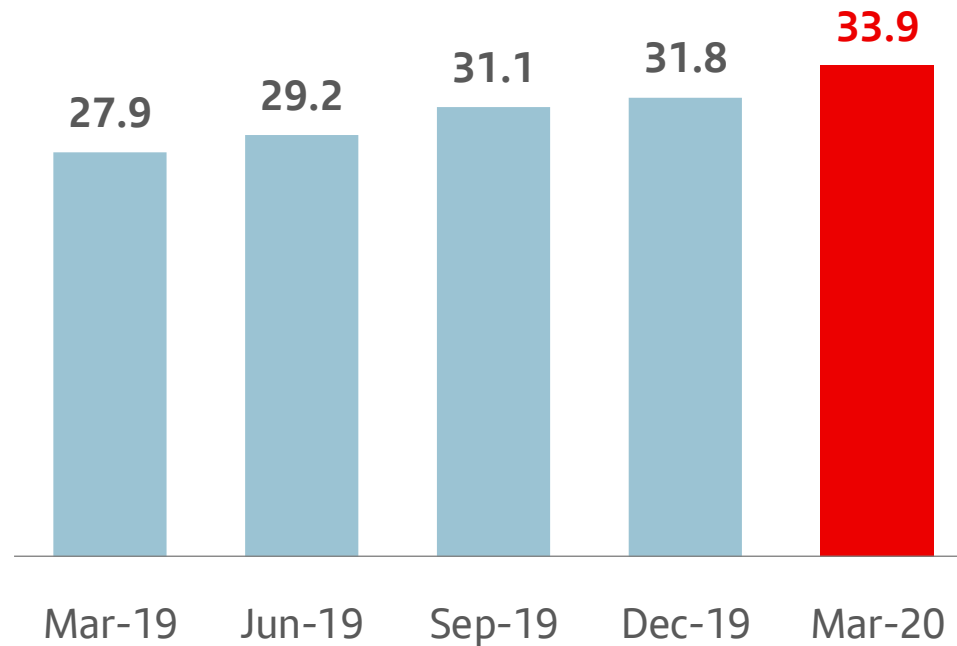


	Mar-20	Mar-19	YoY (%)	QoQ (%)
Individuals²	20.0	18.3	9.2	2.1
o/w Mortgages	14.4	12.2	18.2	9.1
o/w Cards & Consumer credit	5.1	4.6	10.4	5.5
Consumer Finance	0.6	0.5	18.9	9.4
SMEs	4.4	4.1	7.7	1.1
Corporates & Institutions	9.4	8.4	11.9	9.0
CIB	3.0	2.0	49.3	19.1
Other	0.1	0.0	—	-48.8
Total customer loans	37.5	33.4	12.5	4.7

Customer funds increased 21% YoY with strong growth in demand deposits. In March, current account openings hit a record high



Total customer funds (Constant EUR bn)¹



	Mar-20	Mar-19	YoY (%)	QoQ (%)
Demand	11.8	9.1	29.6	7.8
Time	15.2	12.7	19.8	12.6
Total deposits	27.0	21.8	23.9	10.4
Mutual Funds	6.9	6.1	12.7	-5.1
Total customer funds	33.9	27.9	21.5	6.9

