



Chile



H1'21

Earnings Presentation



Important Information

Non-IFRS and alternative performance measures

This presentation contains, in addition to the financial information prepared in accordance with International Financial Reporting Standards ("IFRS") and derived from our financial statements, 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"). These financial measures that qualify as APMs and non-IFRS measures have been calculated with information from Santander Group; however those financial measures are not defined or detailed in the applicable financial reporting framework nor have been audited or 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 our management and investors to compare operating performance between accounting periods, as these measures exclude items outside the ordinary course performance of our business, which are grouped in the "management adjustment" line and are further detailed in Section 3.2 of the Economic and Financial Review in our Directors' Report included in our Annual Report on Form 20-F for the year ended 31 December 2020. Nonetheless, these APMs and non-IFRS measures should be considered supplemental information to, and are not meant to substitute IFRS measures. Furthermore, companies in our industry and others may calculate or use APMs and non-IFRS measures differently, thus making them less useful for comparison purposes. For further details on APMs and Non-IFRS Measures, 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 2020 Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on 26 February 2021, as well as the section "Alternative performance measures" of the annex to the Banco Santander, S.A. ("Santander") Q2 2021 Financial Report, published as Inside Information on 28 July 2021. These documents are available on Santander's website (www.santander.com). Underlying measures, which are included in this presentation, are non-IFRS measures.

The businesses included in each of our geographic segments and the accounting principles under which their results are presented here may differ from the included businesses and local applicable accounting principles of our public subsidiaries in such geographies. Accordingly, the results of operations and trends shown for our geographic segments may differ materially from those of such subsidiaries.

Forward-looking statements

Santander advises that this presentation contains "forward-looking statements" as per the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements may be identified by words like "expect", "project", "anticipate", "should", "intend", "probability", "risk", "VaR", "RoRAC", "RoRWA", "TNAV", "target", "goal", "objective", "estimate", "future" and similar expressions. Found throughout this presentation, they include (but are not limited to) statements on our future business development, economic performance and shareholder remuneration policy. However, a number of risks, uncertainties and other important factors may cause actual developments and results to differ materially from our expectations. The following important factors, in addition to others discussed elsewhere in this presentation, could affect our future results and could cause materially different outcomes from those anticipated in forward-looking statements: (1) general economic or industry conditions of areas where we have significant operations or investments (such as a worse economic environment; higher volatility in the capital markets; inflation or deflation; changes in demographics, consumer spending, investment or saving habits; and the effects of the COVID-19 pandemic in the global economy); (2) exposure to various market risks (particularly interest rate risk, foreign exchange rate risk, equity price risk and risks associated with the replacement of benchmark indices); (3) potential losses from early repayments on our loan and investment portfolio, declines in value of collateral securing our loan portfolio, and counterparty risk; (4) political stability in Spain, the United Kingdom, other European countries, Latin America and the US (5) changes in legislation, regulations, taxes, including regulatory capital and liquidity requirements, especially in view of the UK exit of the European Union and increased regulation in response to financial crisis; (6) our ability to integrate successfully our acquisitions and related challenges that result from the inherent diversion of management's focus and resources from other strategic opportunities and operational matters; and (7) changes in our access to liquidity and funding on acceptable terms, in particular if resulting from credit spreads shifts or downgrade in credit ratings for the entire group or significant subsidiaries.

Important Information

Numerous factors could affect our future results and could cause those results deviating from those anticipated in the forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements speak only as of the date of this presentation and are informed by the knowledge, information and views available on such date. Santander is not required to update or revise any forward-looking statements, regardless of new information, future events or otherwise.

No offer

The information contained in this presentation is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant any fuller disclosure document published by Santander. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained in this presentation. No investment activity should be undertaken on the basis of the information contained in this presentation. In making this presentation available Santander gives no advice and makes no recommendation to buy, sell or otherwise deal in shares in Santander or in any other securities or investments whatsoever.

Neither this presentation nor any of the information contained therein constitutes an offer to sell or the solicitation of an offer to buy any securities. No offering of securities shall be made in the United States except pursuant to registration under the U.S. Securities Act of 1933, as amended, or an exemption therefrom. Nothing contained in this presentation is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion in the U.K. Financial Services and Markets Act 2000.

Historical performance is not indicative of future results

Statements about historical performance or accretion must not be construed to indicate that future performance, share price or future (including earnings per share) in any future period will necessarily match or exceed those of any prior period. Nothing in this presentation should be taken as a profit forecast.

profit forecast.

Third Party Information

In particular, regarding the data provided by third parties, neither Santander, nor any of its administrators, directors or employees, either explicitly or implicitly, guarantees that these contents are exact, accurate, comprehensive or complete, nor are they obliged to keep them updated, nor to correct them in the case that any deficiency, error or omission were to be detected. Moreover, in reproducing these contents by any means, Santander may introduce any changes it deems suitable, may omit partially or completely any of the elements of this document, and in case of any deviation between such a version and this one, Santander assumes no liability for any discrepancy.

