

Banco Santander Chile:

Solid commercial and client profitability trends.

Positive medium-term outlook

March 2015

Chile



Banco Santander Chile caution 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 2013 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.

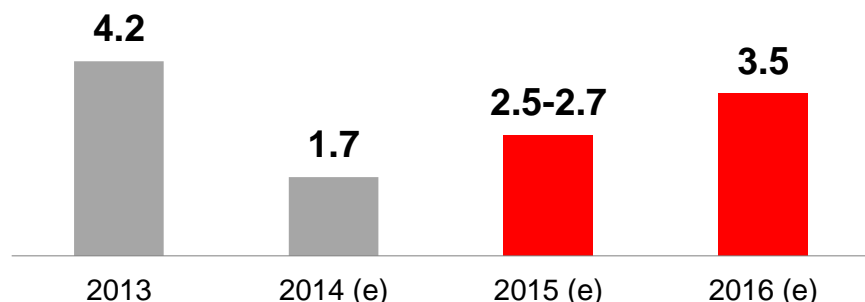
Agenda

- **Despite recent deceleration, economy expected to rebound in 2015-16. Financial system with stable growth trends**
- **Santander Chile has adjusted its medium-term strategy to sustain profitable growth in a more challenging environment...**
- **... and is starting to benefit from stronger client activity and improved profitability trends**
- **... leading to a positive medium-term outlook**

Economy is expected to rebound in 2015 and 2016...

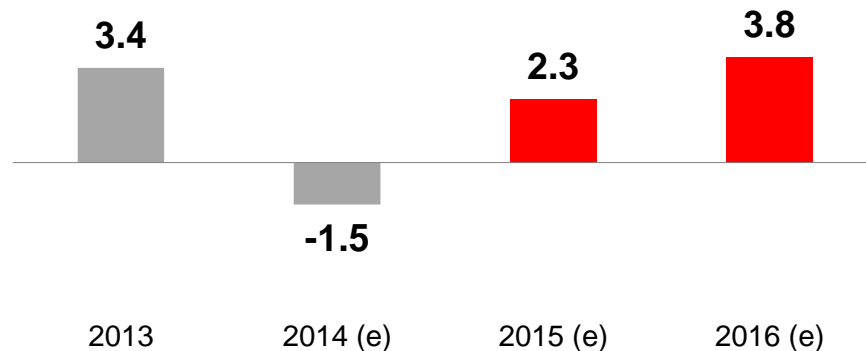
GDP

YoY real growth, %



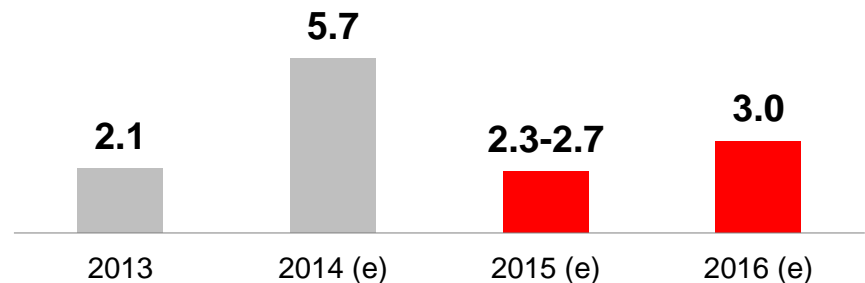
Internal Demand

YoY real growth, %



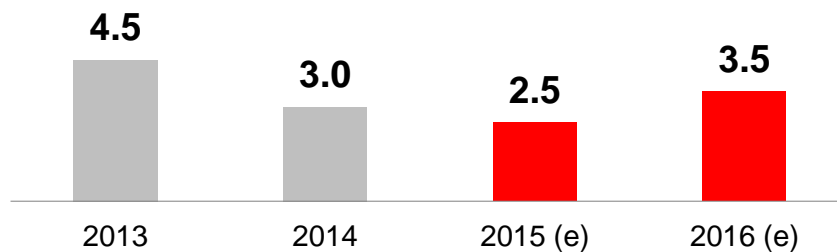
Inflation

Annual change in UF inflation, %



Central Bank Reference rate

%

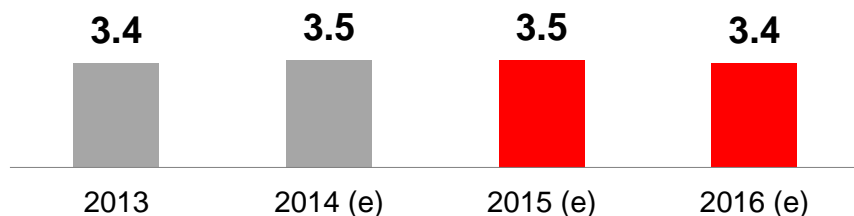


Source: Banco Central de Chile. (e): Estimates Santander Chile

.... led by export growth, investment and total consumption

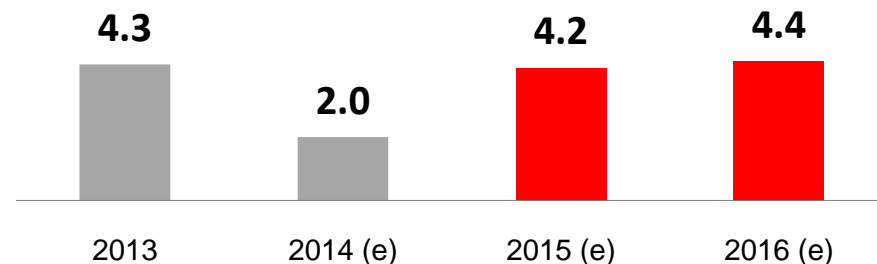
Higher GDP growth of Chile's main trade partners ...

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



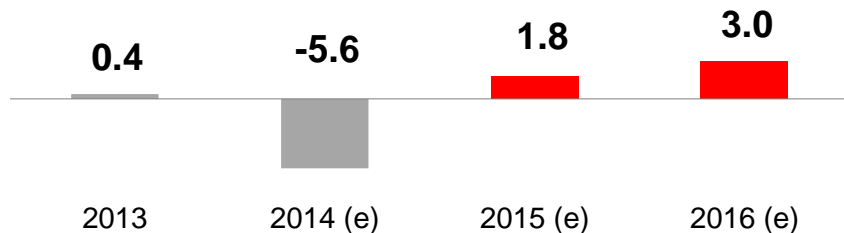
... and weaker Ch\$ should boost export growth

Exports YoY real growth, %



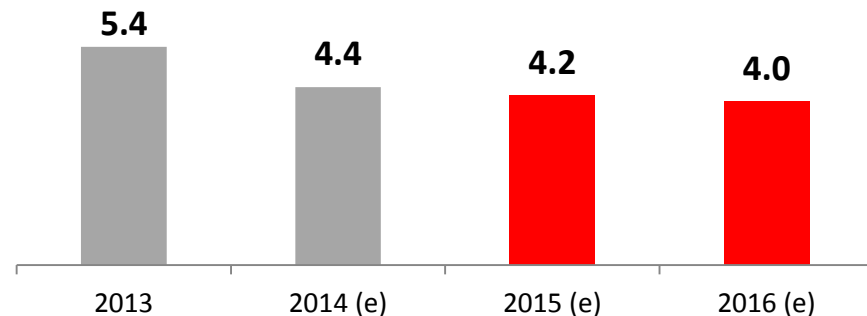
Investment expected to rebound, led by the energy and infrastructure sectors

