

Banco Santander Chile:

Solid commercial and client profitability trends.

Positive medium-term outlook

March 2016

Chile



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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 2014 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.

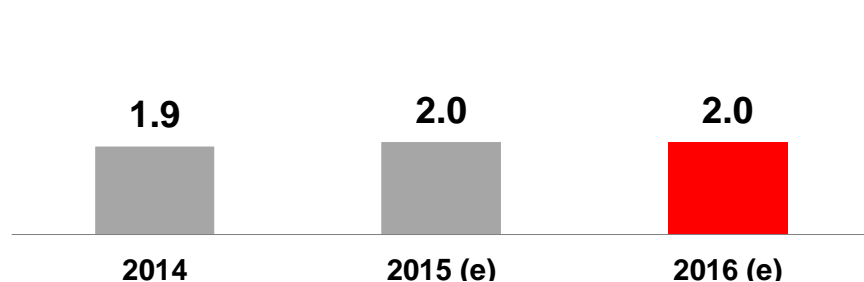
Agenda

- **Macro-economic environment and financial system**
- **Strategy and activity**
- **Results**
- **Annexes**

Stable economic growth foreseen in 2016...

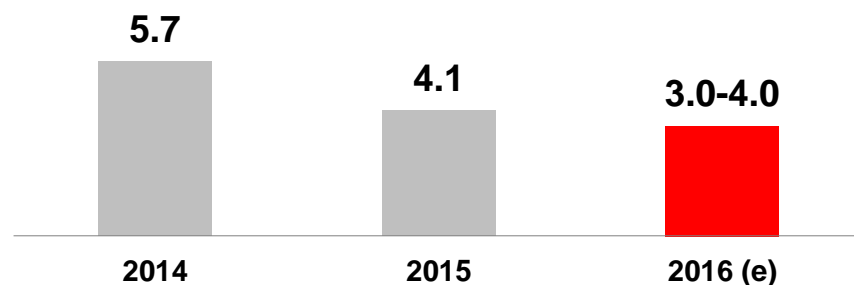
GDP

YoY real growth, %



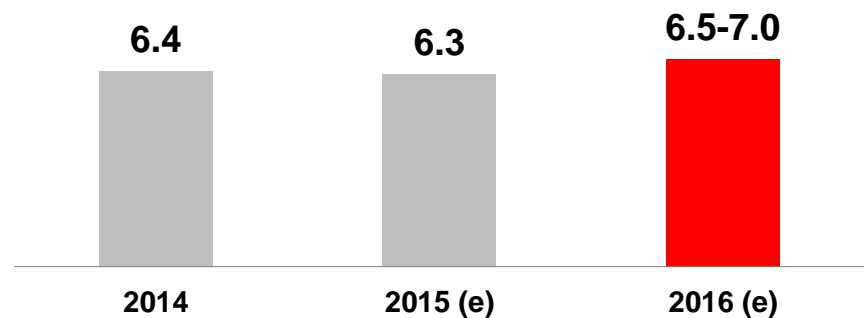
Inflation

Annual change in UF inflation, %



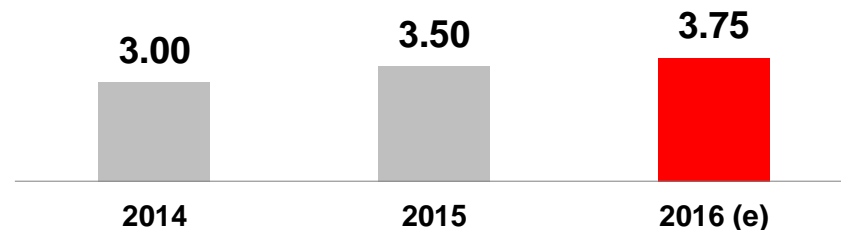
Unemployment

% of workforce, %



Central Bank ST Reference Rate

%

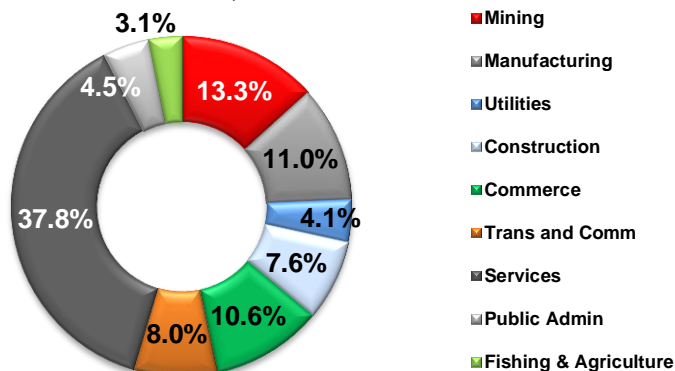


Source: Banco Central de Chile. (e): Estimates Santander Chile

.... led by the export sector and consumption

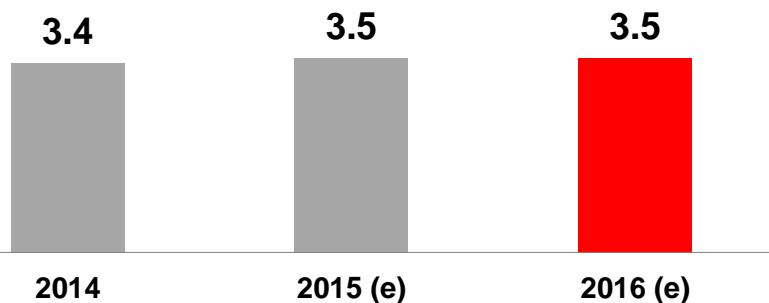
Chile's economy is well diversified

GDP by economic sector, %



Steady growth of Chile's main trade partners

YoY real growth of Chile's main trade partners¹, %



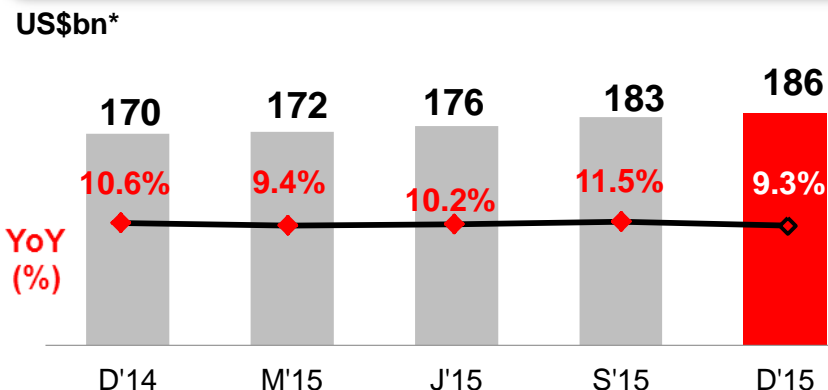
Chile's GDP growth by economic sector

Sector	2015e	2016e	2017e
Communications	6.9	6.3	6.0
Public adm.	5.0	4.4	3.0
Utilities	4.2	4.3	4.0
Agro	5.1	4.2	4.0
Fishing	-5.0	3.0	3.0
Services	2.7	2.4	2.7
Transportation	2.2	2.1	3.0
Commerce	1.7	2.0	2.6
Rest. & hotels	1.0	1.8	2.0
Construction	3.0	1.6	0.9
Manuf.	0.8	1.1	1.2
GDP ex-mining	2.7	2.5	2.6
Mining	-0.5	0.2	0.5
GDP	2.0	2.0	2.2

Source: Banco Central de Chile. (e): Estimates Santander Chile. 1. Trade-weighted GDP growth

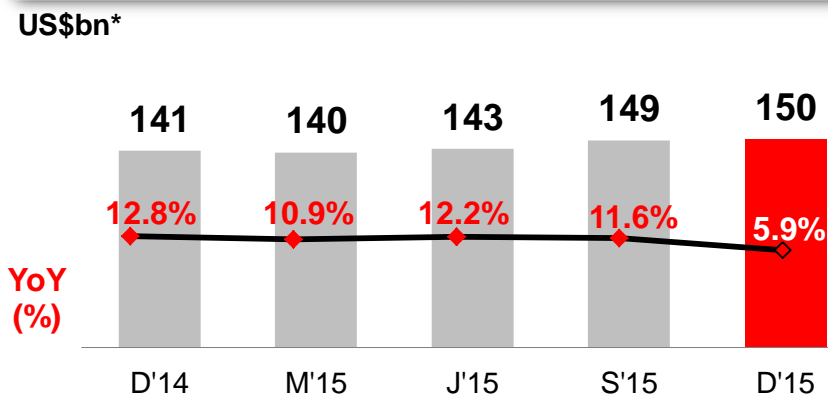
Financial system with relatively stable growth trends

Total Loans



- Positive growth of most non-mining exports boosts commercial loan growth
- Stability of employment and wages has kept good momentum in the medium-high segment of banking

Total Deposits*

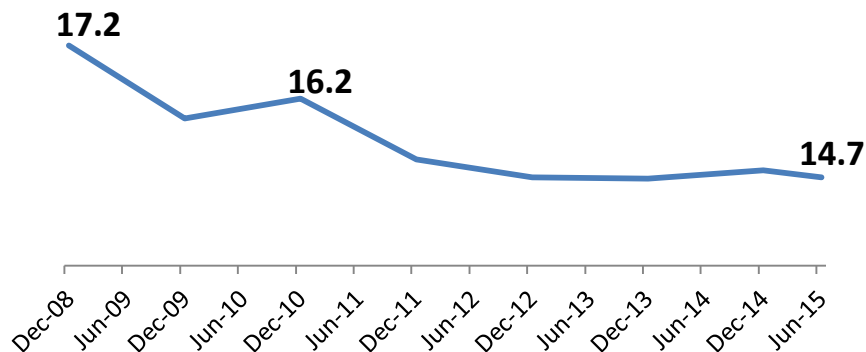


- Positive deposit growth, demand deposits up 19.8%
- High liquidity in the system to fund business growth

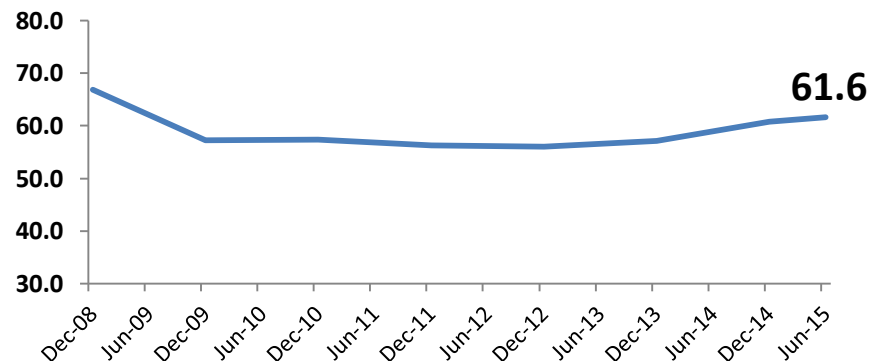
* Demand and time deposits. Source: Superintendency of Banks of Chile. Excludes Chilean assets held abroad