Index



**Financial
system**



**Strategy and
business**



Results



**Concluding
remarks**

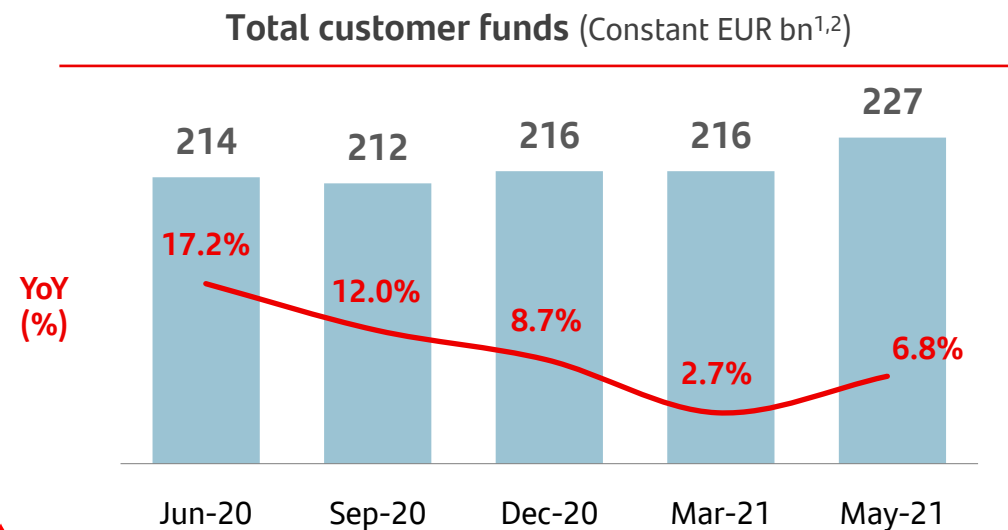
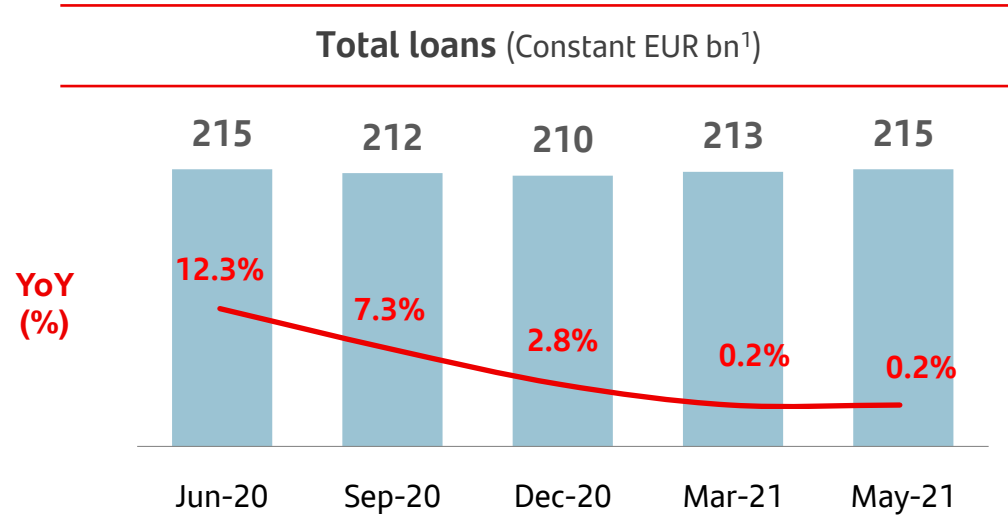


Appendix





Loan growth stabilizing after strong commercial demand in previous quarters. Liquidity in the system remains high



- ▶ Demand for new commercial loans in the quarter stabilized but remained below strong H1'20 levels, with state-guaranteed loans available for SMEs (with a large uptake in May and June) and loans to large corporates.
- ▶ Mortgages continued to grow steadily due to low interest rates. Consumer lending contracted in the system with customers lowering consumption in line with new lockdown measures, despite the positive evolution of vaccination programmes. The three pension fund withdrawals also injected liquidity to the system, and lowered consumer lending demand.
- ▶ NPL ratios remained stable in the system, and provisioning lowered during the period. Banks maintained a high coverage level and could anticipate deterioration if new lockdown measures are put in place.
- ▶ High liquidity levels continued in the first half of 2021 with the second and third pension fund withdrawals as well as further social aids from the government. While consumption has been lowering throughout the year, recent figures showed a slight improvement so liquidity levels could start to normalize in the coming months.
- ▶ Strong growth in mutual funds as an attractive alternative to the low interest rates of time deposits.

Index



Financial
system



**Strategy and
business**



Results














Concluding
remarks



Appendix



Santander Chile is the nation's leading bank

KEY DATA	H1'21	YoY Var. ⁴
 Customer loans ¹	EUR 41.1 bn	-1.7%
 Customer funds ²	EUR 42.3 bn	+10.2%
 Underlying att. Profit	EUR 321 mn	+70.0%
 Underlying RoTE	18.6%	+7.4 pp
 Efficiency ratio	38.4%	-189 bps
 Loans market share ³	18.3%	+16 bps
 Deposits market share ³	18.1%	+123 bps
 Loyal customers	778 k	+12.7%
 Digital customers	1,867 k	+39.4%
 Branches	332	-9.5%
 Employees	10,628	-6.8%



STRATEGIC PRIORITIES

Maintain high customer satisfaction levels, increase the productivity of all channels, and improve efficiency and profitability

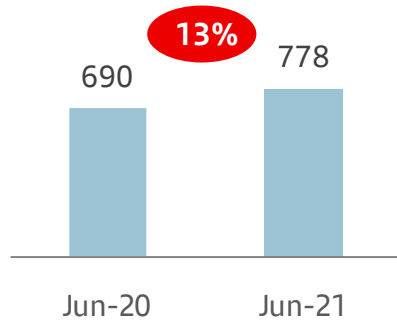
Transform the Bank into a platform that customers can use as a channel or software provider to develop their businesses (ex. Workcafé Community, Getnet)

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



Strong expansion of digital / mobile customers. 1st in NPS in customer satisfaction driven by better quality of service and digital offering

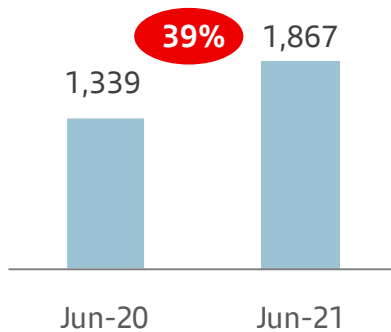
Loyal customers (k)