Investment, YoY real growth, %



Consumption should remain strong

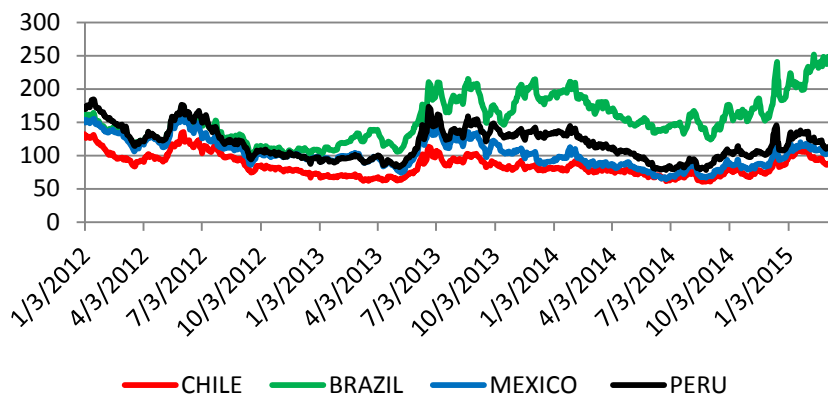
Consumption², YoY real growth, %



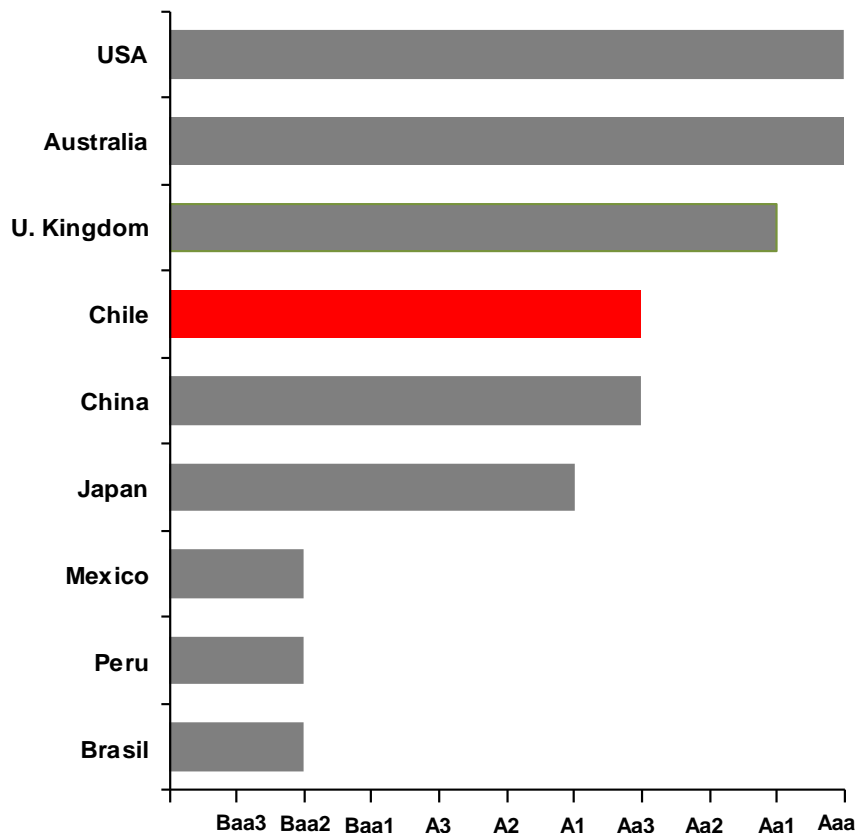
Source: Banco Central de Chile. (e): Estimates Santander Chile. 1. Trade-weighted GDP growth. 2. Includes private and government consumption

...in a relatively low-risk environment

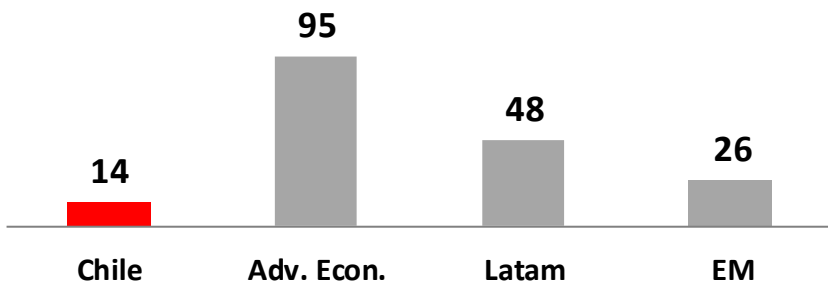
Low CDS spreads...(1)



... and high Sovereign rating(2)



Low gross public debt (% of GDP)³

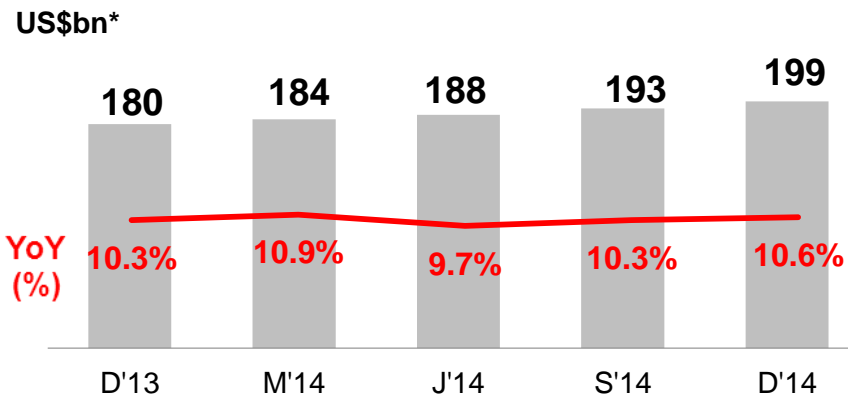


Including the sovereign wealth fund, Chile's net public debt is -4% of GDP

1. Source Bloomberg. 2. Source: Moody's, latest ratings. 3. Source: IMF, figures for 2014

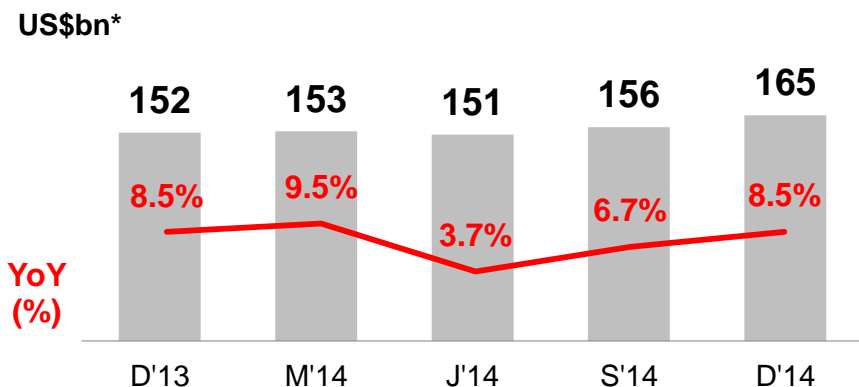
Financial system with relatively stable growth trends