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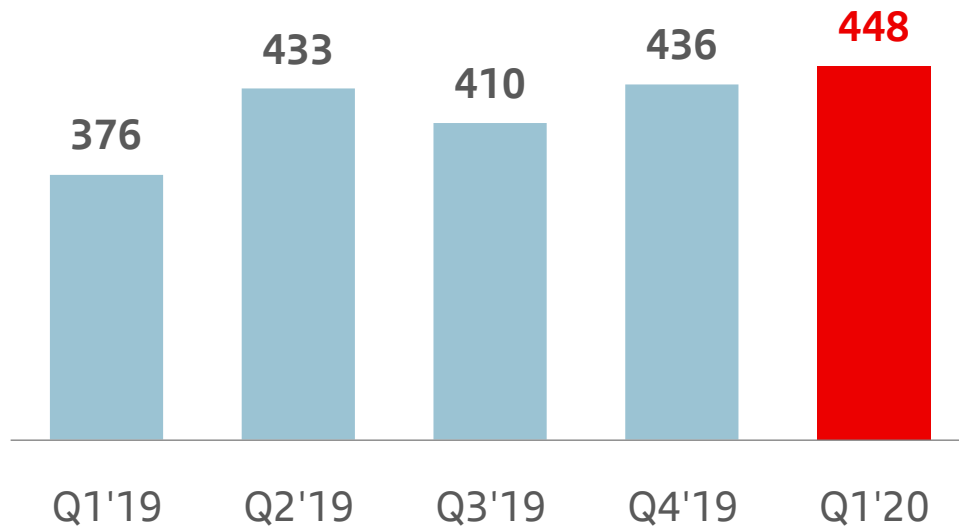
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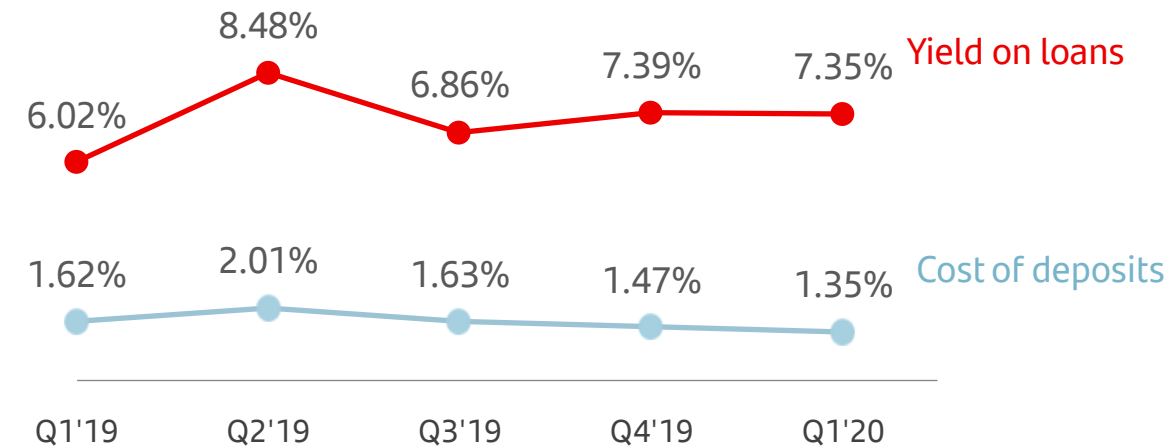
Q1'20 NII increased driven by volume growth, higher inflation, lower short term rates and a better funding mix



Net interest income (Constant EUR mn)¹



Yields and Costs (%)



NIM²

3.30%	3.60%	3.15%	3.00%	2.81%
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Central Banks ST rate³

3.00%	2.50%	2.00%	1.75%	1.00%
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Inflation rate⁴

0.0%	1.2%	0.5%	0.9%	1.0%
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Differential

4.4 pp	6.5 pp	5.2 pp	5.9 pp	6.0 pp
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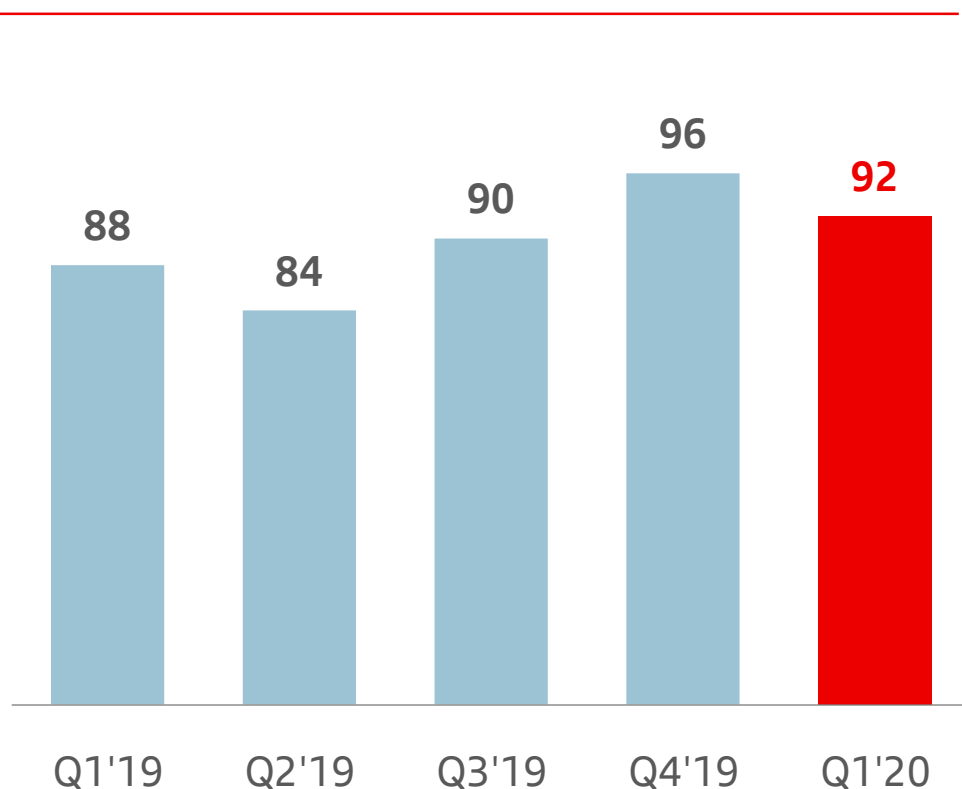