- ▶ Loyal middle-income customers rose 13% year-on-year due to higher customer attraction through our digital products, increasing current accounts by 53%
- ▶ We are #1 in NPS according to the latest market survey by *Activa*

Loyal / Active: 41% (-4 pp YoY)

Digital customers (k)



- ▶ Digital customers continued to grow strongly
- ▶ Mobile customers rose 39% YoY
- ▶ Digital framework: delivering efficiency and broadening the product range in digital channels. The Life programme and Superdigital continued to grow strongly, expanding our customer base through digital transactionality

Digital sales / total¹: 45% (+10 pp YoY)




Our digital offering continued to attract record new customers despite lockdowns




Initiative	Progress
	Fully launched in April 2020, >182,000 active customers
	Getnet was officially rolled out in February 2021, with c.28 k PoS sold of which 65% were sold digitally
	More than 729,000 customers, including 583,000 Cuenta Life customers
	Selling life, sports, health and dental insurance with 48 k visits per month
	All of which are supported by our WorkCafé Community







By Santander



Acquiring network that uses a four-part model to operate, offering a payment solution to businesses

- 
Instant payments
 Customers will be able to receive money from their sales in a Santander account up to five times in one day, including holidays.
- 
Different plans for different clients
 Fixed or mobile PoS, both of which include a SIM card incorporated. Rebates for integrated plans with Santander, and insurance for "Protected Billing".
- 
No more "Credit or debit?"
 Cardholders will no longer need to answer what type of card they want to use, as the PoS will automatically detect it, making the shopping experience more seamless.

Accepts all cards, with the following brands:



Further embedding ESG to build a more responsible bank



Environmental: supporting the green transition

Helping customers go green

EUR 11.3 bn¹ Green Finance since 2019
EUR 1.0 bn² AUM Social Responsible Investment

EUR 298 mn³ Social Women SME Bonds issued
Carbon Neutral in our own operations

Aligning to International standards

1st SASB⁴ report



Social: building a more inclusive society

Talented & diverse team

Top **1⁵** company to work for
25% women in leadership positions

Financially empowering people

c. 1.3 mn people since 2019⁶

Supporting society⁷

232 k people helped since 2019
4.1 k scholarships granted since 2019



Governance: doing business the right way

A strong culture

Simple, Personal, Fair

Taking ESG criteria into account when determining **remuneration**

An independent, diverse Board

>64% Independent directors

22% women on Board

Governance embedded to deliver on ESG



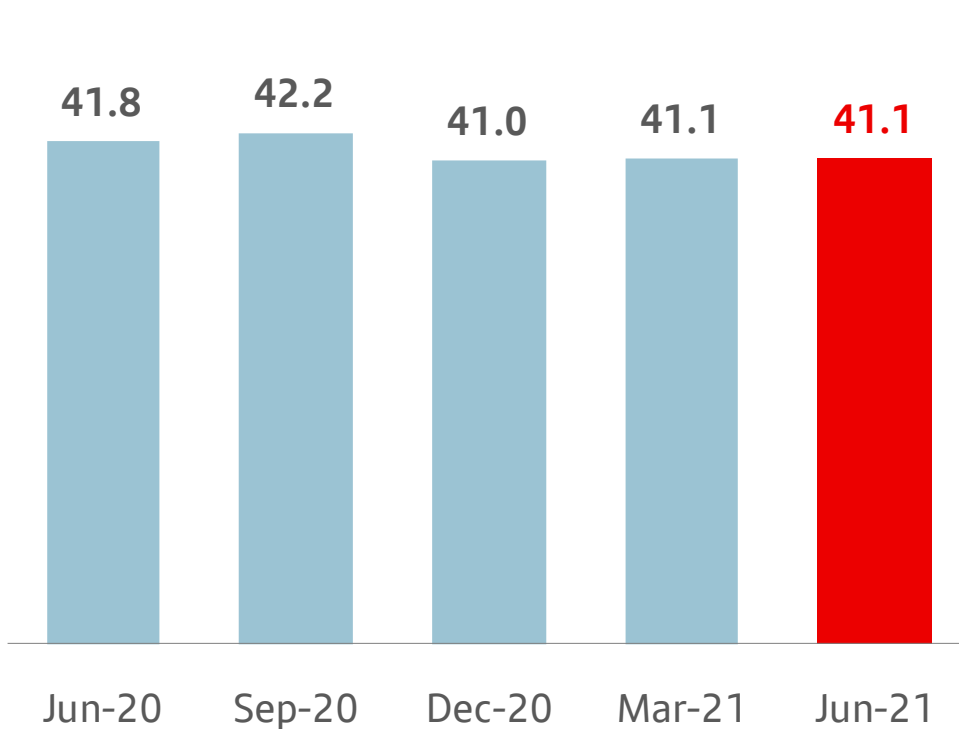
(1) Includes ESG loans, green and sustainable bonds, project finance with ESG impact, as of March-21
 (2) Through Santander Go Global Stocks Fund, as of March-21
 (3) Dec-20
 (4) Sustainability Accounting Standards Board
 (5) Great Place to Work, for companies over 1,000 employees. 2020
 (6) Up to March-21
 (7) Up to June -21





Loans decreased slightly YoY, as growth in SMEs and mortgages did not offset the fall in corporates and CIB