Total Loans



- Loan growth less affected by lower investment as slowdown concentrated in reconstruction / large mining projects with little bank financing
- Relatively stable consumer and mortgage loan growth in 2014. Commercial lending slowing-down

Total Deposits*



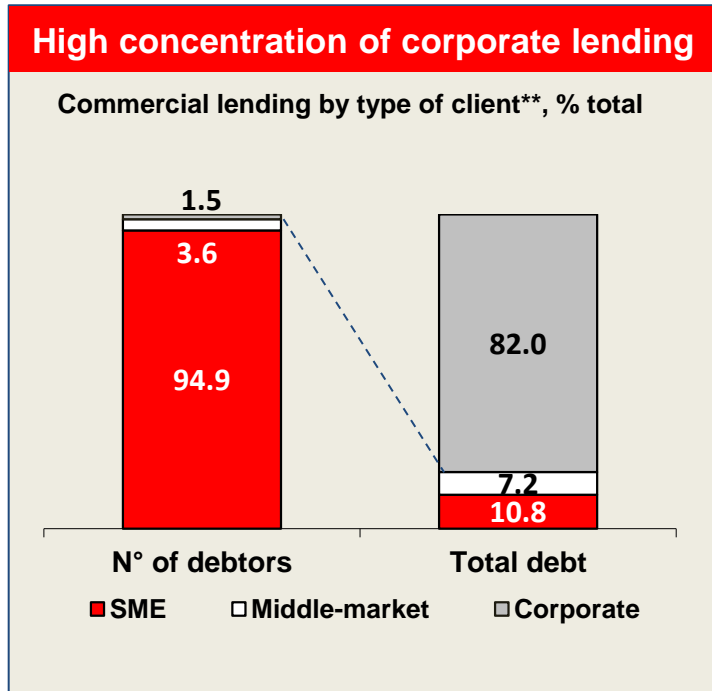
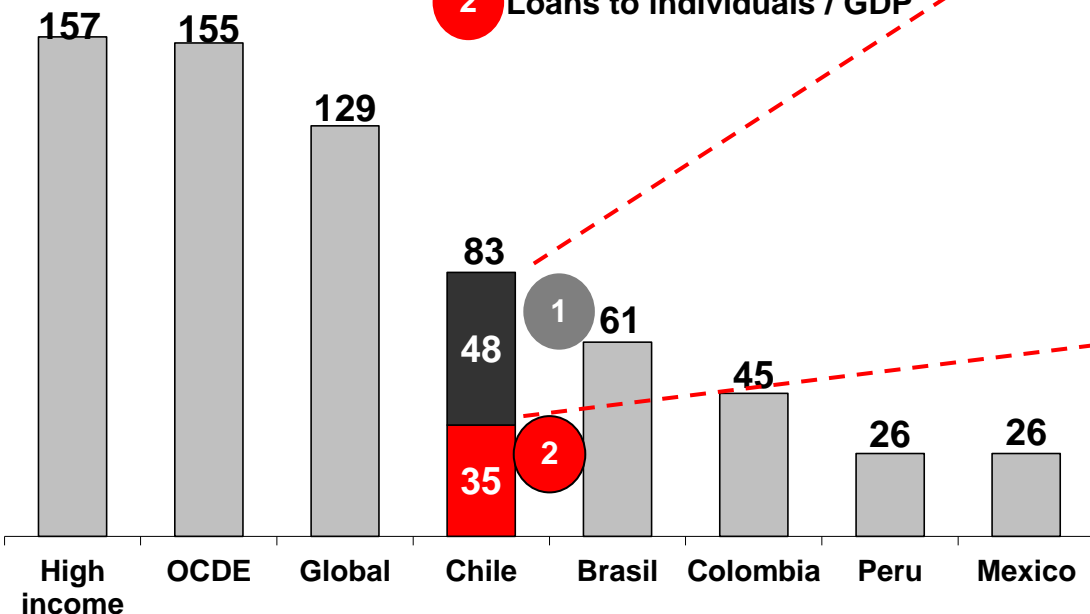
- Deposit growth remains healthy, especially checking account balances, which grew 13.9% YoY

* Demand and time deposits using a constant exchange rate as of Dec. 2014. Source: Superintendency of Banks of Chile. Excludes Corpbanca Colombia.

The market has good growth potential in **1** mid-sized companies

Loans / GDP as of Dec. 2014*, %

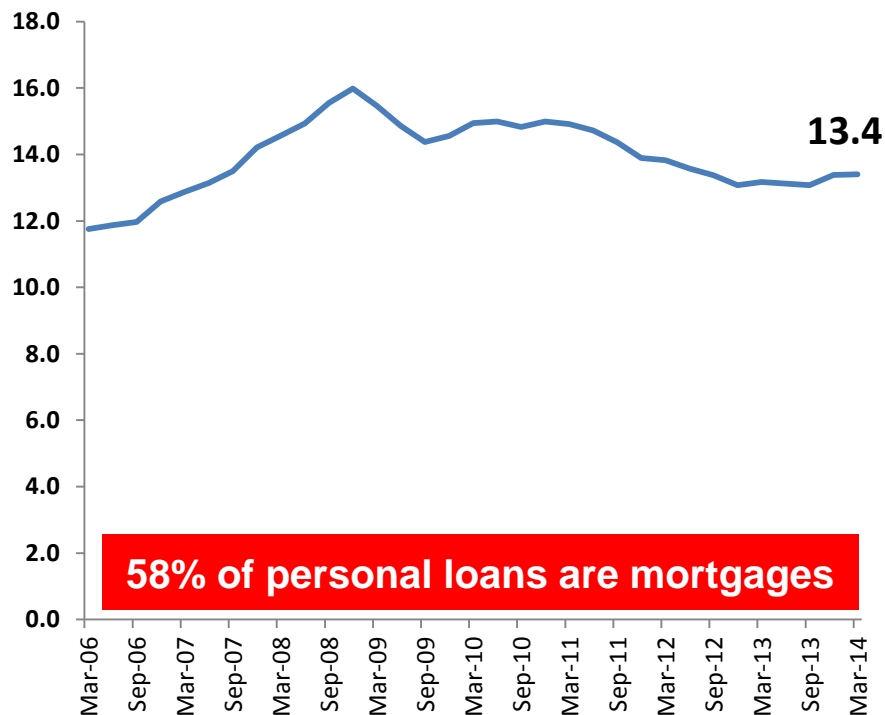
- 1** Commercial loans / GDP
- 2** Loans to individuals / GDP