Stable risk profile

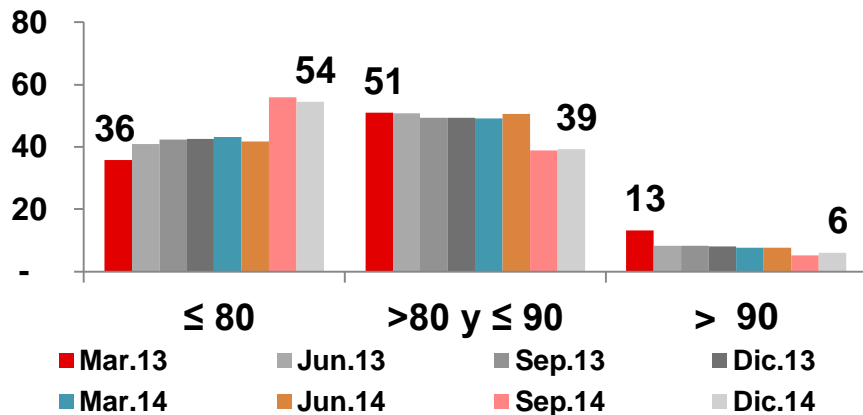
Chile: Debt servicing ratio (%)¹



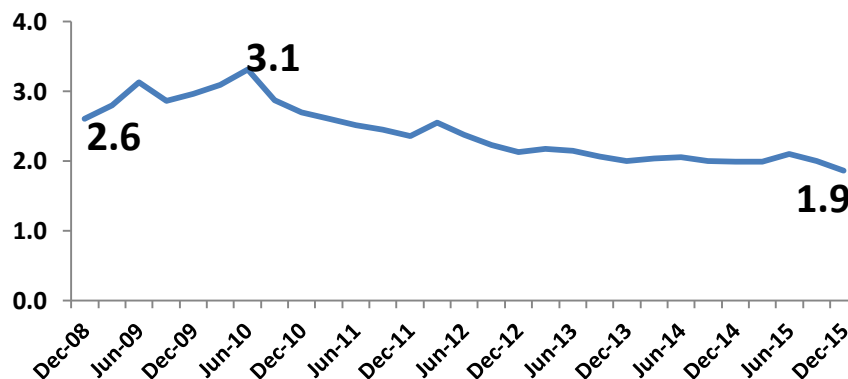
Household debt / disposable income (%)²



Mortgage loan LTV at origination³ (%)



Non-performing loan ratio (%)⁴



1. Total debt payments including amortization and interest / Disposable income. Source: Central Bank of Chile 2. Total household debt over disposable income. Source CB of Chile.
3. Source: CB of Chile. 4. Total outstanding gross amount of loans with at least one installment 90 days or more overdue / Average loans. Source: Superintendency of Banks of Chile

Agenda

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- **Annexes**

Santander Chile is the nation's leading bank

Figures as of Dec. 2015¹



Item	Amount	Mkt. share ¹	Rank
Loans	US\$ 35.7bn	19.2%	1
Consumer loans	US\$ 5.9bn	23.3%	1
Residential mortgage loans	US\$ 11.0bn	21.5%	1
Commercial loans	US\$ 18.8bn	17.2%	2
Deposits	US\$ 27.6bn	18.4%	2
Demand Deposits	US\$ 10.4bn	20.6%	2
Equity	UU\$ 3.9bn	18.2%	1
Net income	US\$ 634mn	20.5%	2
Clients	3.6mn		
Checking accounts	838ths.	22.6%	1
Banking credit cards	1.9mn	18.5% ²	1 ²
Branches	469	20.6%	1
ATMs	1,525	19.1%	2
Employees	11,725	18.3%	2

1. Or latest available figures. Excludes Corpbanca Colombia. 2. Ranking based over total monetary transactions and only includes regulated bank card issuers. Source: Superintendency of Banks of Chile

3 objectives for healthy growth / higher profitability

I. Focus our growth in the segments with highest net contribution...

II. ...improve customer loyalty and quality of service

III. ... while managing risks and capital conservatively

Transformation
Project

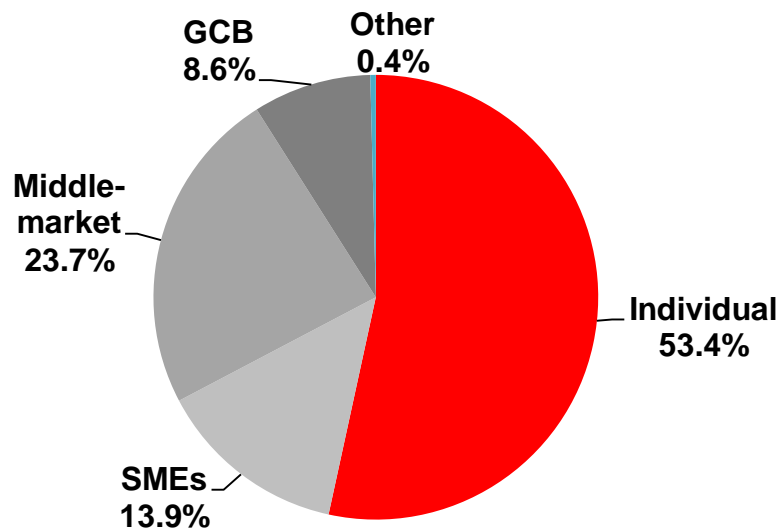
Optimizing the
risk return
relation



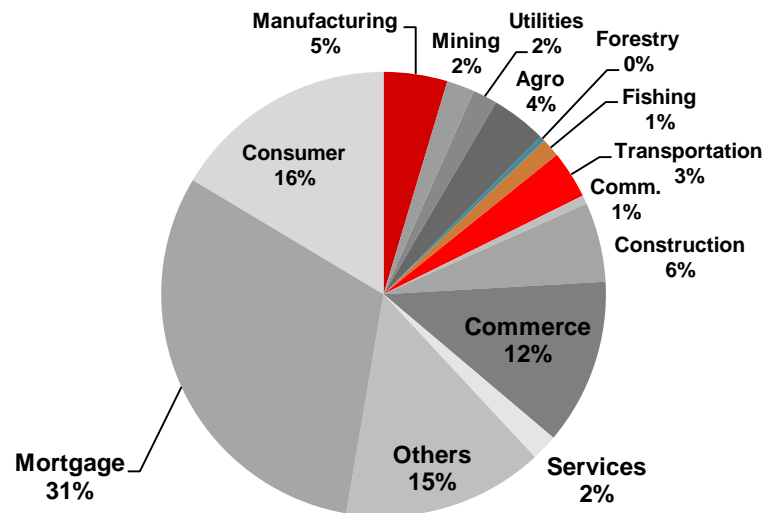
A diversified loan book

Figures as of Dec. 2015

Loans by segment



Loans by sector

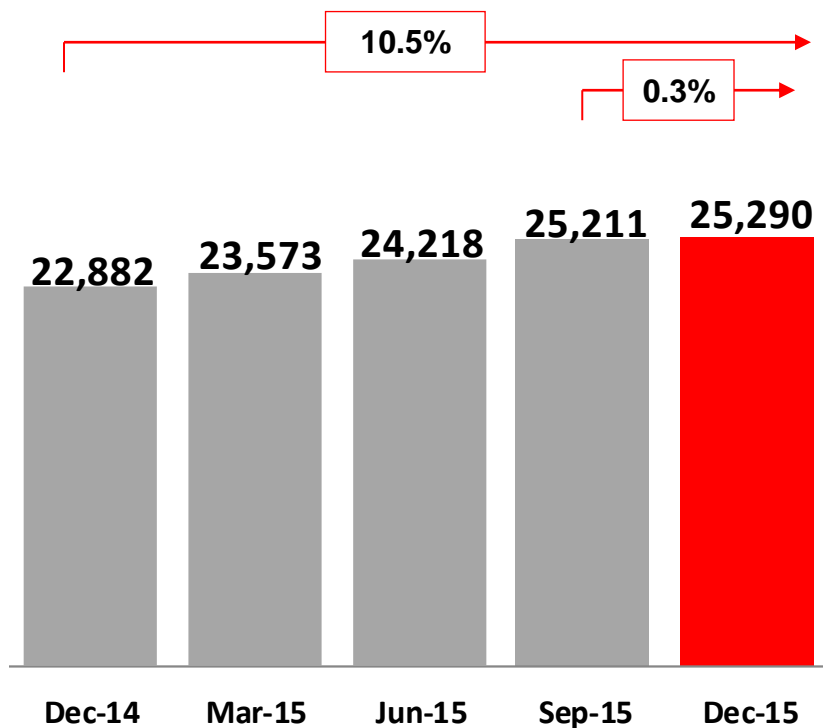


- 53% Individuals / 47% companies
- High diversification by sector
- Individuals / SMEs continue to be a lending driven segments with good growth potential in non-lending businesses
- Mid-market: balanced focused between lending and non-lending activities
- GCB: >80% of income is from non-lending activities

Loans up 10.5% YoY. Growth focused in segments with higher risk-adjusted profitability

Total Loans

Ch\$bn



Ch\$bn

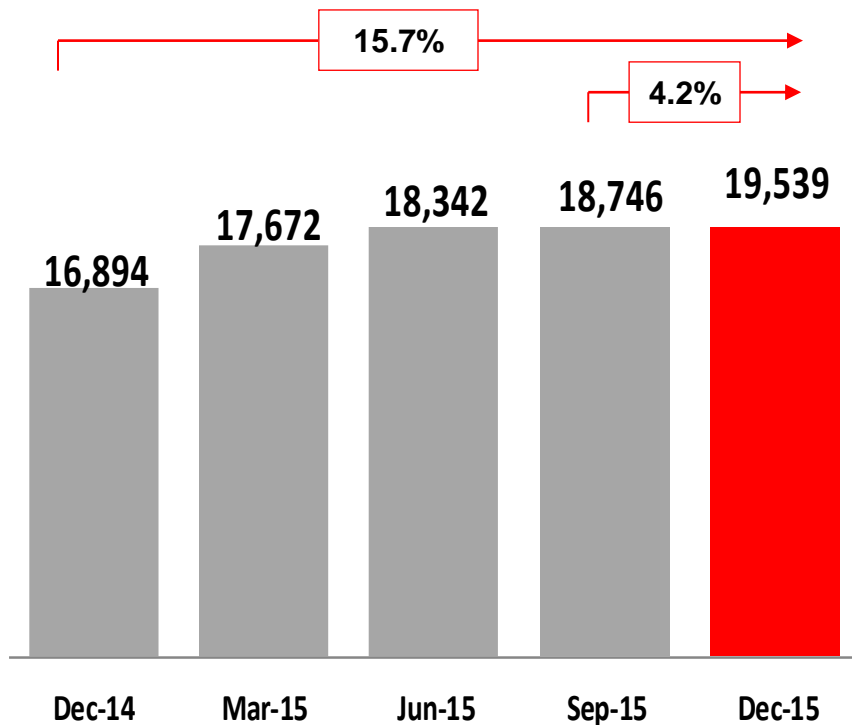
	4Q'15	YoY (%)	QoQ(%)
Individuals	13,521	12.9	3.9
Consumer	4,151	5.9	2.6
Mortgage	7,813	17.8	4.9
SMEs	3,514	9.2	2.4
Middle Market	6,006	10.3	-3.5
Corporate	2,179	-1.1	-12.3
Total¹	25,290	10.5	0.3