Total customer loans (Constant EUR bn)¹

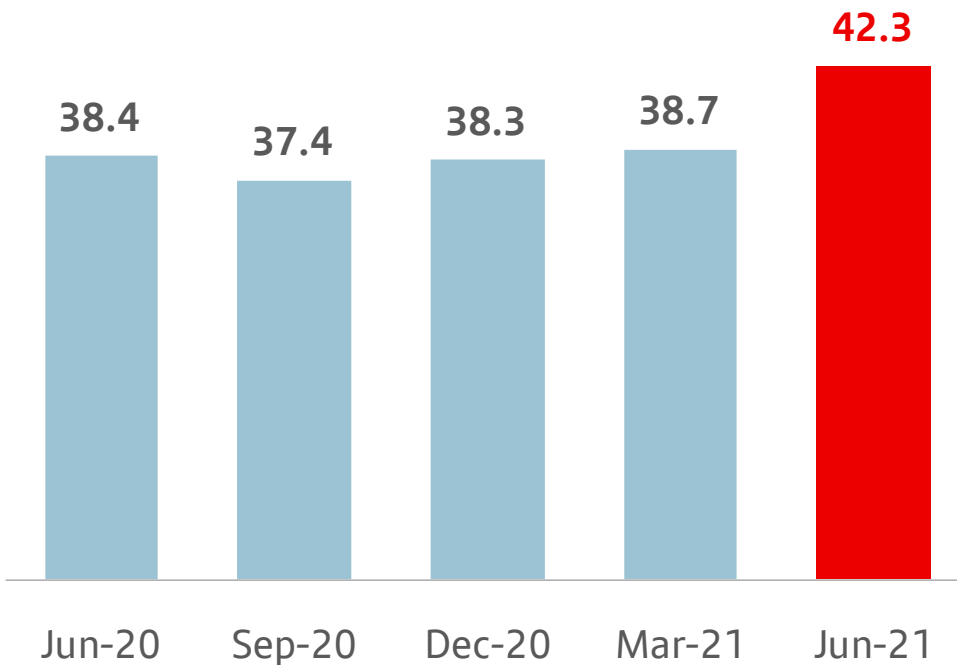


	Jun-21	Jun-20	YoY (%)	QoQ (%)
Individuals²	22.2	21.5	3.4	1.0
o/w Mortgages	16.3	15.1	8.0	2.2
o/w Cards & Consumer credit	4.5	4.8	-7.1	-1.7
Consumer Finance	0.7	0.5	0.0	0.0
SMEs	5.7	5.5	3.9	-1.1
Corporates & Institutions	9.5	10.6	-10.1	0.6
CIB	2.5	3.5	-28.5	-12.1
Other	0.5	0.3	74.2	17.1
Total customer loans	41.1	41.8	-1.7	0.1



Customer funds were 10% YoY higher, as we continued to improve the funding mix.
Demand deposits rose 42% YoY

Total customer funds (Constant EUR bn)¹



	Jun-21	Jun-20	YoY (%)	QoQ (%)
Demand	20.4	14.3	42.1	12.2
Time	12.9	16.0	-19.4	11.9
Total deposits	33.3	30.4	9.6	12.1
Mutual Funds	9.0	8.1	12.2	0.0
Total customer funds	42.3	38.4	10.2	9.3

Index



Financial
system



Strategy and
business



Results



Concluding
remarks



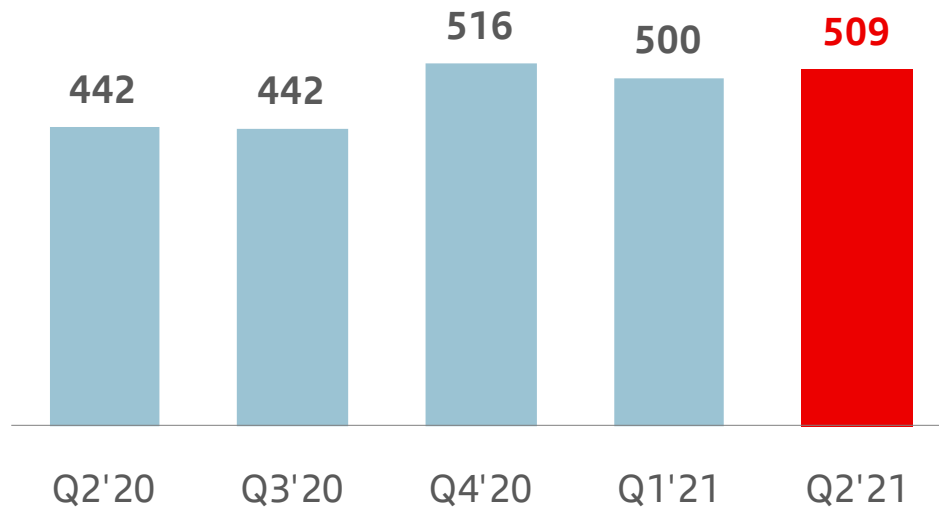
Appendix



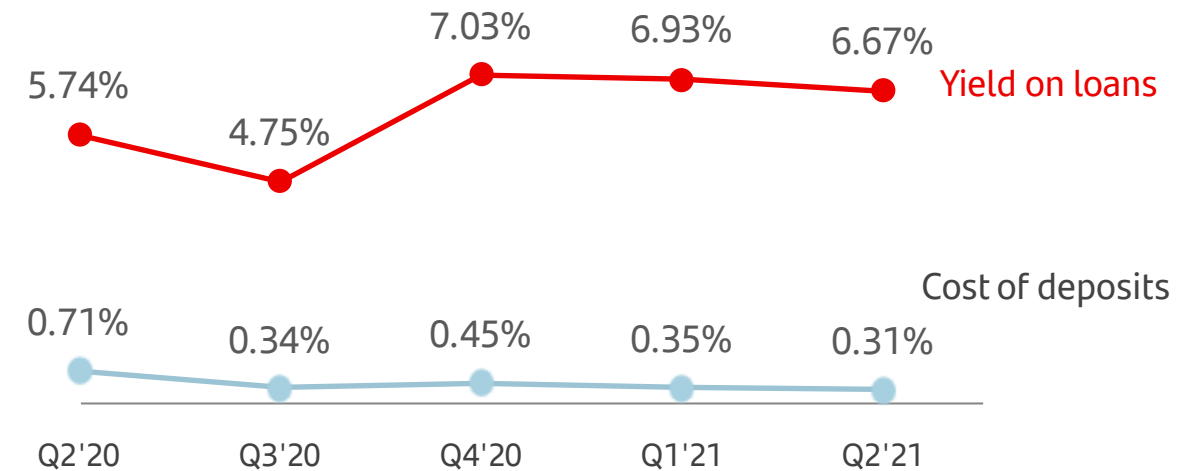


Growth in NII YoY boosted by increased mortgage volumes, higher inflation and lower cost of deposits