- (1) Average exchange rate as at Q1'20.
- (2) Group criteria.
- (3) Quarter-end.
- (4) *Unidad de Fomento* quarterly variation.

Net fee income up 5% driven by digital account openings and increased transactionality



Net fee income (Constant EUR mn)¹

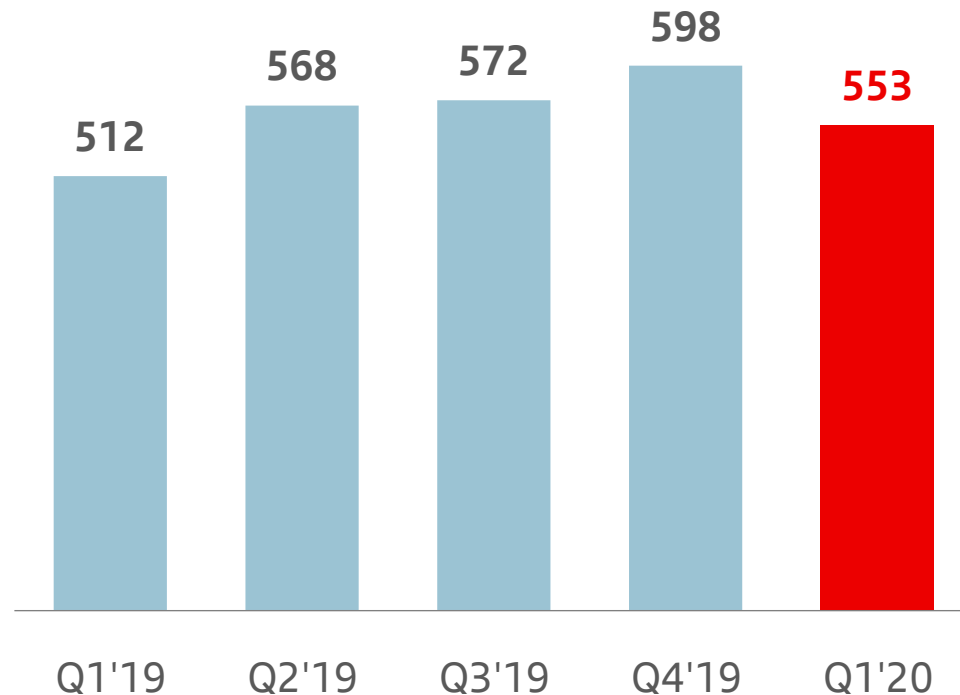


	Q1'20	Q1'19	YoY (%)	QoQ (%)
Transactional fees	51	48	5.0	4.2
Payment methods	22	21	3.2	6.1
Transfers, drafts, cheques and other orders	6	6	9.5	-3.8
Account admin + Packs plans	11	10	8.1	1.7
Other transactional	12	12	3.4	8.0
Investment and pension funds	19	17	10.4	-2.5
Insurance	18	18	1.2	-13.3
Securities and custody services	3	3	9.9	4.2
Other	1	2	-29.3	-68.7
Total net fee income	92	88	4.8	-3.9