1. Includes other non-segmented loans.

Solid growth of deposits improves funding mix

Total Deposits

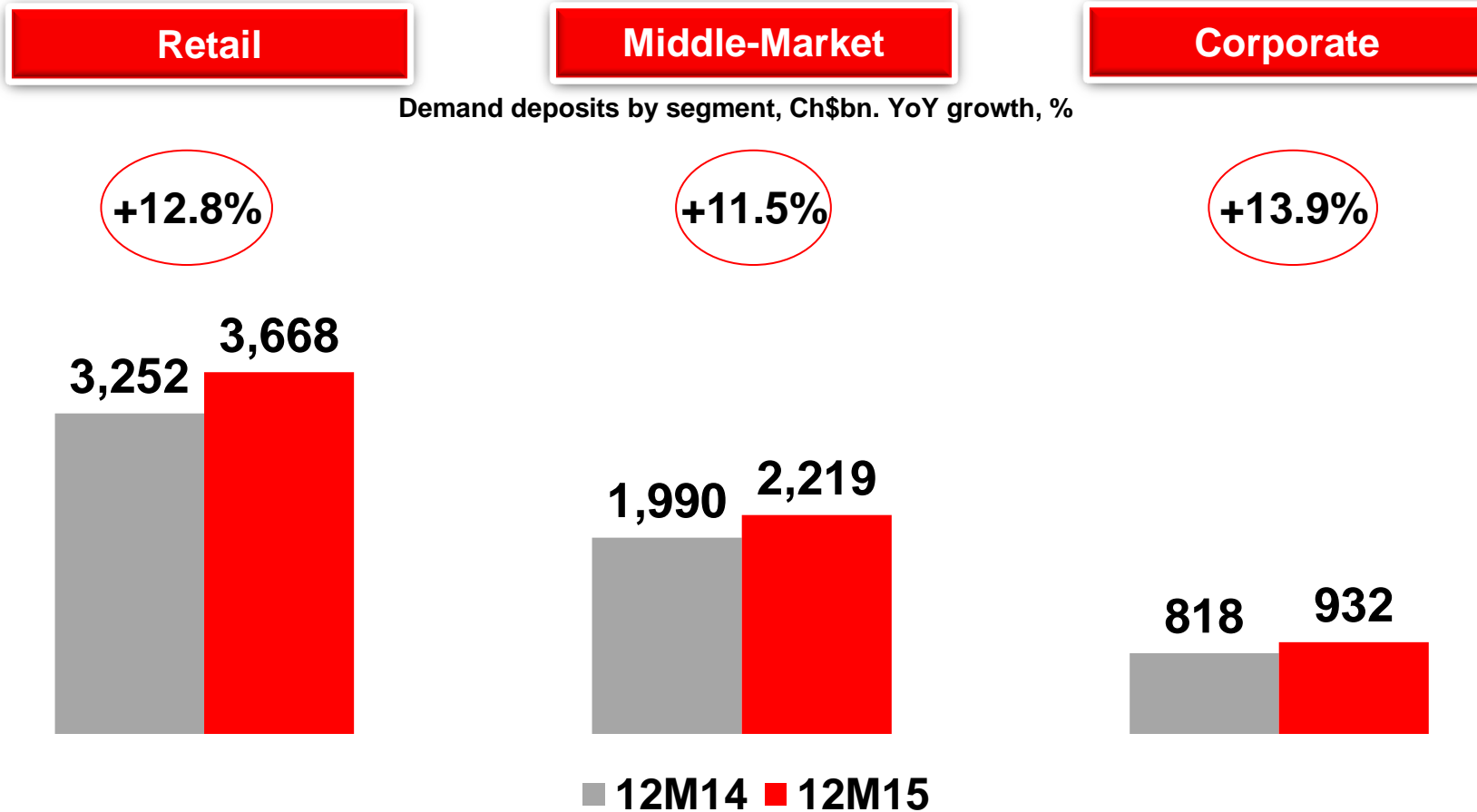
Ch\$bn



Ch\$bn

	4Q'15	YoY(%)	QoQ(%)
Demand	7,356	13.5	10.7
Time	12,183	17.0	0.7
Total deposits	19,539	15.7	4.2

Double digit growth of demand deposits in all segments

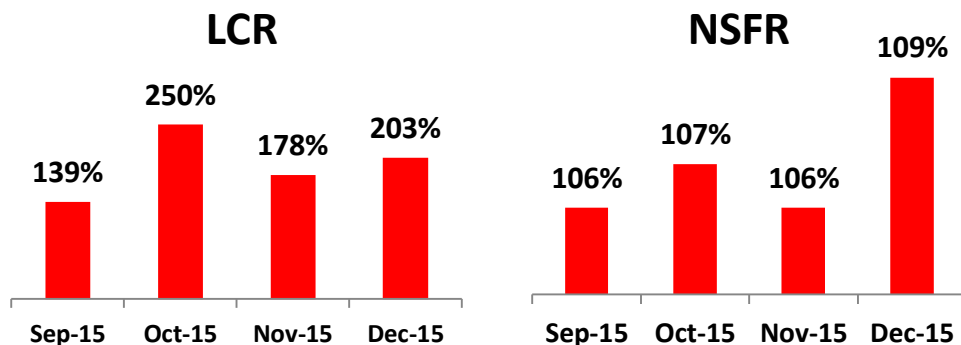
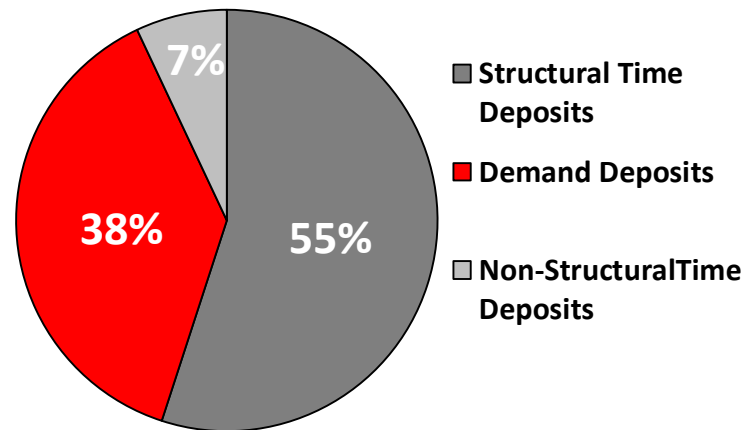
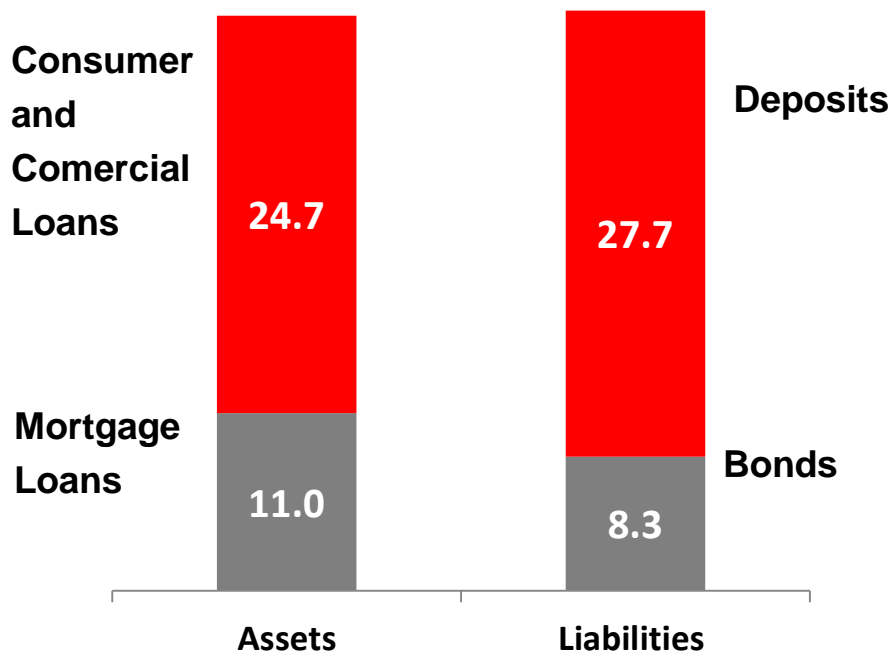


Solid growth of demand deposits supports steady growth of non-lending revenues

Solid balance structure and liquidity levels

USD bn as of September 2015

Structural Balance Sheet



Structural Time Deposits. Less than 60 days deposits value computes as 50%, between 60-120 days at 75%, 120-180 days at 85% and more than 180 days at 100%. Non-Structural Time Deposits represent the balance that is not Structural. LCR Ratio and NSFR Ratio are calculated under the ECB Basel III Standard. Chilean Standards are yet to be determined and may be different than the ones published here.

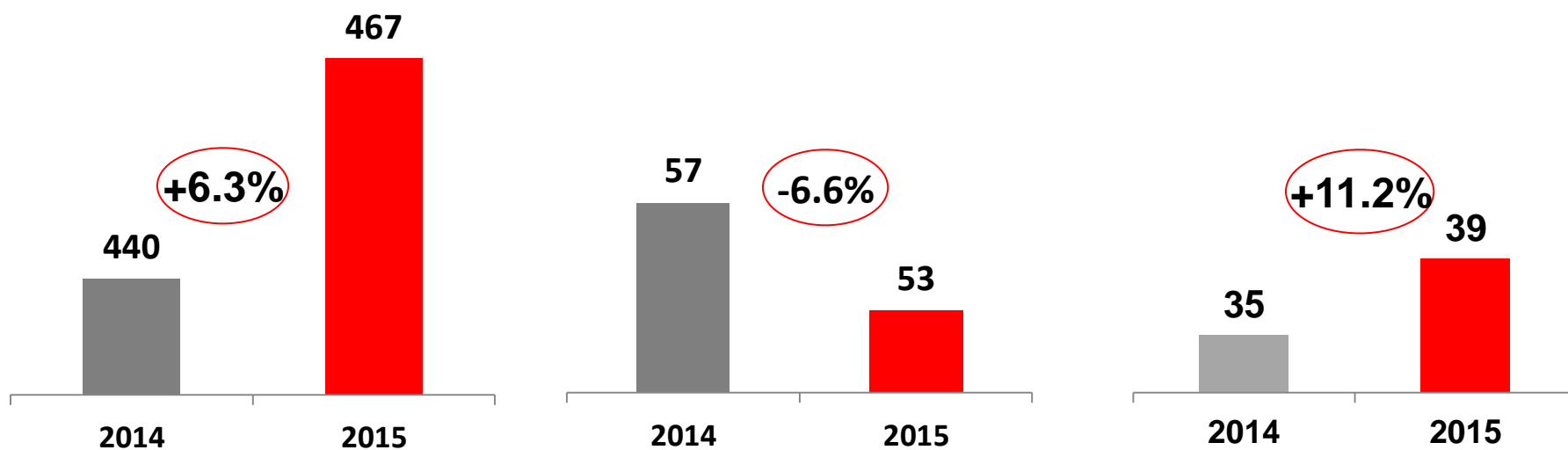
Customer loyalty continues to grow in targeted segments

Loyal Middle + High individual customers¹

Loyal Low income clients

Loyal SME + Middle market customers²

Loyal customers, thousands

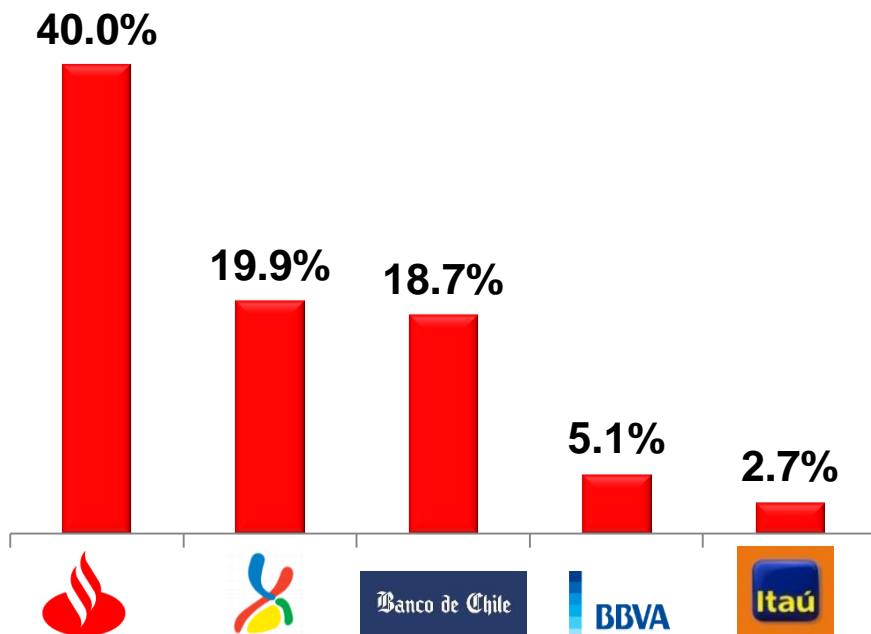


Strengths of our CRM system, improvements in service and the higher use of digital banking services increasing customer loyalty

1. Customers with 4 products plus a minimum profitability level and a minimum usage indicator all differentiated by segment. 2. Mid-market & SMEs cross-selling differentiated by client size using a point system that depends on number of products, usage of products and income net of risks.