Net interest income (Constant EUR mn)¹



Yields and Costs (%)



NIM²

2.43%	2.47%	3.05%	3.02%	3.01%
-------	-------	-------	-------	-------

Central Banks ST rate³

0.50%	0.50%	0.50%	0.50%	0.50%
-------	-------	-------	-------	-------

Inflation rate⁴

0.3%	0.0%	1.3%	1.1%	1.1%
------	------	------	------	------

Differential

5.0 pp	4.4 pp	6.6 pp	6.6 pp	6.4 pp
--------	--------	--------	--------	--------

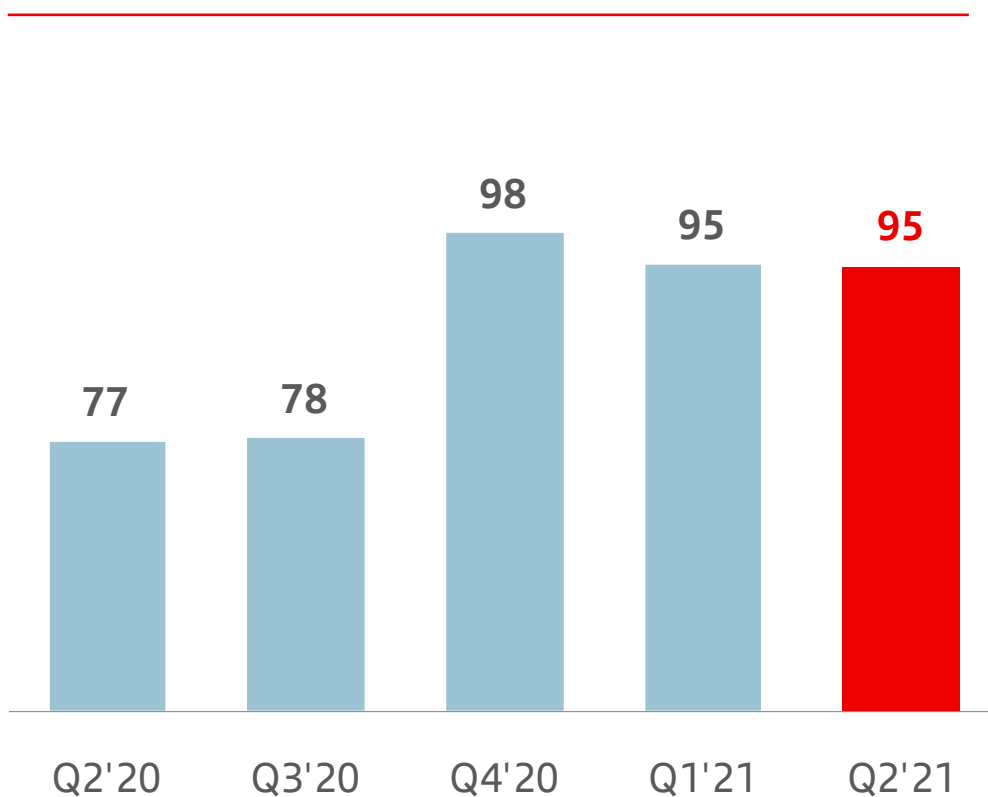


- (1) Average exchange rate as at 6M'21
- (2) Group criteria
- (3) Quarter-end
- (4) Unidad de Fomento quarter-end variation

Net fee income increased 11% YoY, boosted by higher transactional and insurance fees