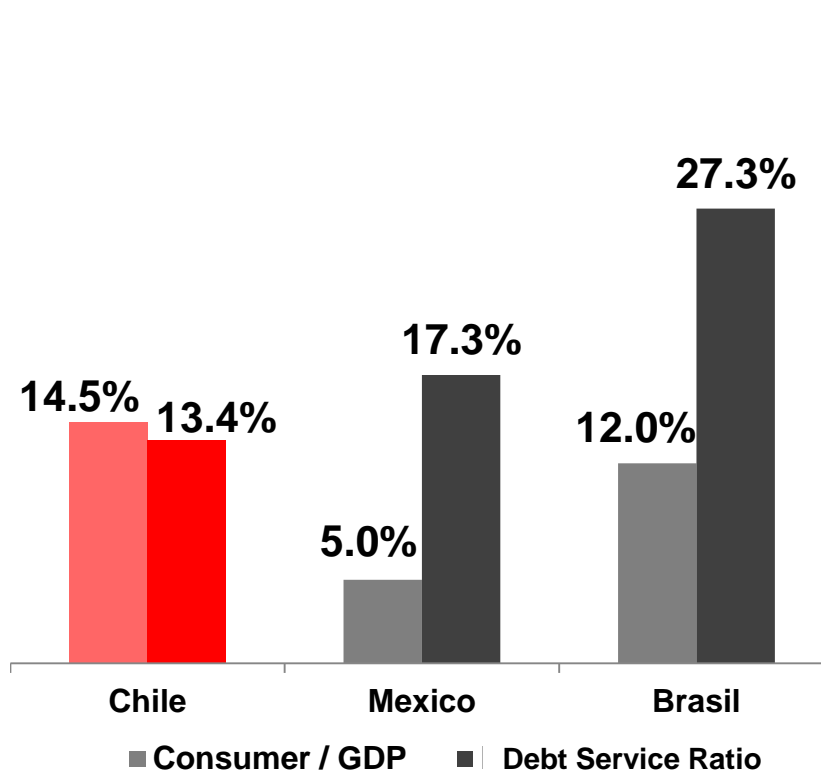
* Or latest available information. Source: World Bank, weighted by size of world economies. **Source Chile: Santander Chile based on information from Superintendencia of Banks, Central Bank and www.cajasdechile.cl

2 and individuals, especially mid-high income segments

Chile: lower Debt service ratio (DSR¹)



Consumer loan penetration² and DSR



1. Debt servicing ratio, DSR: Total debt payments including amortization and interest / Disposable income. 2. Consumer loans / GDP

Source: For Chile: Central Bank of Chile. For Brazil and Mexico: JP Morgan, Scotiabank and Felaban

Agenda

- **Despite recent deceleration, economy expected to rebound in 2015-16. Financial system with stable growth trends**
- **Santander Chile has adjusted its medium-term strategy to sustain profitable growth in a more challenging environment...**
- **... and is starting to benefit from stronger client activity and improved profitability trends**
- **... leading to a positive medium-term outlook**

Santander Chile is the nation's leading bank



Item	Amount	Mkt. share ¹	Rank
Loans	US\$ 37.6bn	19.0%	1
Loans to individuals	US\$ 19.5bn	22.1%	1
Consumer loans	US\$ 6.4bn	24.5%	1
Residential mortgage loans	US\$ 10.9bn	21.0%	1
Loans to companies	US\$ 20.3bn	16.9%	2
Deposits	US\$ 27.8bn	16.8%	2
Equity	UU\$ 4.3bn	18.4%	1
Net income	US\$ 905mn	23.5%	2
Clients	3.6mn		
Checking accounts		23.0%	1
Banking credit cards		27.4%	1
Branches	474	20.0%	1
ATMs	1,645	20.7%	1
Employees	11,478	16.9%	2

1. As of Dec. '14 or latest available figures. Excludes Corpbanca Colombia. Source: Superintendency of Banks of Chile and Santander Chile estimates

3 objectives for healthy growth / higher profitability

I. Growth focused on segments with highest net contribution...

II. ...improving relationships with clients and quality of service

III. ... and managing risks and capital conservatively

Transformation
Project

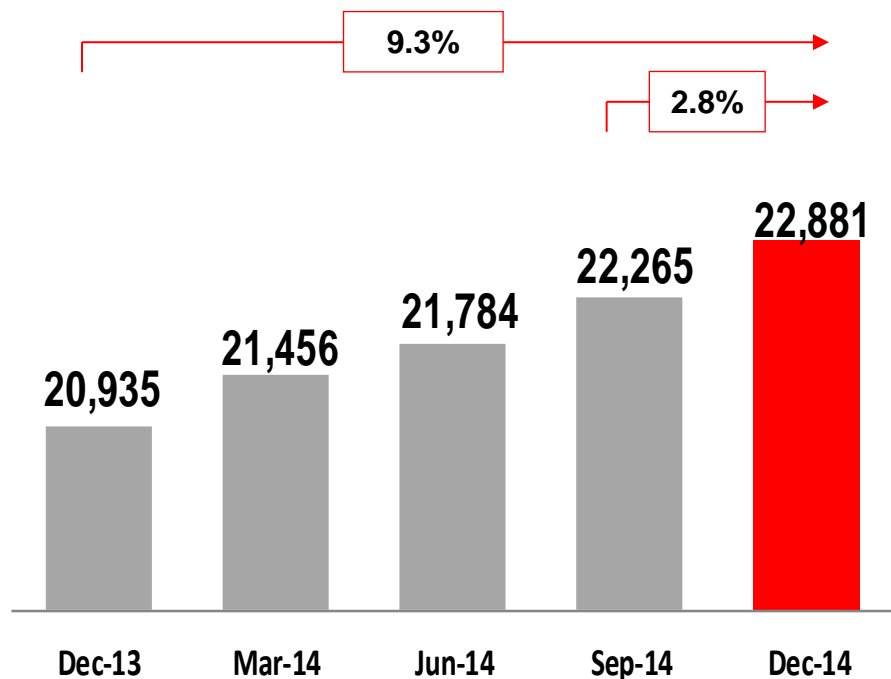
Optimizing the
risk return
relation



Positive loan growth in segments with higher risk-adjusted profitability

Total Loans

Ch\$bn



Ch\$bn

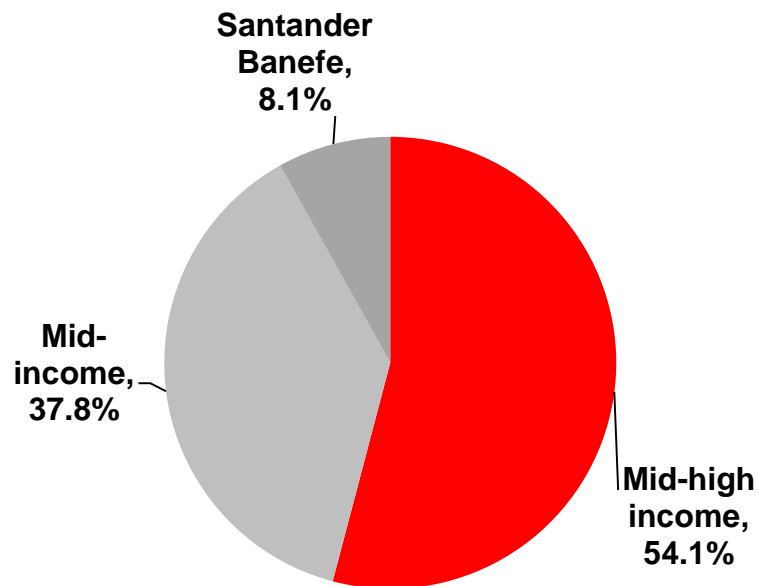
	Dec14	YoY (%)	QoQ (%)
Individuals¹	12,330	13.0%	4.4%
Mortgage	6,632	17.9%	5.3%
Consumer credit	3,918	8.6%	2.6%
SMEs	3,355	3.9%	1.2%
Middle Market	5,445	8.1%	1.1%
Corporates	2,202	-2.9%	-3.8%
Total²	22,881	9.3%	2.8%