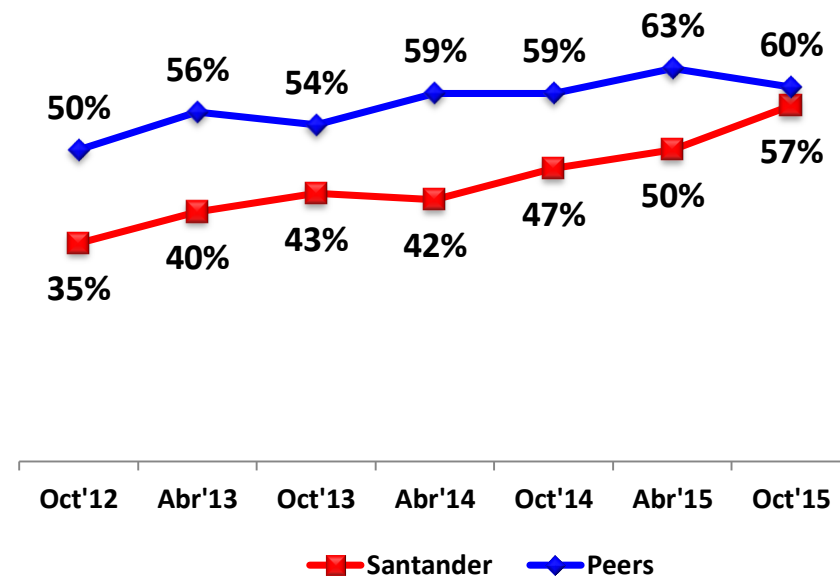
Positive results in digital banking and customer satisfaction in 2015

Internet usage (private banks)¹



Customer Satisfaction vs main peers (%)²

% of net satisfied clients

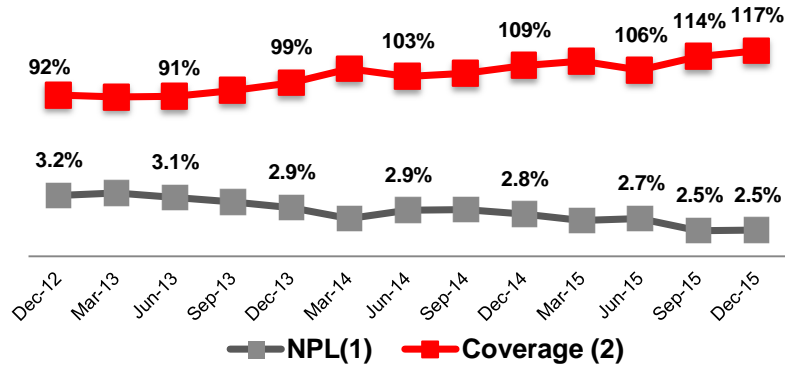


1. Market share over clients that enter a website with a passkey. Excludes Banco del Estado. Source SBIF as of Oct. 2015. 2. % of clients that rate the Bank's customer service 5-7 minus those that rate is 1-4 on a scale of 1 - 7 from 1. Source: Adimark

Stable asset quality and increased coverage of non-performing loans

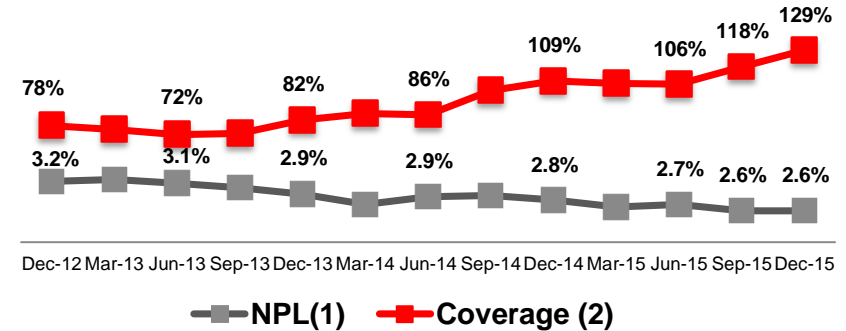
Total loans

% of loans



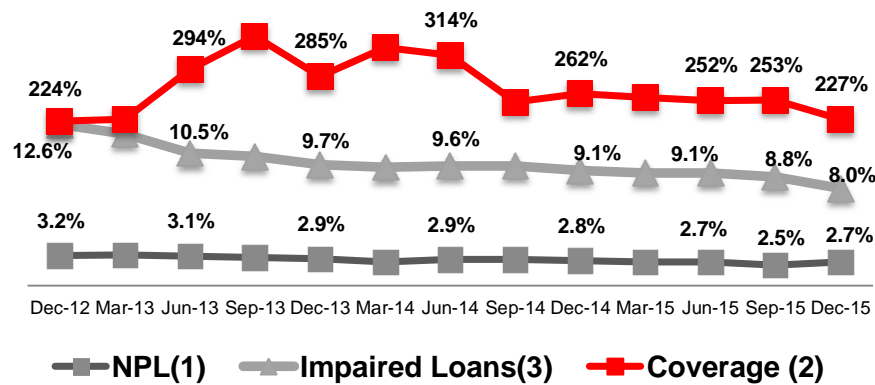
Commercial loans

% of loans



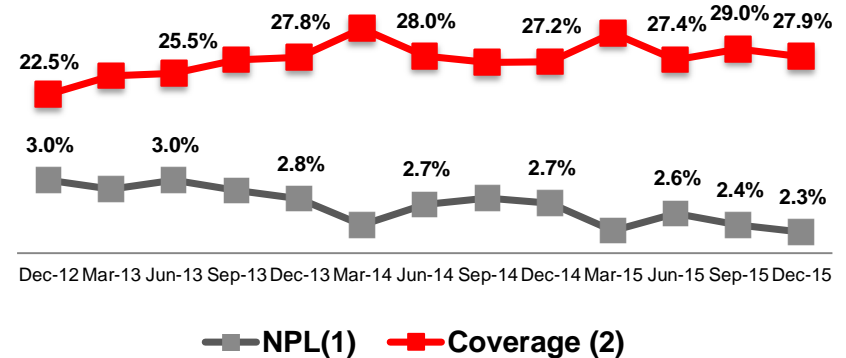
Consumer loans

% of loans



Mortgage loans

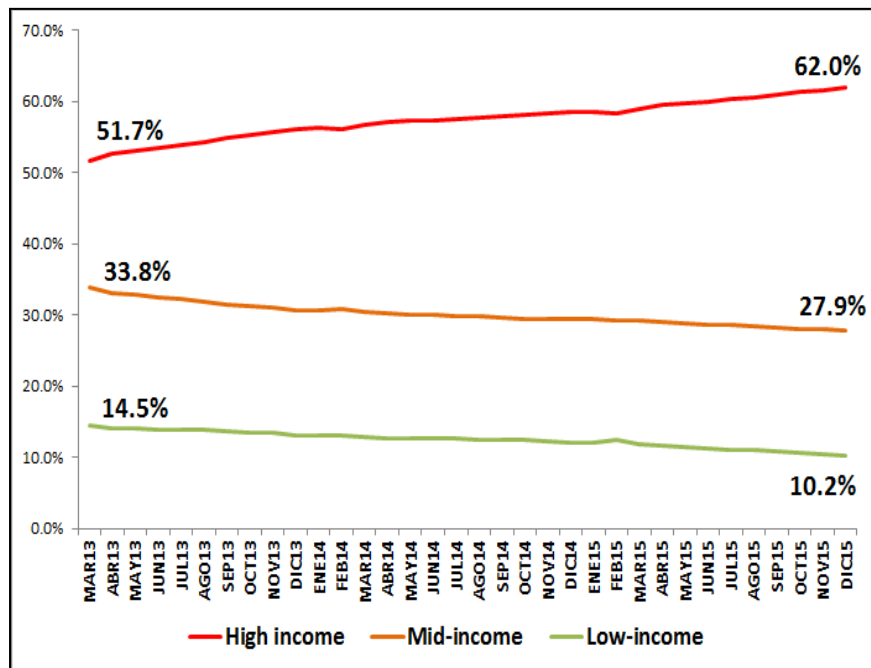
% of loans



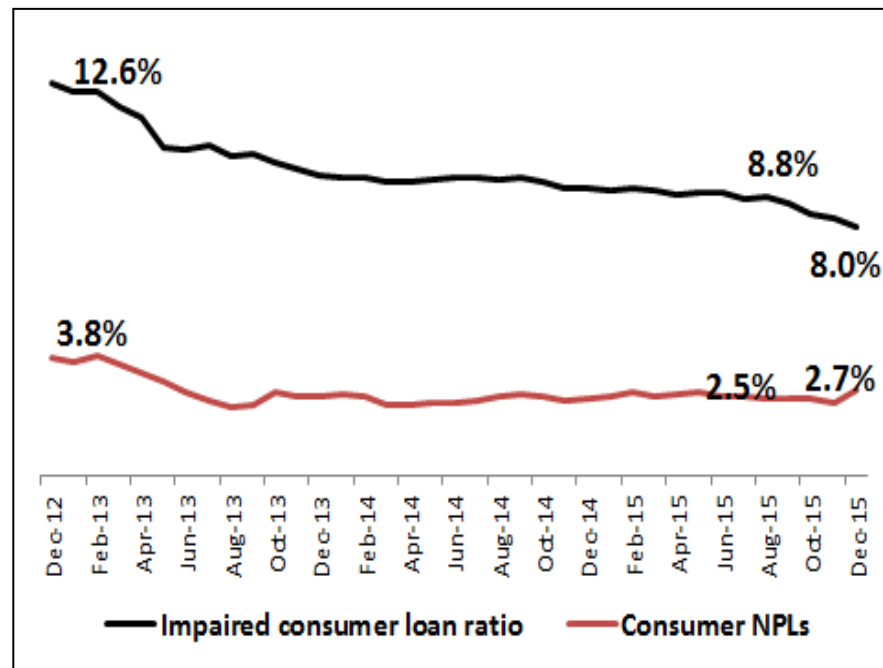
1. 90 days or more NPLs. 2. Loan loss reserves over NPLs 3. Impaired: NPL+ restructured loans