Net fee income (Constant EUR mn)¹

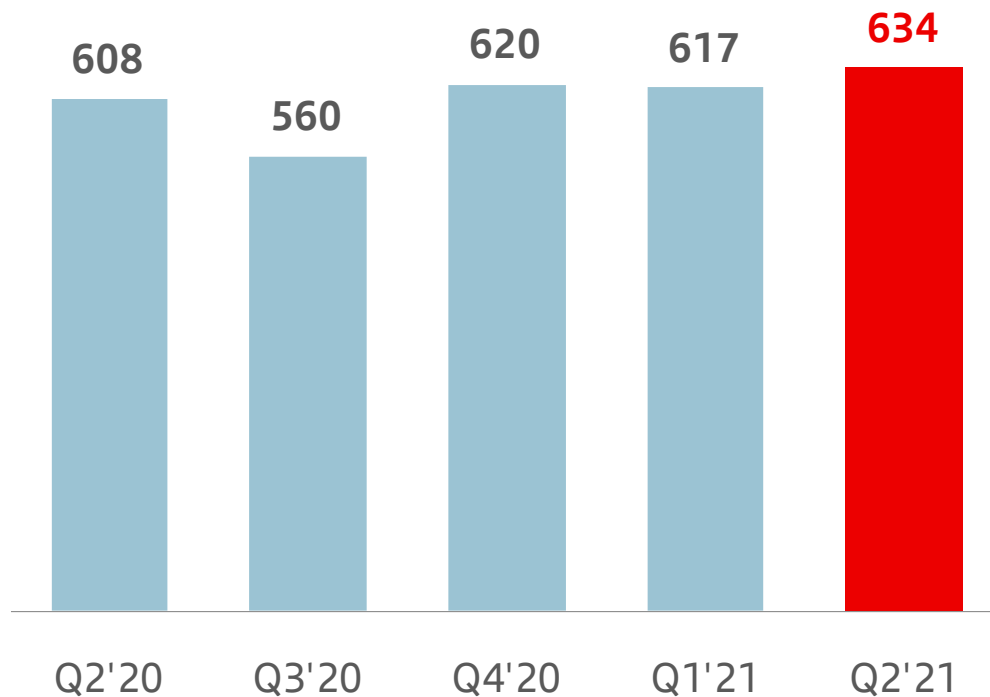


	H1'21	H1'20	YoY (%)	QoQ (%)
Transactional fees	112	99	13.2	4.1
Payment methods	57	41	39.2	4.3
Transfers, drafts, cheques and other orders	14	13	10.5	7.2
Account admin + Packs plans	23	22	4.0	3.6
Other transactional	18	23	-22.2	1.7
Investment and pension funds	36	37	-1.6	2.4
Insurance	31	30	2.8	-10.0
Securities and custody services	6	7	-6.6	17.6
Other	6	(0)	-	-45.1
Total net fee income	190	172	11.0	-0.1



Total income up 7% YoY driven by NII and net fee income recovery, offsetting lower gains on financial transactions

Total income (Constant EUR mn)¹

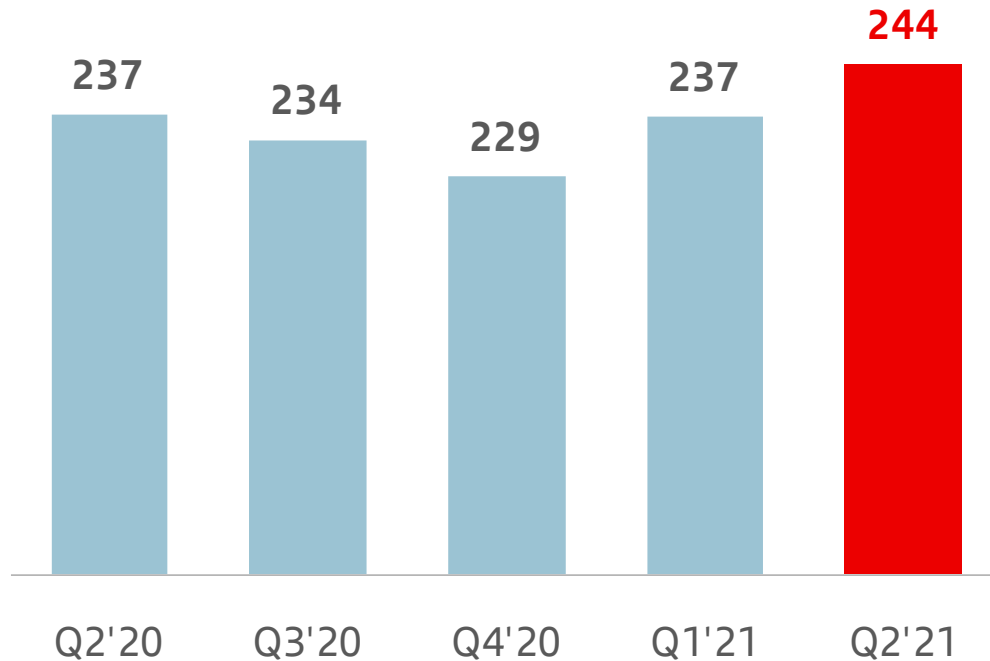


	H1'21	H1'20	YoY (%)	QoQ (%)
Net interest income	1,009	900	12.1	1.8
Net fee income	190	172	11.0	-0.1
Customer revenue	1,199	1,071	11.9	1.5
Other ²	53	101	-47.7	34.7
Total income	1,252	1,172	6.8	2.7



Costs rose less than 2% YoY through efficient cost management

Operating expenses (Constant EUR mn)¹



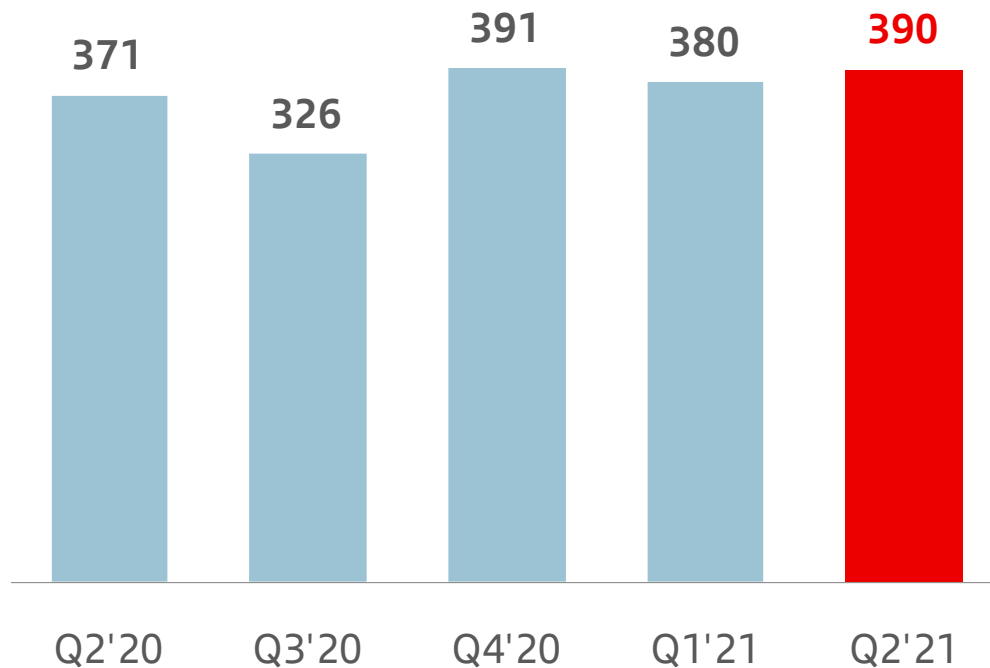
	H1'21	H1'20	YoY (%)	QoQ (%)
Operating Expenses	481	473	1.8	3.0