Total income rose 8% YoY due to higher customer revenue while QoQ performance impacted by lower gains on financial transactions



Total income (Constant EUR mn)¹

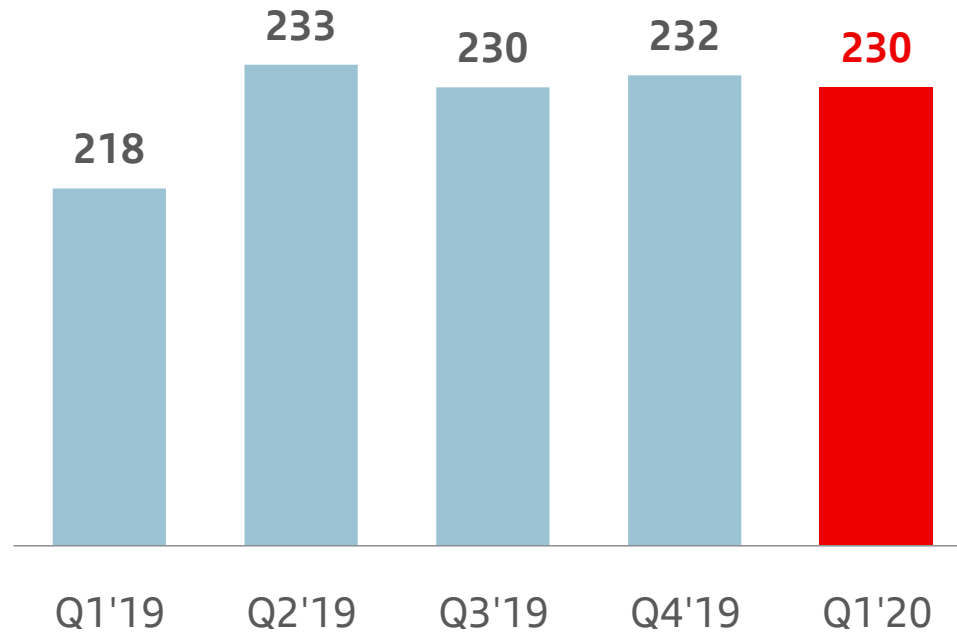


	Q1'20	Q1'19	YoY (%)	QoQ (%)
Net interest income	448	376	19.1	2.8
Net fee income	92	88	4.8	-3.9
Customer revenue	540	464	16.4	1.6
Other ²	12	48	-74.6	-81.6
Total income	553	512	7.8	-7.7



Costs rose impacted by supplier contract adjustments stemming from higher inflation

Operating expenses (Constant EUR mn)¹



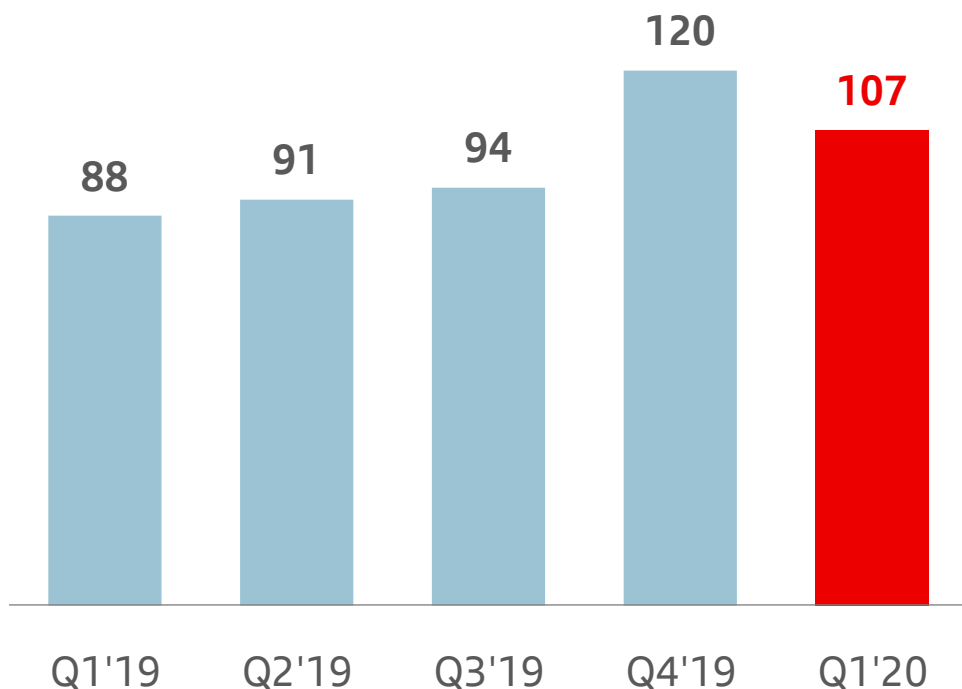
	Q1'20	Q1'19	YoY (%)	QoQ (%)
Operating Expenses	230	218	5.6	-0.7