Improved Individuals loan mix: High-income: +17.1% YoY / Low-income: +2.5% YoY

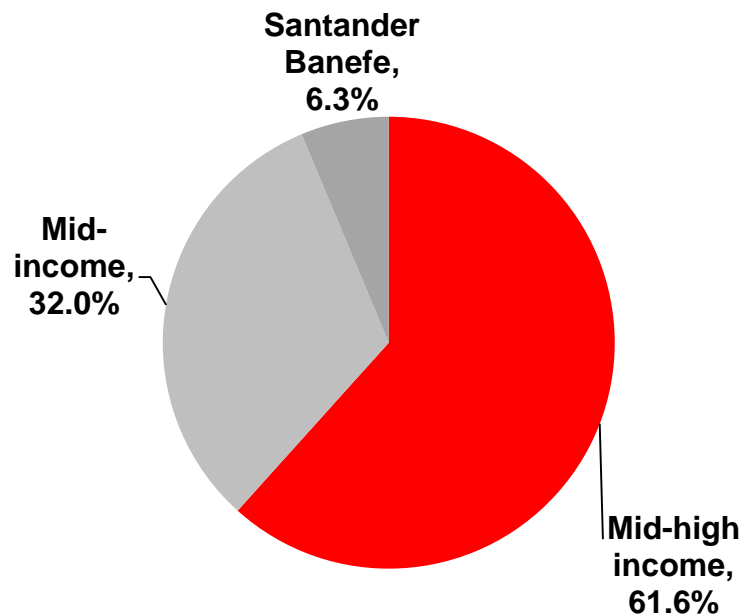
1. Includes consumer, mortgage and commercial loans granted to individuals. 2. Includes other non-segmented loans

Proactively changing the loan mix in the Individuals segment since 2012

Individuals: 2012 loan distribution



Individuals: 2014 loan distribution



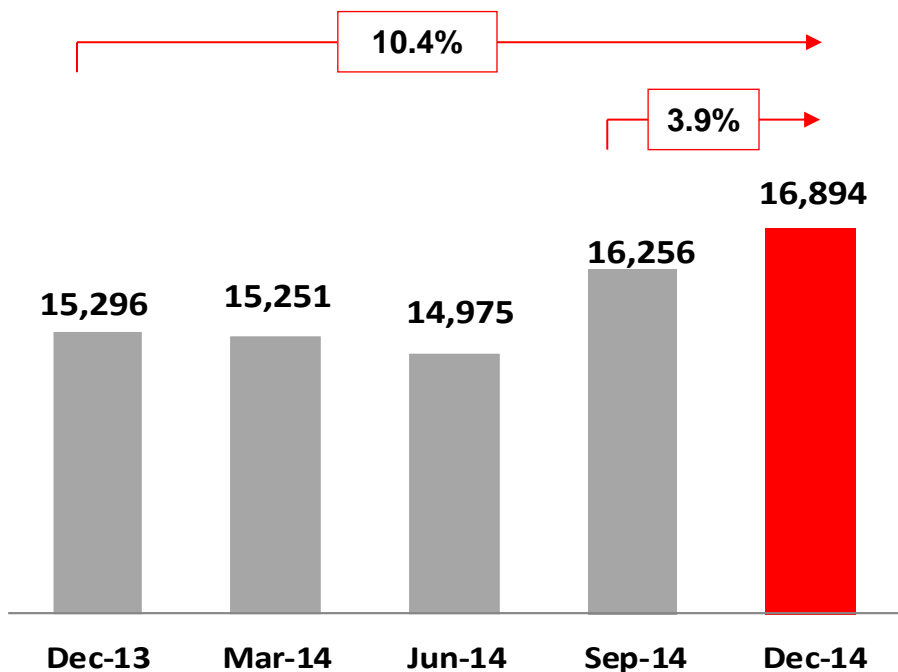
62% of loans to Individuals are now in the Mid-high income segment