Branches (#)	332	367	-9.5	-0.9
Employees (#)	10,628	11,405	-6.8	-1.3



Positive revenue performance and cost control efforts were reflected in net operating income and efficiency improvement

Net Operating Income (Constant EUR mn)¹

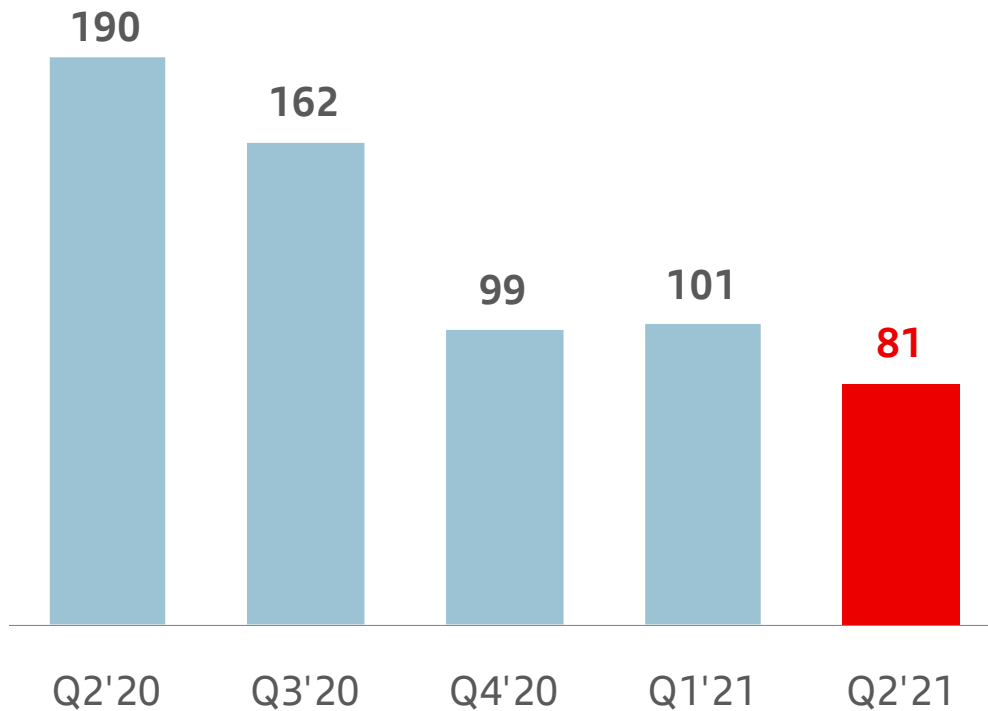


	H1'21	H1'20	YoY (%)	QoQ (%)
Total income	1,252	1,172	6.8	2.7
Operating Expenses	(481)	(473)	1.8	3.0
Net operating income	771	700	10.2	2.6
Efficiency ratio	38.4%	40.3%	-189 bps	



LLPs dropped 49% YoY mainly due to covid-19 related charges in H1'20. Credit quality indicators improved YoY and QoQ

Net LLPs (Constant EUR mn)¹



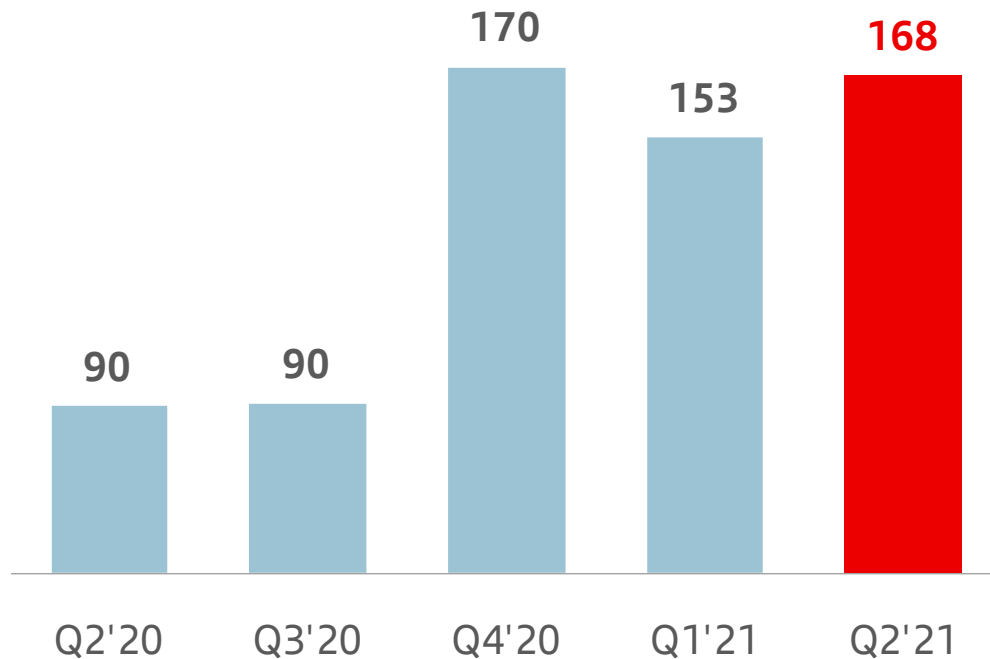
	H1'21	H1'20	YoY (%)	QoQ (%)
Net operating income	771	700	10.2	2.6
Loan-loss provisions	(182)	(357)	-49.0	-19.5
Net operating income after provisions	589	343	71.9	10.6