Efficiency ratio	41.7%	42.6%	-88 bps	
Branches (#)	366	380	-3.7	-2.4
Employees (#)	11,437	11,888	-3.8	-1.2

LLPs increased strongly YoY mainly due to releases in Q1'19. The cost of credit and NPL ratio remained broadly stable



Net LLPs (Constant EUR mn)¹



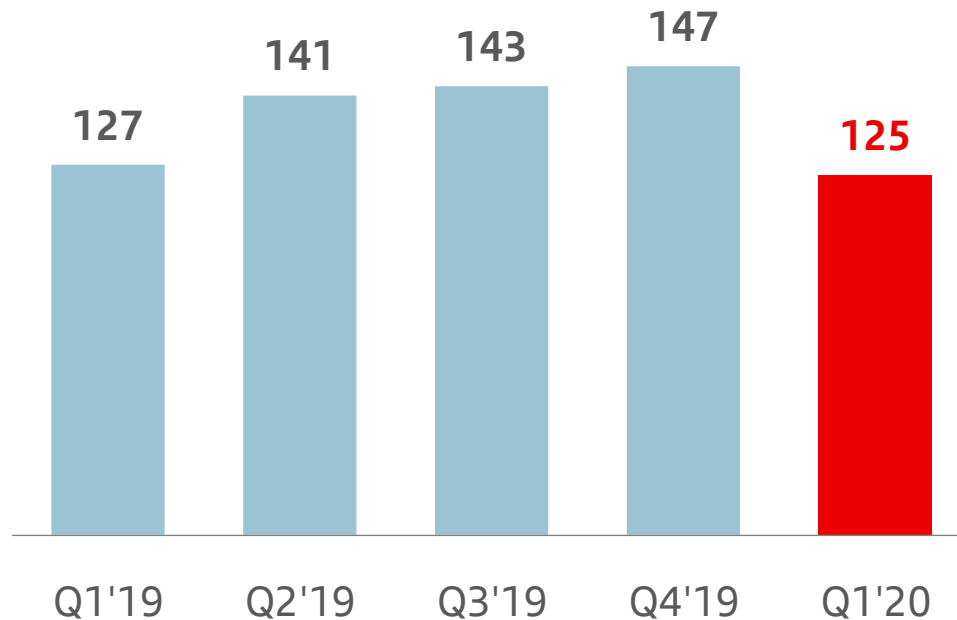
	Q1'20	Q1'19	YoY (%)	QoQ (%)
Net operating income	322	294	9.5	-12.1
Loan-loss provisions	(107)	(88)	21.9	-11.2
Net operating income after provisions	215	207	4.2	-12.6

NPL ratio	4.63%	4.67%	-4 bps	-1 bp
Cost of credit ²	1.10%	1.13%	-3 bps	2 bps
Coverage ratio	54%	60%	-5.4 pp	-1.7 pp

YoY fall in underlying attributable profit due to higher LLPs and lower gains on financial transactions. The latter was the driver of QoQ profit decrease. RoTE of 15%



Underlying Attributable Profit (Constant EUR mn)¹



	Q1'20	Q1'19	YoY (%)	QoQ (%)
PBT	216	239	-9.4	-16.1
Tax on profit	(37)	(51)	-28.8	-14.8
Consolidated profit	180	187	-4.1	-16.4
Minority interests	(55)	(60)	-9.3	-18.6
Underlying attributable profit	125	127	-1.6	-15.4

Effective tax rate	16.9%	21.5%	-4.6 pp	0.4 pp
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Activity in Q1 benefited from higher inflation and lower interest rates

Financial System

- ▶ The Central Bank lowered rates by 125 bps to 0.5% in March to aid growth and enacted several measures to maintain liquidity.
- ▶ Lending continued to grow healthily driven by mortgage growth and individuals.
- ▶ Deposit growth benefiting from high liquidity in the quarter.