* A unit of the Bank that provides loans to the lower income segments

Total deposits increased 10.4% YoY, led by demand deposits

Total Deposits

Ch\$bn

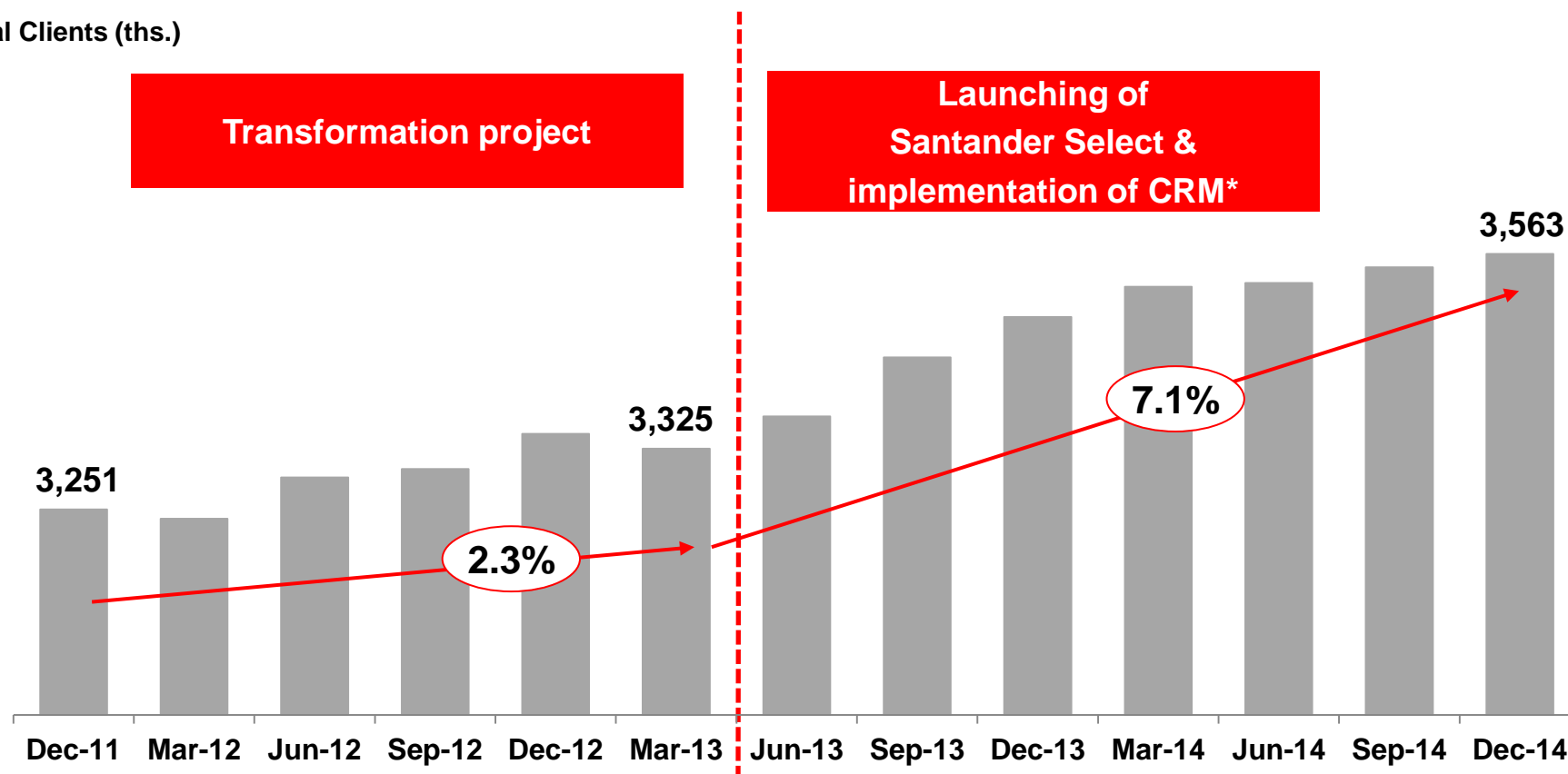


Ch\$bn

	12M'14	YoY	QoQ
Demand	6.480	15.3%	13.2%
Time	10.414	7.6%	(1.1%)
Total deposits	16.894	10.4%	3.9%

Seven consecutive quarters of positive net client growth

Total Clients (ths.)

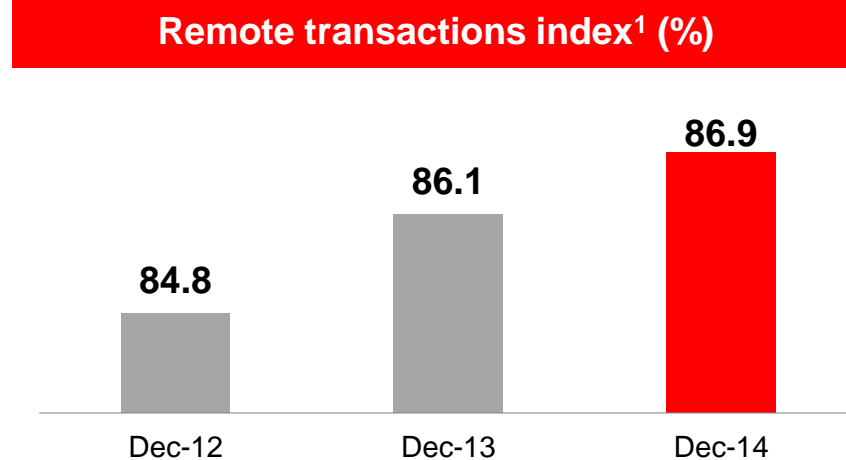


Santander Select clients increased 17% YoY as of Dec. 2014

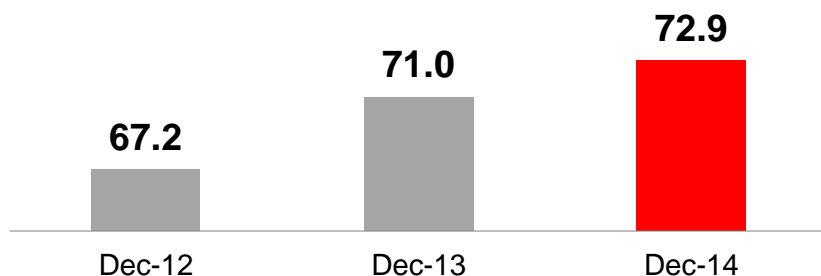
* Covers Individuals, ex-Santander Banefe

Better service for clients, with increased productivity

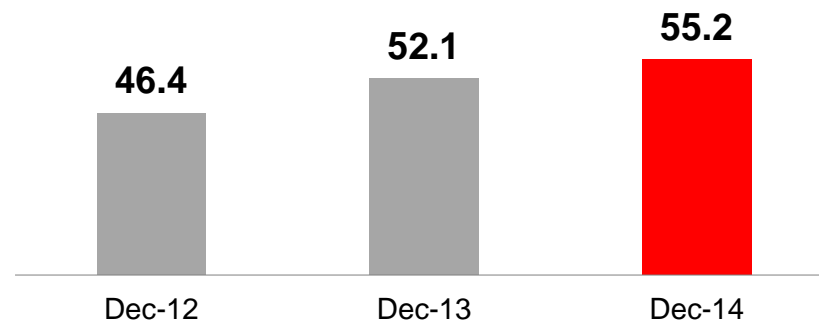
Network	2012	2014	%
▪ Branches	498	474	-4.8%
--Traditional	268	273	1.9%
--Middle Market	0	5	--%
--Select	44	51	15.9%
--Banefe	93	67	-28.0%
-- Others	93	78	-16.1%
ATMs	2,006	1,645	-18.0%
▪ Employees	11,713	11,478	-2.0%



Electronic payments² (%)



Deposits taken electronically³ (%)

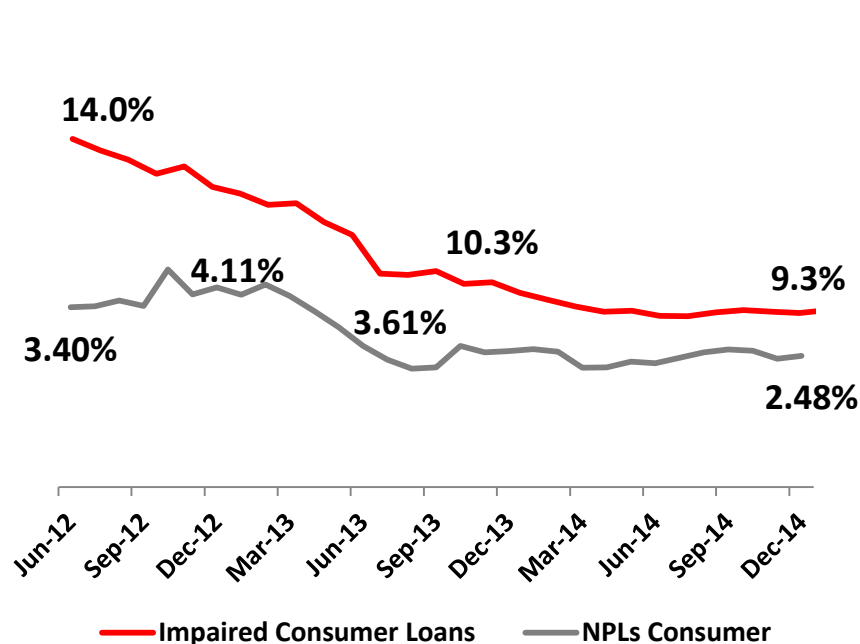


1. Total transactions performed via Internet, ATM, Phone banking, POS and automatic bill payment over total transactions. 2. Payments and withdrawals via Internet & ATMs vs total payments and withdrawals. 3. Deposits taken electronically over total deposits