Better consumer loan mix should benefit cost of credit in 2016

Consumer loan breakdown

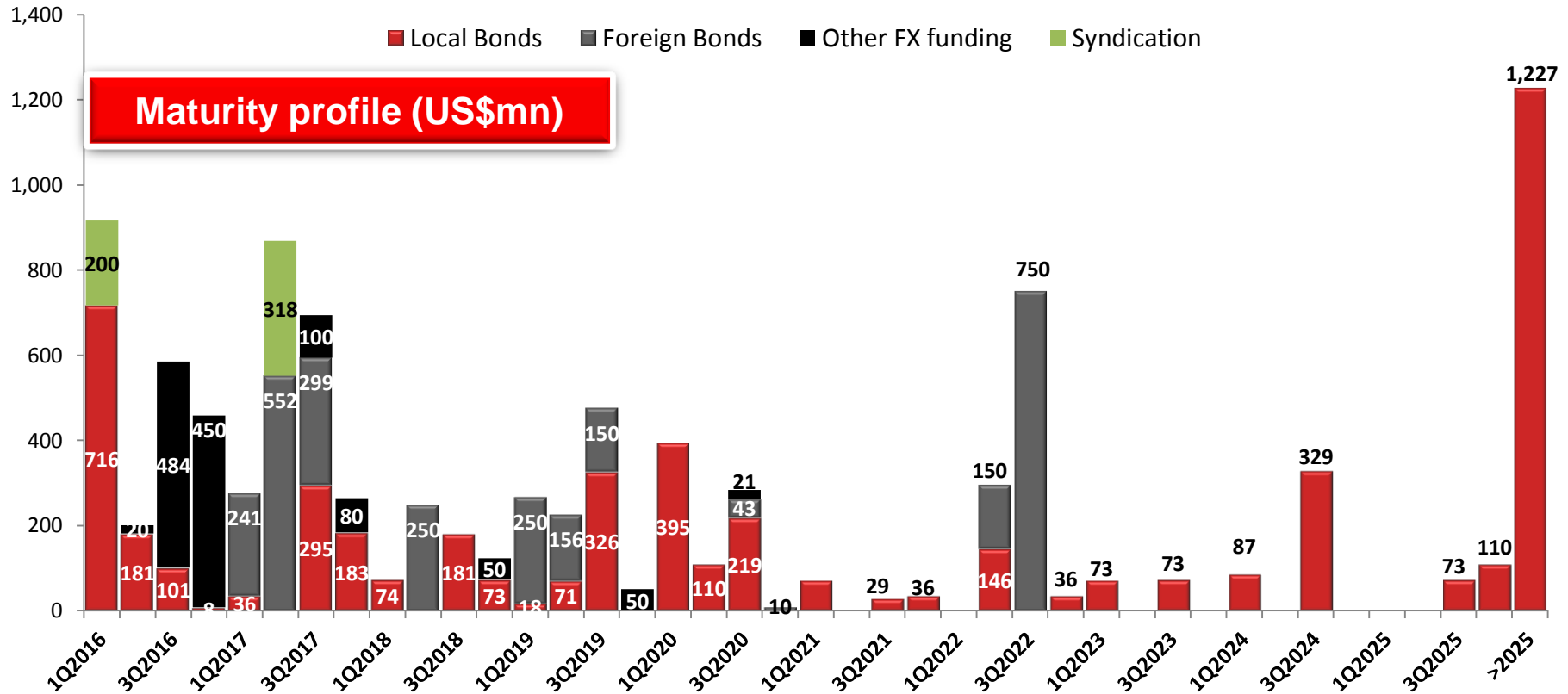


Consumer impaired and NPL ratios^{1,2}



1. 90 days or more NPLs. 2. Impaired: NPL+ restructured loans

Conservative debt maturity profile

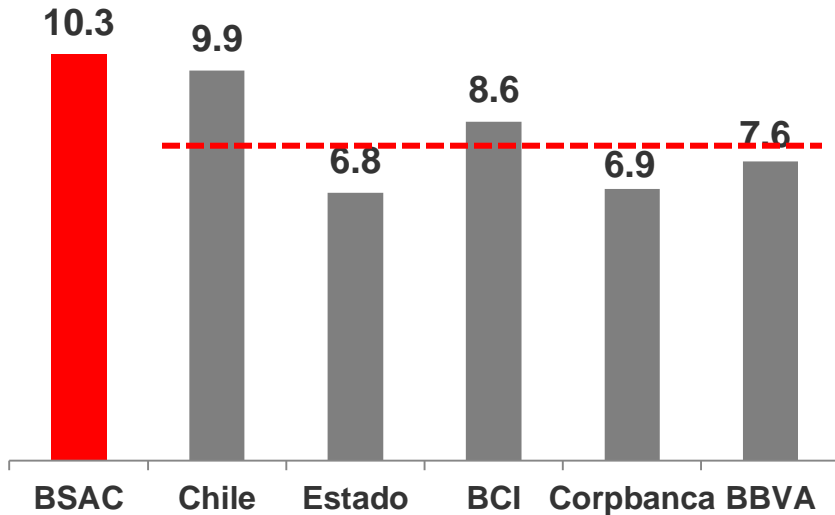


Solid capital levels for further growth

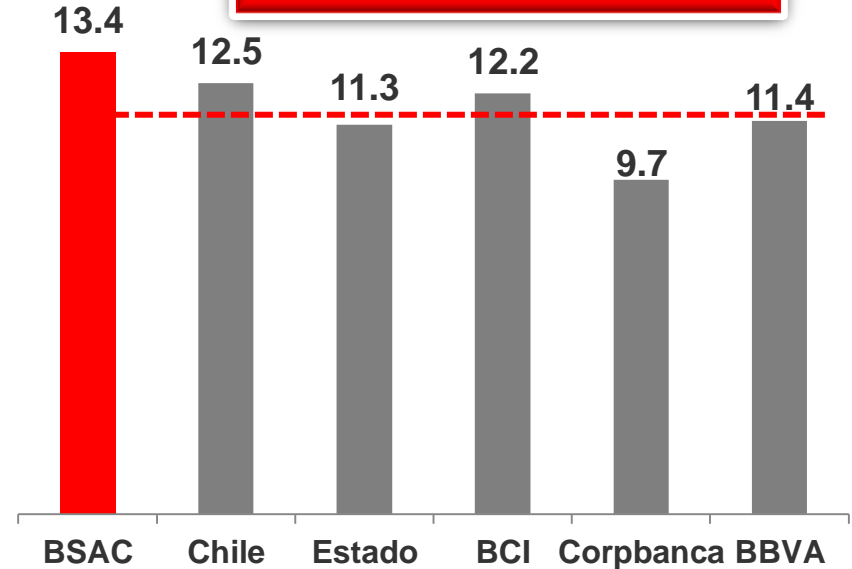
Core capital (%)¹

BIS ratio (%)²

Peer Average: 8.0%



Peer Average : 11.4%

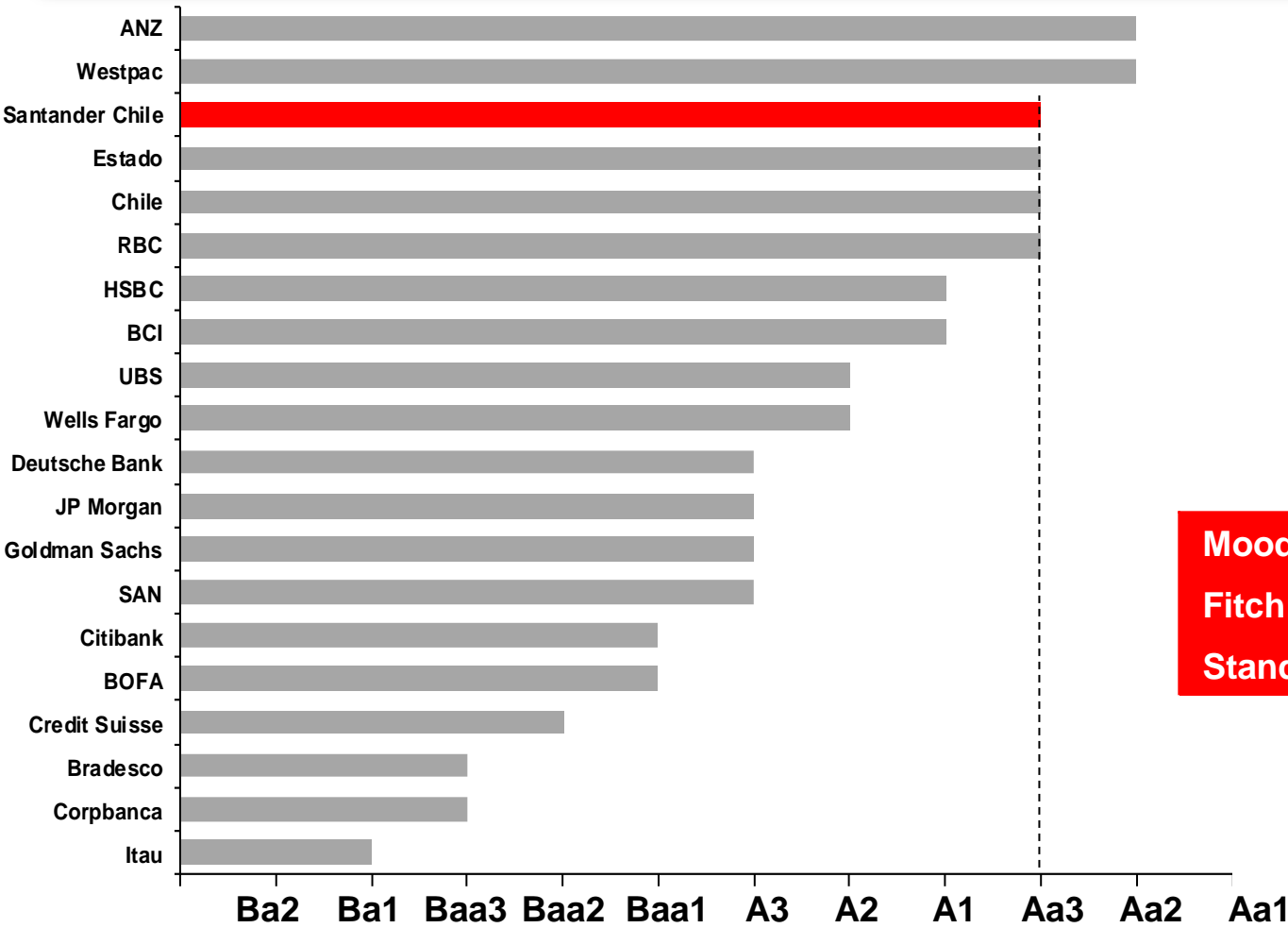


Advanced preparation for the transition into Basel III

1. According to SBIF BIS I definitions. Figures are as of Oct. 2015, the latest date available.

Among banks with best international rating

Risk rating: Moody's scale



Moody's: Aa3
 Fitch: A+
 Standard & Poor's: A

Source: Moody's via Bloomberg

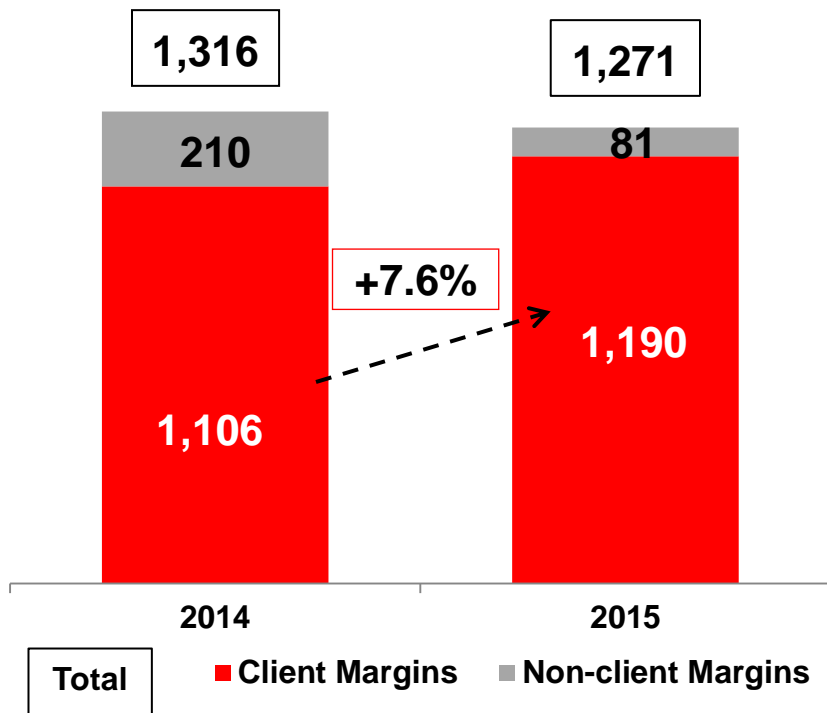
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- **Macro-economic environment and financial system**
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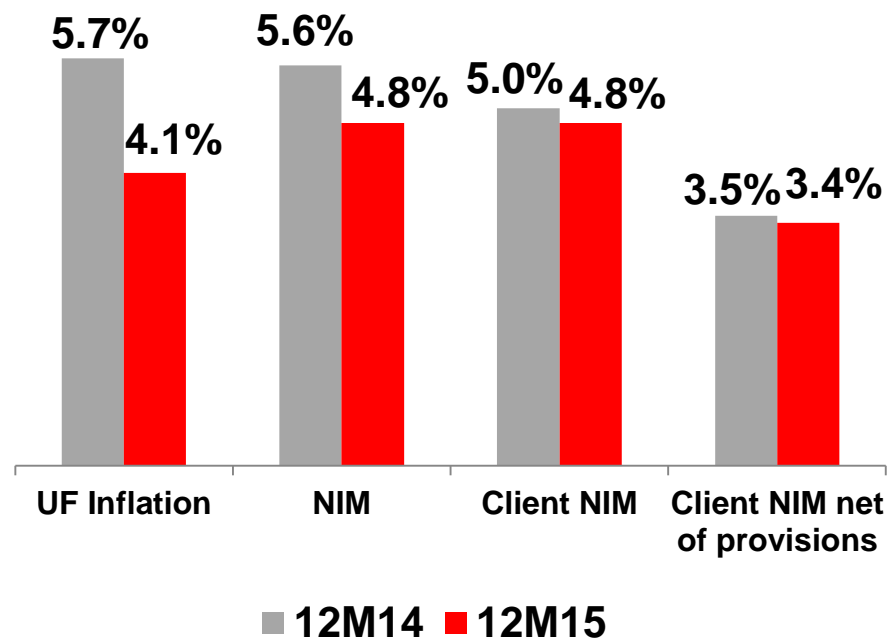
Client net interest income increases 7.6% YoY

Client and total net interest income¹

Ch\$bn



Net interest margin (%)

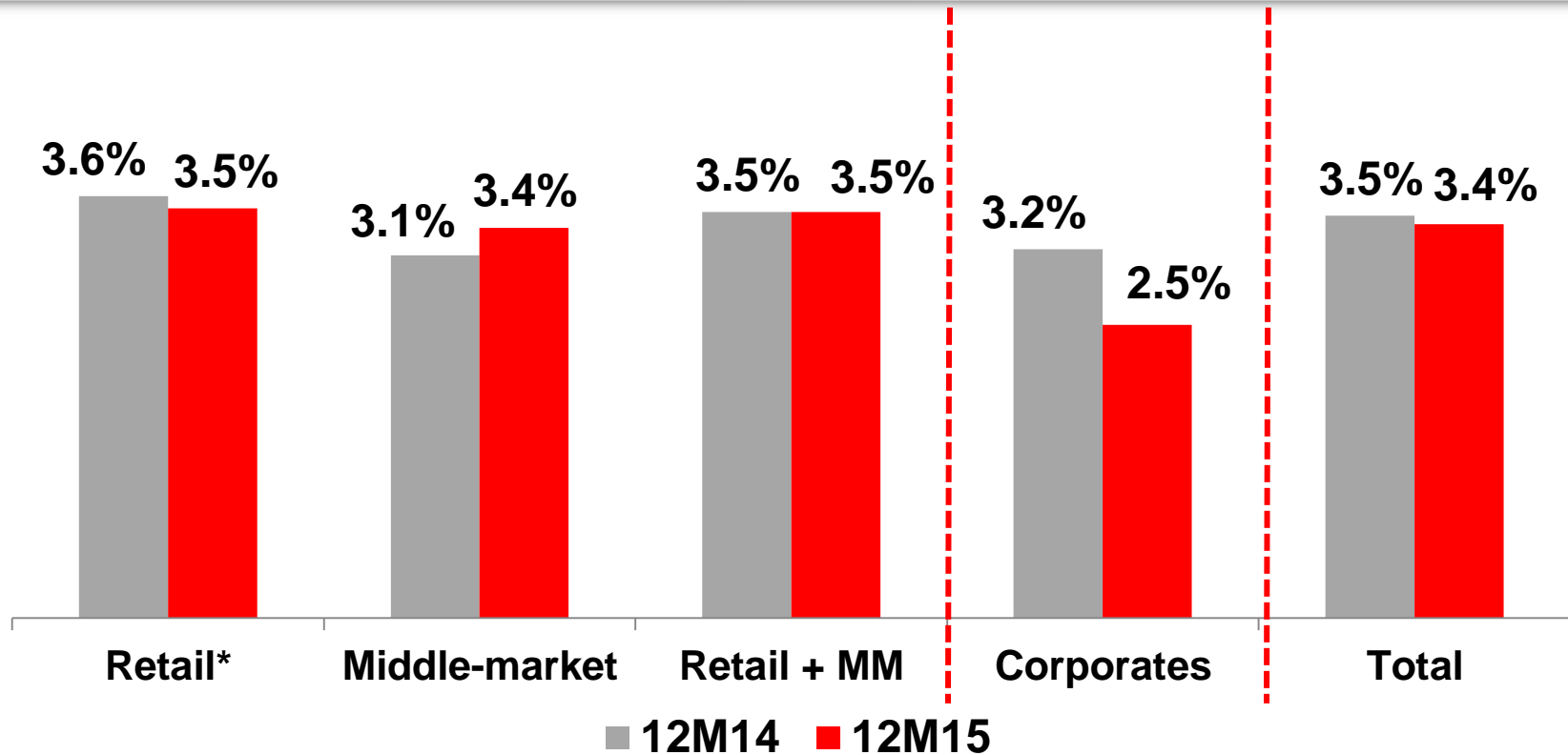


Net interest income falls due to lower inflation rate