Strategy & Business

- ▶ *Life* and Superdigital are showing solid growth, helping to increase the customer base in these segments while containing risk.
- ▶ Loyal customers grew at a healthy pace driven by significant improvements in customer service and digital offering. We achieved record growth in account openings in March and we are now #2 in NPS.
- ▶ Loans increased 13% YoY with loans rising in all segments. Focus on aiding customers and growing in middle-market and corporate.
- ▶ Strong growth of demand deposits and improvement of funding costs.

Results

- ▶ YoY fall in underlying attributable profit due to higher LLPs and lower gains on financial transactions. The latter was the driver of QoQ profit decrease.
- ▶ Efficiency improved 88 bps as total income grew at a faster pace than costs.
- ▶ The cost of credit and NPL ratio remained broadly stable.
- ▶ RoTE of 15% in Q1'20.

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Balance sheet



Constant EUR million¹

	Mar-20	Mar-19	Variation	
			Amount	%
Loans and advances to customers	36,595	32,434	4,161	12.8
Cash, central banks and credit institutions	9,322	3,276	6,046	184.6
Debt instruments	3,850	3,093	757	24.5
Other financial assets	13,176	2,589	10,587	408.8
Other asset accounts	3,429	2,378	1,050	44.2
Total assets	66,372	43,770	22,602	51.6
Customer deposits	27,205	21,875	5,330	24.4
Central banks and credit institutions	9,243	4,893	4,351	88.9
Marketable debt securities	10,475	8,754	1,722	19.7
Other financial liabilities	13,661	3,051	10,610	347.8
Other liabilities accounts	1,202	866	335	38.7
Total liabilities	61,786	39,438	22,347	56.7
Total equity	4,587	4,332	255	5.9
Other managed customer funds	8,700	8,102	598	7.4
Mutual funds	6,898	6,119	779	12.7
Pension funds	—	—	—	—
Managed portfolios	1,802	1,983	(181)	(9.1)



Income statement

Constant EUR million ¹	Variation			
	Q1'20	Q1'19	Amount	%
Net interest income	448	376	72	19.1
Net fee income	92	88	4	4.8
Gains (losses) on financial transactions	13	47	(33)	(71.3)
Other operating income	(1)	2	(3)	—
Total income	553	512	40	7.8
Operating expenses	(230)	(218)	(12)	5.6
Net operating income	322	294	28	9.5
Net loan-loss provisions	(107)	(88)	(19)	21.9
Other gains (losses) and provisions	1	32	(31)	(97.4)
Underlying profit before tax	216	239	(23)	(9.4)
Tax on profit	(37)	(51)	15	(28.8)
Underlying profit from continuing operations	180	187	(8)	(4.1)
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	180	187	(8)	(4.1)
Non-controlling interests	(55)	(60)	6	(9.3)
Underlying attributable profit to the parent	125	127	(2)	(1.6)



Quarterly income statement

Constant EUR million¹

	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20
Net interest income	376	433	410	436	448
Net fee income	88	84	90	96	92
Gains (losses) on financial transactions	47	51	71	67	13
Other operating income	2	0	1	(1)	(1)
Total income	512	568	572	598	553
Operating expenses	(218)	(233)	(230)	(232)	(230)
Net operating income	294	335	342	366	322
Net loan-loss provisions	(88)	(91)	(94)	(120)	(107)
Other gains (losses) and provisions	32	(0)	13	11	1
Underlying profit before tax	239	243	261	258	216
Tax on profit	(51)	(38)	(54)	(43)	(37)
Underlying profit from continuing operations	187	206	207	215	180
Net profit from discontinued operations	—	—	—	—	—
Underlying consolidated profit	187	206	207	215	180
Non-controlling interests	(60)	(64)	(64)	(67)	(55)
Underlying attributable profit to the parent	127	141	143	147	125

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



FTSE4Good