Steady improvement in consumer asset quality indicators

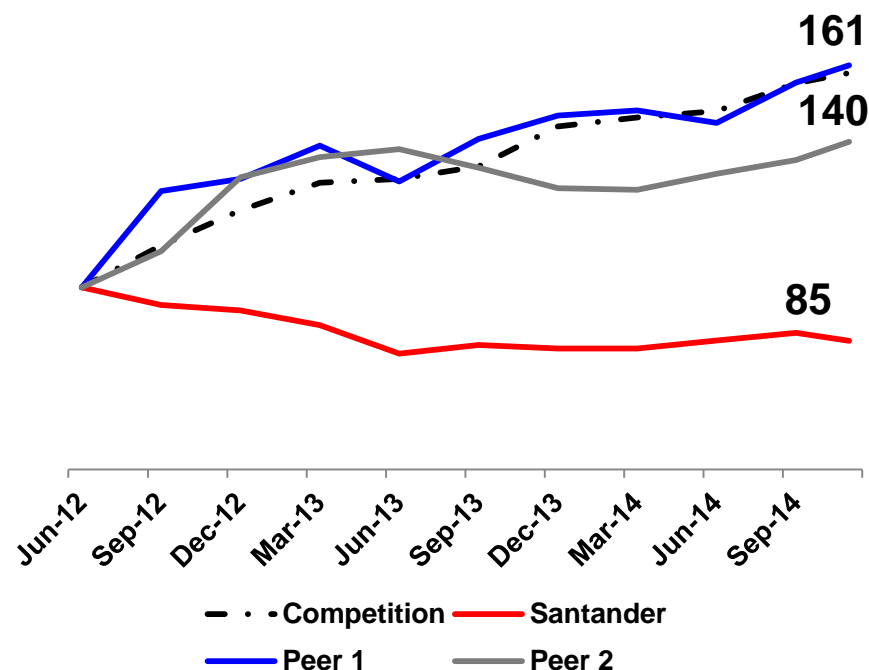
Santander: Impaired¹ & NP consumer loans

% of consumer loans



Evolution of Impaired consumer loans²

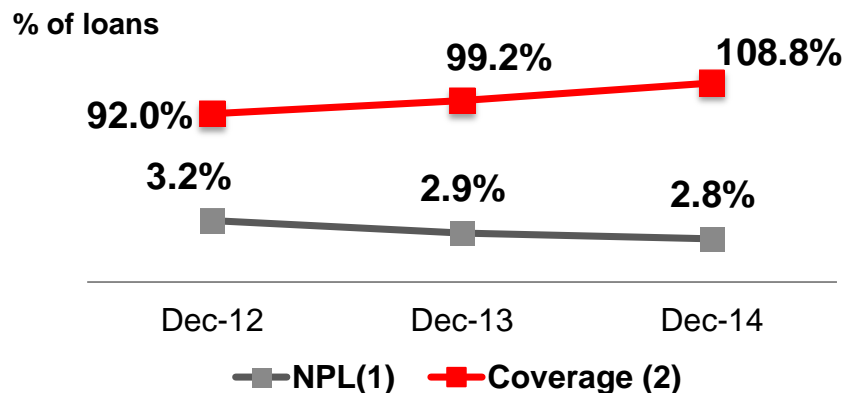
Base 100 = 06/2012



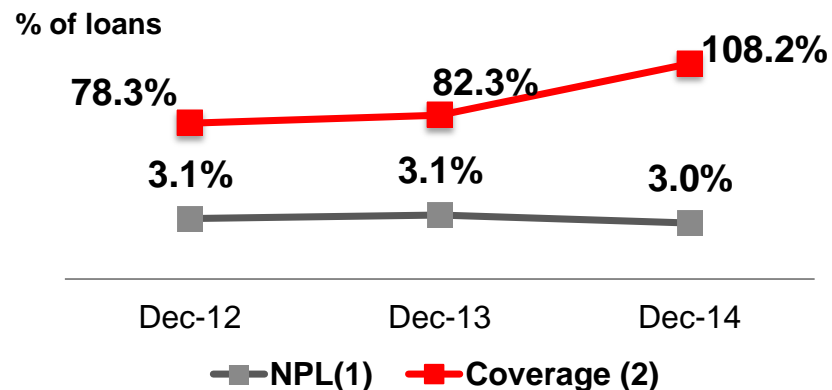
1. Impaired include Non-performing (NP) and renegotiated consumer loans. 2. Source: Superintendency of Banks of Chile as of Nov. 2014, the latest date available. Competition is all banks excluding Santander Chile