1. Client net interest income (NII) is mainly NII from the from all client activities such as loans and deposits minus the internal transfer rate. Non-client NII is NII mainly from the Bank's ALCO positions and includes the effects of inflation on the Bank's NII

Client NIM, net of prov. stable despite higher provisions in Corporate

Client NIM¹, net of provisions



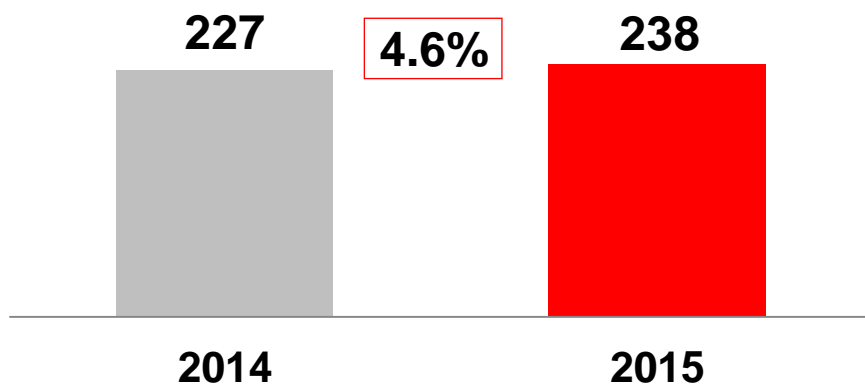
In 2016, the cost of credit should fall due to the less riskier loan mix and lower provisions in Corporate banking

1. Client net interest income (NII) is mainly NII from the from all client activities such as loans and deposits minus the internal transfer rate. Non-client NII is NII mainly from the Bank's ALCO positions and includes the effects of inflation on the Bank's NII

Fee growth is rebounding led by improvements in customer loyalty

Net fee income

Ch\$bn



Fee income from business segments

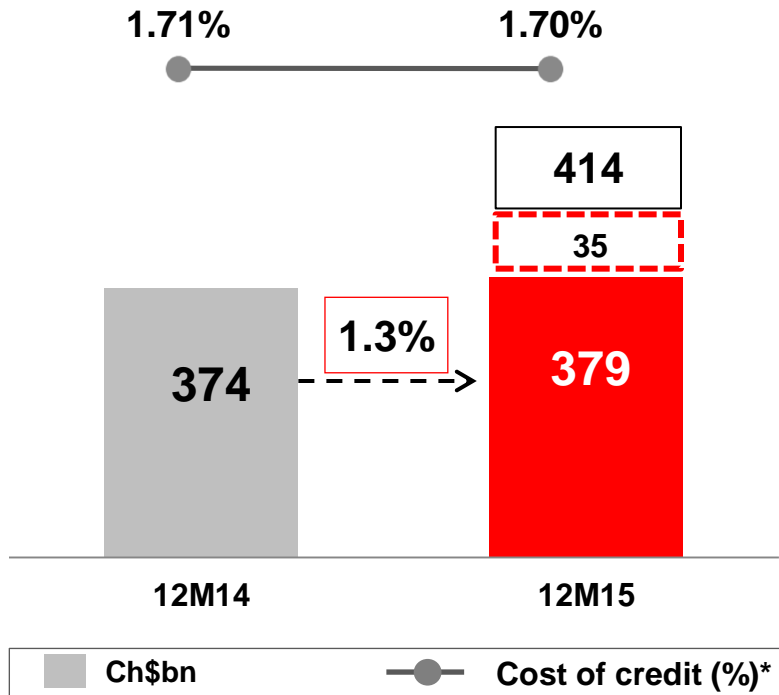
Ch\$bn

	12M'15	YoY (%)
Retail	190.4	8.8
Middle Market	28.5	5.5
Corporate	15.2	-31.8
Subtotal	234.1	4.3
Others	3.5	20.7
Total fees	237.6	4.6

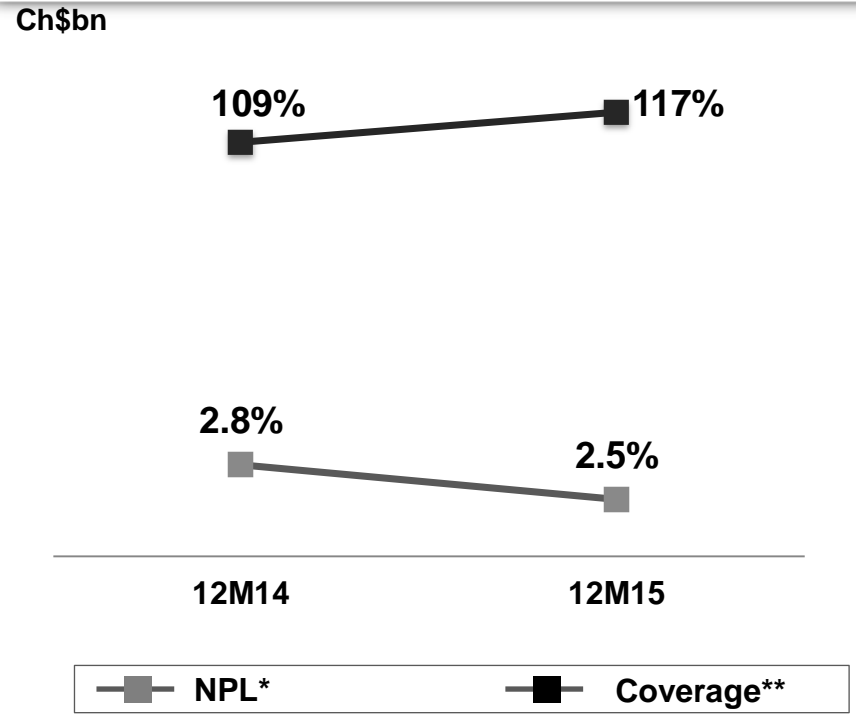
Highest fee growth in 3 years after various periods of regulatory and competitive impacts