NPL ratio	4.57%	4.99%	-42 bps	-18 bps
Cost of credit ²	1.07%	1.46%	-39 bps	-26 bps
Coverage ratio	64%	55%	9.1 pp	0.4 pp



Underlying attributable profit surged 70% YoY and 9% QoQ due to lower LLPs and positive revenue performance

Underlying Attributable Profit (Constant EUR mn)¹



	H1'21	H1'20	YoY (%)	QoQ (%)
PBT	592	341	73.5	12.8
Tax on profit	(125)	(65)	90.3	25.1
Consolidated profit	467	276	69.5	9.7
Minority interests	(146)	(87)	68.4	10.2
Underlying attributable profit	321	189	70.0	9.5

Effective tax rate	21.0%	19.2%	1.9 pp
--------------------	-------	-------	--------

Index



Financial
system



Strategy and
business



Results



Concluding
remarks



Appendix





Concluding remarks

Financial System

- ▶ Loan growth stabilizing after strong commercial demand in previous quarters.
- ▶ Strong growth in mutual funds as an attractive alternative to the low interest rates of time deposits.
- ▶ NPL ratios remained stable in the system, and provisioning lowered during the period.
- ▶ High liquidity levels continued in the first half of 2021.

Strategy & Business

- ▶ Life and Superdigital are showing solid growth, helping to increase the customer base in these segments while containing risk.
- ▶ With the focus on digital banking, our customers are using our digital channels more and we reached #1 in NPS.
- ▶ Loans decreased slightly YoY, as growth in SMEs and mortgages did not offset the fall in corporates and CIB.
- ▶ Strong growth of demand deposits (+42% YoY), improving the funding mix.

Results

- ▶ Total income up 7% YoY driven by NII and net fee income recovery, offsetting lower gains on financial transactions.
- ▶ Costs rose less than 2% YoY through efficient cost management. The efficiency ratio improved 189 bps to 38.4%.
- ▶ LLPs dropped YoY and QoQ, with credit quality indicators improving.
- ▶ Underlying attributable profit surged 70% YoY and 9% QoQ due to lower LLPs and the positive revenue performance.

Index



Financial
system



Strategy and
business



Results



Concluding
remarks



Appendix



Balance sheet



Constant EUR million ¹	Jun-21	Jun-20	Variation	
			Amount	%
Loans and advances to customers	39,922	40,674	(751)	(1.8)
Cash, central banks and credit institutions	11,748	9,313	2,435	26.1
Debt instruments	8,315	6,371	1,944	30.5
Other financial assets	6,293	14,228	(7,936)	(55.8)
Other asset accounts	2,883	3,541	(657)	(18.6)
Total assets	69,162	74,126	(4,965)	(6.7)
Customer deposits	33,316	30,512	2,804	9.2
Central banks and credit institutions	11,664	12,642	(978)	(7.7)
Marketable debt securities	9,083	10,258	(1,175)	(11.5)
Other financial liabilities	8,513	14,437	(5,924)	(41.0)
Other liabilities accounts	1,871	1,365	506	37.1
Total liabilities	64,447	69,214	(4,766)	(6.9)
Total equity	4,714	4,913	(198)	(4.0)
Other managed customer funds	10,895	9,862	1,034	10.5
Mutual funds	9,031	8,050	981	12.2
Pension funds	—	—	—	—
Managed portfolios	1,864	1,811	53	2.9



Income statement

Constant EUR million ¹			Variation	
	H1'21	H1'20	Amount	%
Net interest income	1,009	900	109	12.1
Net fee income	190	172	19	11.0
Gains (losses) on financial transactions	81	108	(28)	(25.6)
Other operating income	(28)	(8)	(20)	269.9
Total income	1,252	1,172	80	6.8
Operating expenses	(481)	(473)	(8)	1.8
Net operating income	771	700	71	10.2
Net loan-loss provisions	(182)	(357)	175	(49.0)
Other gains (losses) and provisions	3	(1)	5	—
Underlying profit before tax	592	341	251	73.5
Tax on profit	(125)	(65)	(59)	90.3
Underlying profit from continuing operations	467	276	192	69.5
Net profit from discontinued operations	—	—	—	—
Underlying consolidated profit	467	276	192	69.5
Non-controlling interests	(146)	(87)	(59)	68.4
Underlying attributable profit to the parent	321	189	132	70.0



Quarterly income statement

Constant EUR million¹

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Net interest income	457	442	442	516	500	509
Net fee income	94	77	78	98	95	95
Gains (losses) on financial transactions	14	95	53	19	32	48
Other operating income	(1)	(6)	(13)	(13)	(10)	(18)
Total income	564	608	560	620	617	634
Operating expenses	(235)	(237)	(234)	(229)	(237)	(244)
Net operating income	329	371	326	391	380	390
Net loan-loss provisions	(167)	(190)	(162)	(99)	(101)	(81)
Other gains (losses) and provisions	1	(2)	13	4	(1)	5
Underlying profit before tax	163	178	177	297	278	314
Tax on profit	(22)	(44)	(45)	(51)	(55)	(69)
Underlying profit from continuing operations	141	134	132	246	223	245
Net profit from discontinued operations	—	—	—	—	—	—
Underlying consolidated profit	141	134	132	246	223	245
Non-controlling interests	(42)	(45)	(41)	(76)	(70)	(77)
Underlying attributable profit to the parent	99	90	90	170	153	168

Thank You.

Our purpose is to help people and businesses 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