Stable asset quality metrics

Provision expense & cost of credit



NPL and coverage ratio



one-time charge of Ch\$35bn

In 4Q15, the Bank recognize a one-time charge of Ch\$35bn, due to a new regulations mainly regarding LTV of the mortgage portfolio

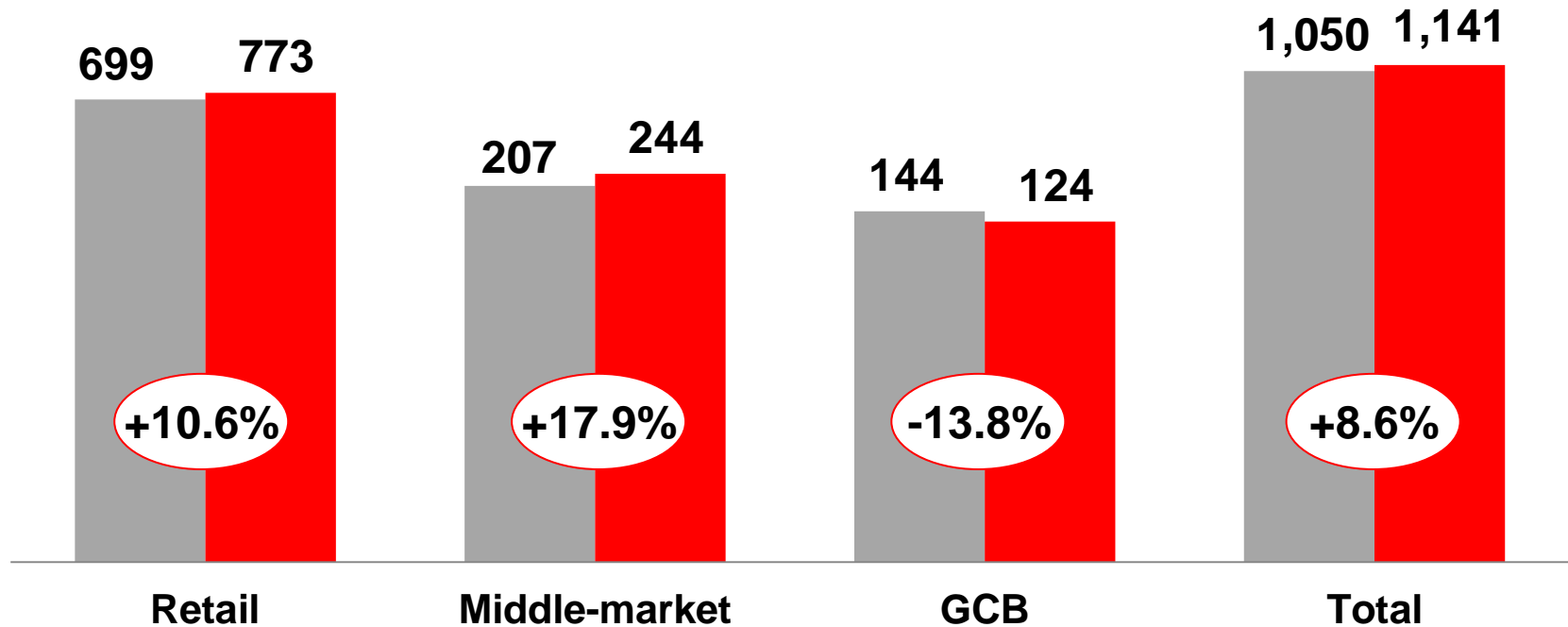
* Annualized quarterly provision expense / total loans

** 90 days or more NPLs. ** Loan loss reserves over NPLs

Results from operating segments reflects sound business trends

Operating profit from business segments in 2015*

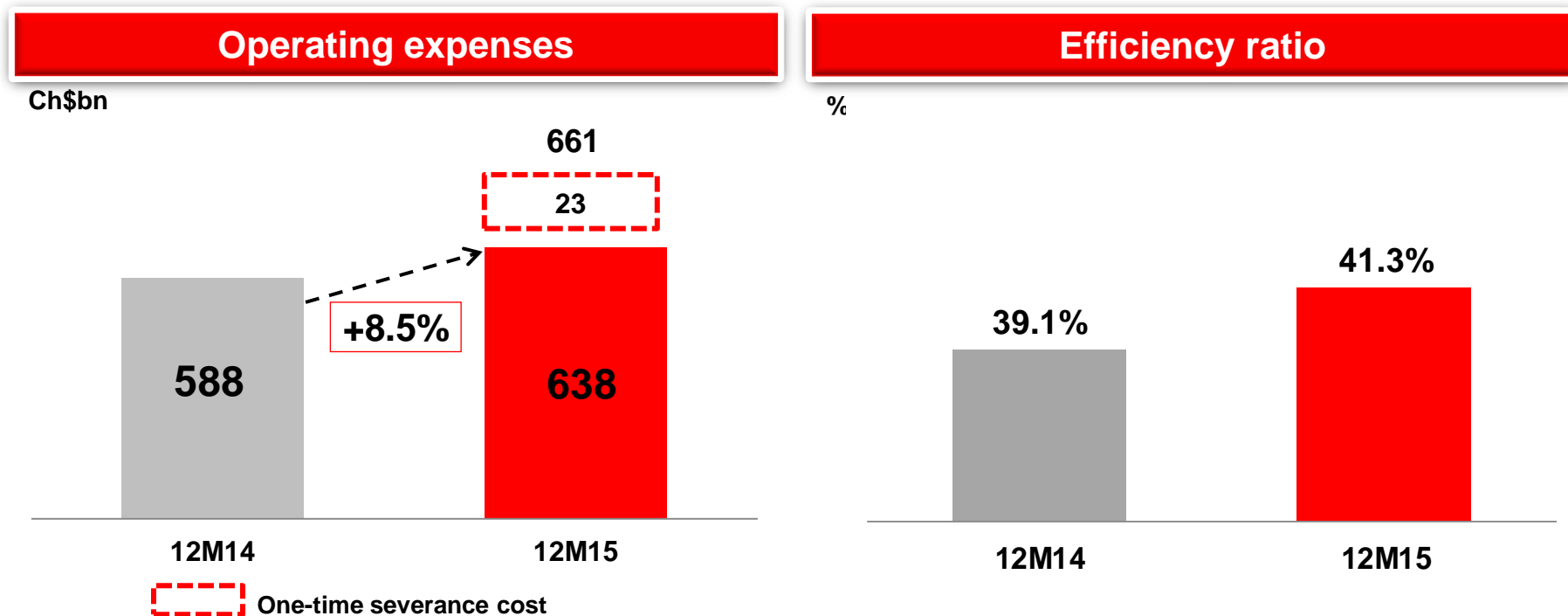
Ch\$bn



Loan and deposits growth, rebound in fees and positive evolution of credit risk drives business segments profitability

* Net operating profit from business segments: Net interest income + Net fee and commission income + total financial transactions, net - provision for loan losses. These results exclude our Corporate Activities, which include, among other items, the impact of the inflation on results

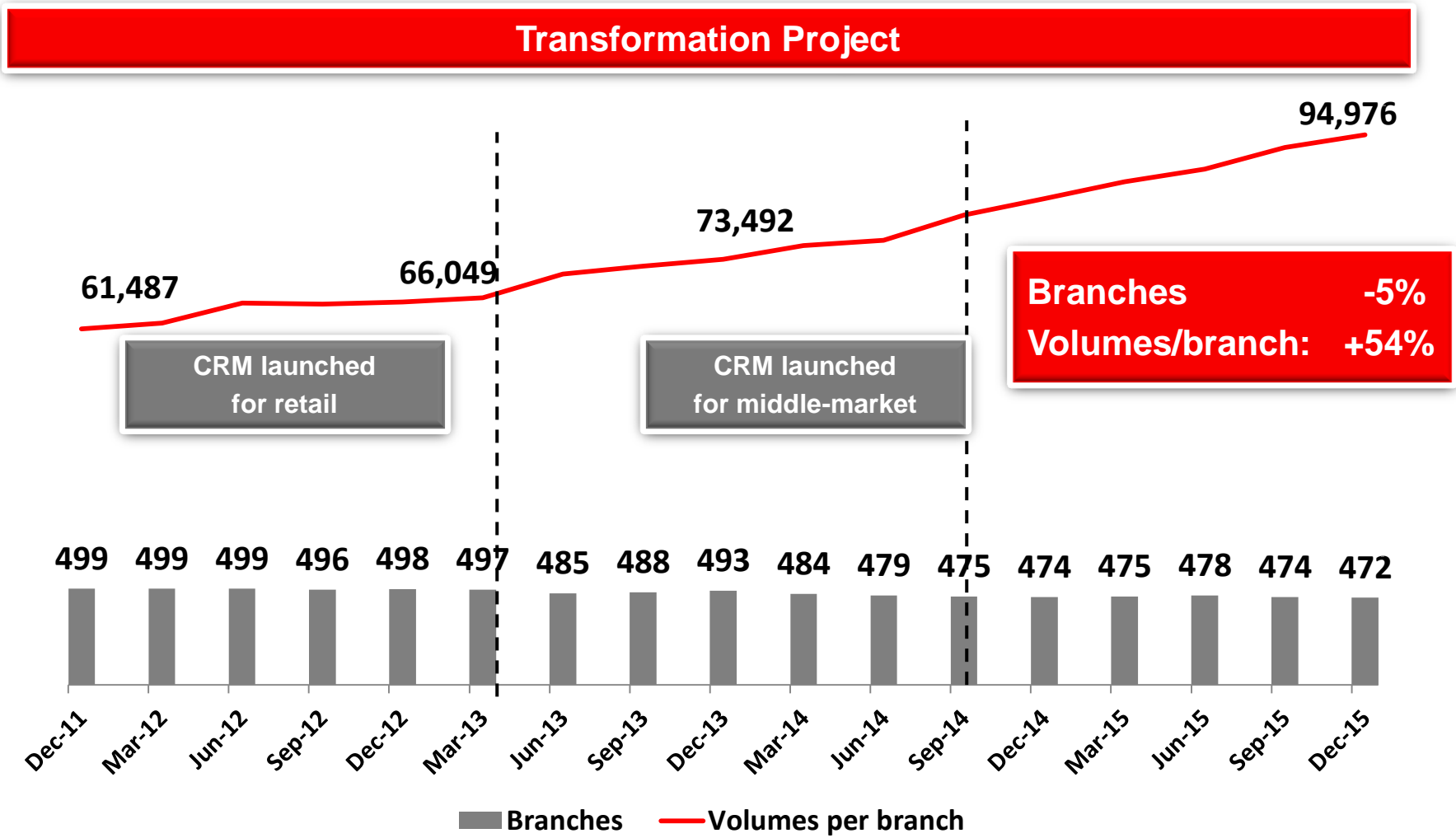
Efficiency ratio at 41.3% in 12M15



- Cost have been effected by extraordinary personal severance cost expense and increased Ch\$23bn or up 222% over 12M14.
- Cost growth should decelerate going forward

Improving productivity

Branches and business volumes* per branch, Ch\$m %

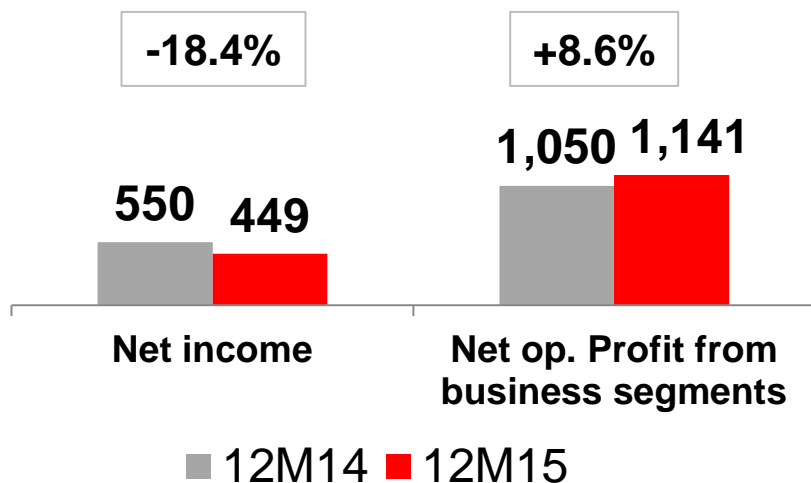


* Loans + deposits

Adjusted ROE reached 18.1% in 12M15

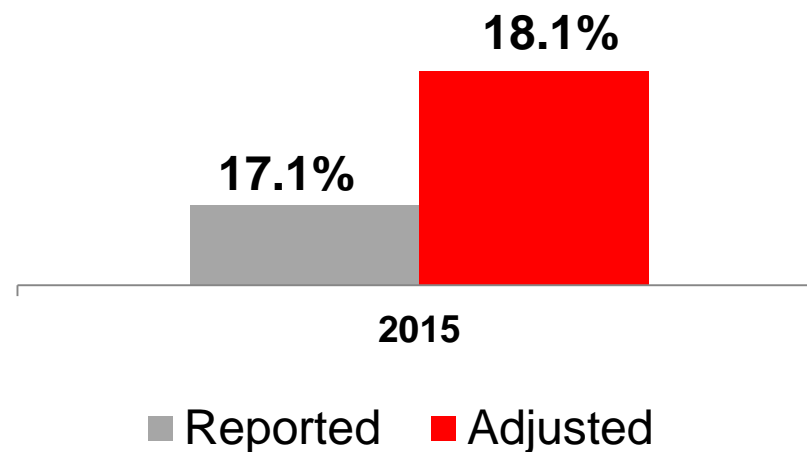
Net income and Net Operating profit¹

Ch\$bn



ROE²

%



Reported 12M15 net income impacted by lower yearly inflation, extraordinary provision expense and higher tax rate

¹ See definitions in page 22. ² Excludes pre-tax voluntary provision of Ch\$35bn for 2015

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Annexes

- Balance Sheet
- Income Statement
- Quarterly Income Statement

Balance Sheet: Assets

Unaudited Balance Sheet Assets	Dec-15 US\$ths	Dec-15 Ch\$ million	Dec-14	Dec. 15 / Dec. 14 % Chg.
Cash and deposits in banks	2,917,217	2,064,806	1,608,888	28.3%
Cash items in process of collection	1,023,624	724,521	531,373	36.3%
Trading investments	458,139	324,271	774,815	(58.1%)
Investments under resale agreements	3,480	2,463	-	--%
Financial derivative contracts	4,529,424	3,205,926	2,727,563	17.5%
Interbank loans, net	15,345	10,861	11,918	(8.9%)
Loans and account receivables from customers, net	34,664,031	24,535,201	22,179,938	10.6%
Available for sale investments	2,888,402	2,044,411	1,651,598	23.8%
Held-to-maturity investments	-	-	-	--%
Investments in associates and other companies	28,693	20,309	17,914	13.4%
Intangible assets	72,248	51,137	40,983	24.8%
Property, plant and equipment	340,010	240,659	211,561	13.8%
Current taxes	-	-	2,241	--%
Deferred taxes	468,655	331,714	282,211	17.5%
Other assets	1,551,040	1,097,826	493,173	122.6%
Total Assets	48,960,307	34,654,105	30,534,176	13.5%

Balance Sheet: Liabilities & Equity

34

	Dec-15 US\$ths	Dec-15 Ch\$ million	Dec-14	Dec. 15 / Dec. 14 % Chg.
Liabilities				
Deposits and other demand liabilities	10,392,937	7,356,121	6,480,497	13.5%
Cash items in process of being cleared	652,949	462,157	281,259	64.3%
Obligations under repurchase agreements	203,008	143,689	392,126	(63.4%)
Time deposits and other time liabilities	17,212,160	12,182,767	10,413,940	17.0%
Financial derivatives contracts	4,044,371	2,862,606	2,561,384	11.8%
Interbank borrowings	1,847,378	1,307,574	1,231,601	6.2%
Issued debt instruments	8,416,353	5,957,095	5,785,112	3.0%
Other financial liabilities	311,567	220,527	205,125	7.5%
Current taxes	25,143	17,796	1,077	1552.4%
Deferred taxes	5,520	3,907	7,631	(48.8%)
Provisions	464,987	329,118	310,592	6.0%
Other liabilities	1,477,632	1,045,868	220,853	373.6%
Total Liabilities	45,054,005	31,889,225	27,891,197	14.3%
Equity				
Capital	1,259,258	891,303	891,303	0.0%
Reserves	2,158,651	1,527,893	1,307,761	16.8%
Valuation adjustments	1,820	1,288	25,600	(95.0%)
Retained Earnings:	443,932	314,215	385,232	(18.4%)
Retained earnings from prior years	-	-	-	--%
Income for the period	634,188	448,878	550,331	(18.4%)
Minus: Provision for mandatory dividends	(190,256)	(134,663)	(165,099)	(18.4%)
Total Shareholders' Equity	3,863,661	2,734,699	2,609,896	4.8%
Non-controlling interest	42,641	30,181	33,083	(8.8%)
Total Equity	3,906,301	2,764,880	2,642,979	4.6%
Total Liabilities and Equity	48,960,307	34,654,105	30,534,176	13.5%

Income Statement: YTD

YTD Income Statement Unaudited	Dec-15 US\$ths.	Dec-15 Ch\$ million	Dec-14	Dec. 15 / Dec.14 % Chg.
Interest income	2,947,143	2,085,988	2,227,018	(6.3%)
Interest expense	(1,173,752)	(830,782)	(909,914)	(8.7%)
Net interest income	1,773,391	1,255,206	1,317,104	(4.7%)
Fee and commission income	569,229	402,900	366,729	9.9%
Fee and commission expense	(233,502)	(165,273)	(139,446)	18.5%
Net fee and commission income	335,726	237,627	227,283	4.6%
Net income (expense) from financial operations	(646,930)	(457,897)	(151,323)	202.6%
Net foreign exchange gain	852,495	603,396	272,212	121.7%
Total financial transactions, net	205,565	145,499	120,889	20.4%
Other operating income	22,099	15,642	14,834	5.4%
Net operating profit before provisions for loan losses	2,336,782	1,653,974	1,680,110	(1.6%)
Provision for loan losses	(584,479)	(413,694)	(374,431)	10.5%
Net operating profit	1,752,303	1,240,280	1,305,679	(5.0%)
Personnel salaries and expenses	(546,854)	(387,063)	(338,888)	14.2%
Administrative expenses	(311,572)	(220,531)	(205,149)	7.5%
Depreciation and amortization	(75,747)	(53,614)	(44,172)	21.4%
Operating expenses excluding Impairment and Other operating expenses	(934,173)	(661,208)	(588,209)	12.4%
Impairment of property, plant and equipment	(30)	(21)	(36,664)	(99.9%)
Other operating expenses	(76,571)	(54,197)	(81,108)	(33.2%)
Total operating expenses	(1,010,774)	(715,426)	(705,981)	1.3%
Operating income	741,529	524,854	599,698	(12.5%)
Income from investments in associates and other companies	3,656	2,588	2,165	19.5%
Income before tax	745,185	527,442	601,863	(12.4%)
Income tax expense	(106,387)	(75,301)	(45,552)	65.3%
Net income from ordinary activities	638,798	452,141	556,311	(18.7%)
Net income discontinued operations	-	-	-	--%
Net income attributable to:				
Non-controlling interest	4,610	3,263	5,980	(45.4%)
Net income attributable to equity holders of the Bank	634,188	448,878	550,331	(18.4%)

Income Statement: Quarters

Unaudited Quarterly Income Statement	4Q15	4Q15	3Q15	4Q14	4Q15 / 4Q14	4Q15 / 3Q15
	US\$ths.		Ch\$mn		% Chg.	
Interest income	776,596	549,675	573,230	617,604	(11.0%)	(4.1%)
Interest expense	(326,369)	(231,004)	(241,847)	(261,144)	(11.5%)	(4.5%)
Net interest income	450,227	318,671	331,383	356,460	(10.6%)	(3.8%)
Fee and commission income	148,829	105,341	108,826	97,310	8.3%	(3.2%)
Fee and commission expense	(65,264)	(46,194)	(44,081)	(37,671)	22.6%	4.8%
Net fee and commission income	83,565	59,147	64,745	59,639	(0.8%)	(8.6%)
Net income (expense) from financial operations	(158,213)	(111,983)	(154,831)	(101,975)	9.8%	(27.7%)
Net foreign exchange gain	205,722	145,610	195,381	132,012	10.3%	(25.5%)
Total financial transactions, net	47,509	33,627	40,550	30,037	12.0%	(17.1%)
Other operating income	6,352	4,496	361	2,111	113.0%	1145.4%
Net operating profit before provisions for loan losses	587,653	415,941	437,039	448,247	(7.2%)	(4.8%)
Provision for loan losses	(212,287)	(150,257)	(102,619)	(109,796)	36.9%	46.4%
Net operating profit	375,366	265,684	334,420	338,451	(21.5%)	(20.6%)
Personnel salaries and expenses	(153,943)	(108,961)	(97,611)	(90,869)	19.9%	11.6%
Administrative expenses	(78,192)	(55,344)	(53,846)	(51,880)	6.7%	2.8%
Depreciation and amortization	(22,352)	(15,821)	(13,013)	(10,851)	45.8%	21.6%
Operating expenses excluding Impairment and Other operating expenses	(254,487)	(180,126)	(164,470)	(153,600)	17.3%	9.5%
Impairment of property, plant and equipment	(1)	(1)	-	(53)	(98.1%)	--%
Other operating expenses	(2,974)	(2,105)	(21,676)	(32,000)	(93.4%)	(90.3%)
Total operating expenses	(257,463)	(182,232)	(186,146)	(185,653)	(1.8%)	(2.1%)
Operating income	117,903	83,452	148,274	152,798	(45.4%)	(43.7%)
Income from investments in associates and other companies	862	610	705	826	(26.2%)	(13.5%)
Income before tax	118,765	84,062	148,979	153,624	(45.3%)	(43.6%)
Income tax expense	(6,329)	(4,480)	(17,972)	(13,262)	(66.2%)	(75.1%)
Net income from ordinary activities	112,436	79,582	131,007	140,362	(43.3%)	(39.3%)
Net income discontinued operations	-	-	-	-		
Net income attributable to:						
Non-controlling interest	(5,935)	(4,201)	1,753	1,621	--%	--%
Net income attributable to equity holders of the Bank	118,371	83,783	129,254	138,741	(39.6%)	(35.2%)



Chile