Sound asset quality and increased coverage of non-performing loans

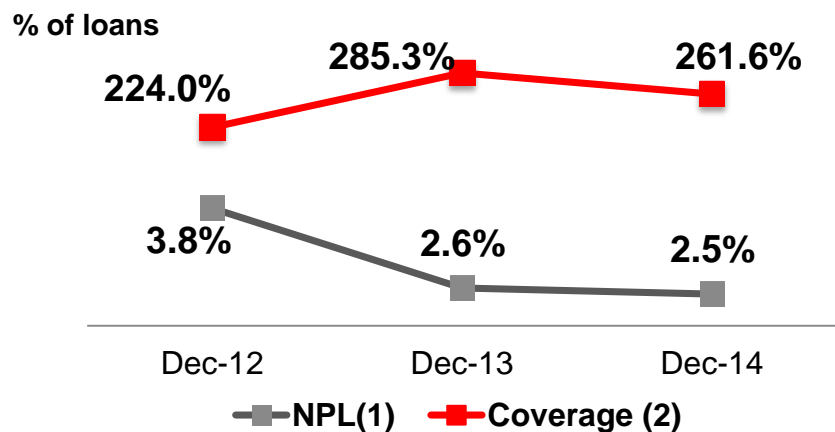
Total loans



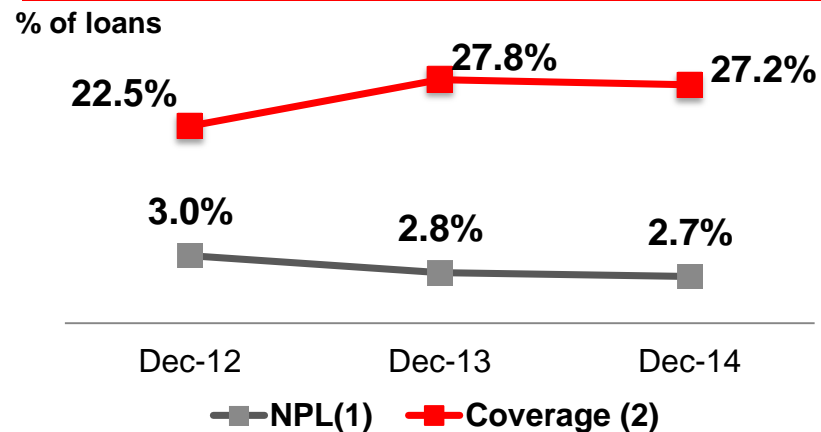
Commercial loans



Consumer loans



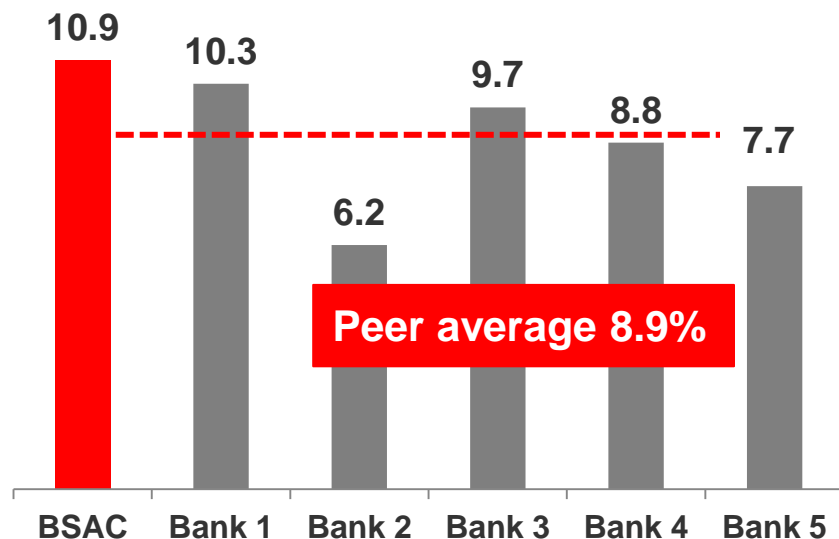
Mortgage loans



1. 90 days or more NPLs. 2. Loan loss reserves over NPLs

Solid capital base to grow

Core capital¹



- No issuance of new shares in 12 years
- Attractive dividend yield
- Well prepared for the transition to BIS III
- One of the highest credit risk ratings among global banks
- One of the highest gaps between ROE and cost of equity in the banking world

1. According to SBIF BIS I definitions. Figures are as of November 2014, the latest date available, except for Santander which is as of December 2014

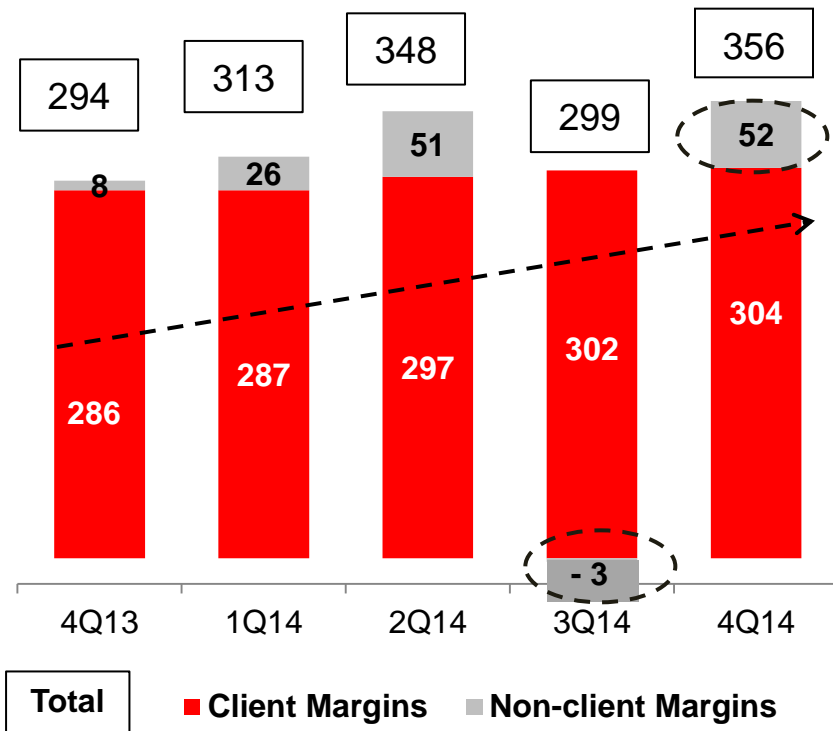
Agenda

- **Despite recent deceleration, economy expected to rebound in 2015-16. Financial system with stable growth trends**
- **Santander Chile has adjusted its medium-term strategy to sustain profitable growth in a more challenging environment...**
- **... and is starting to benefit from stronger client activity and improved profitability trends**
- **... leading to a positive medium-term outlook**

Loan growth, an improved funding mix and higher inflation drive NII

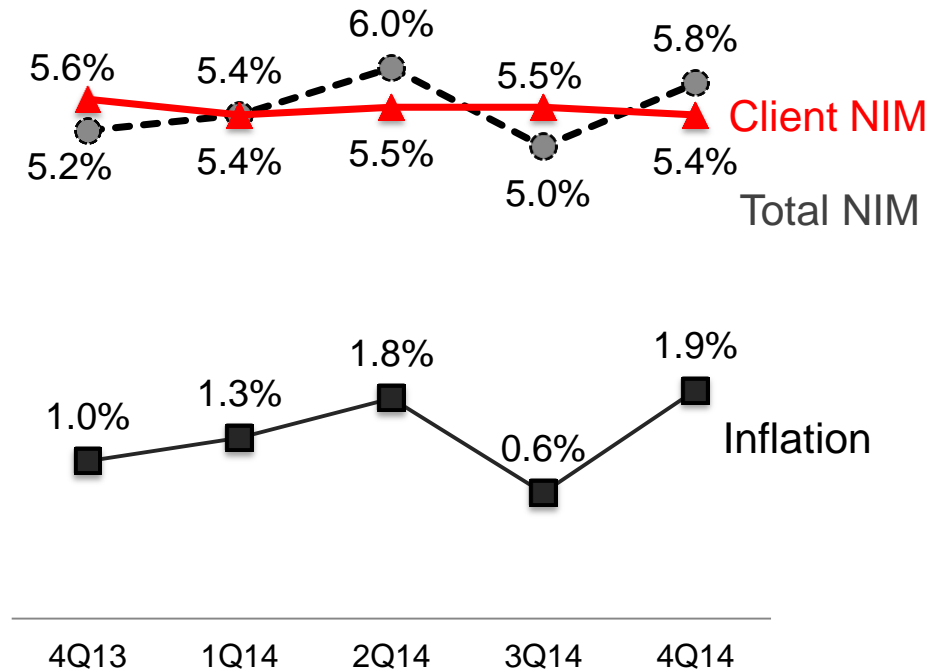
Client and total net interest income¹

Ch\$bn



NIM, client NIM and inflation

Net Interest Margin (NIM), %

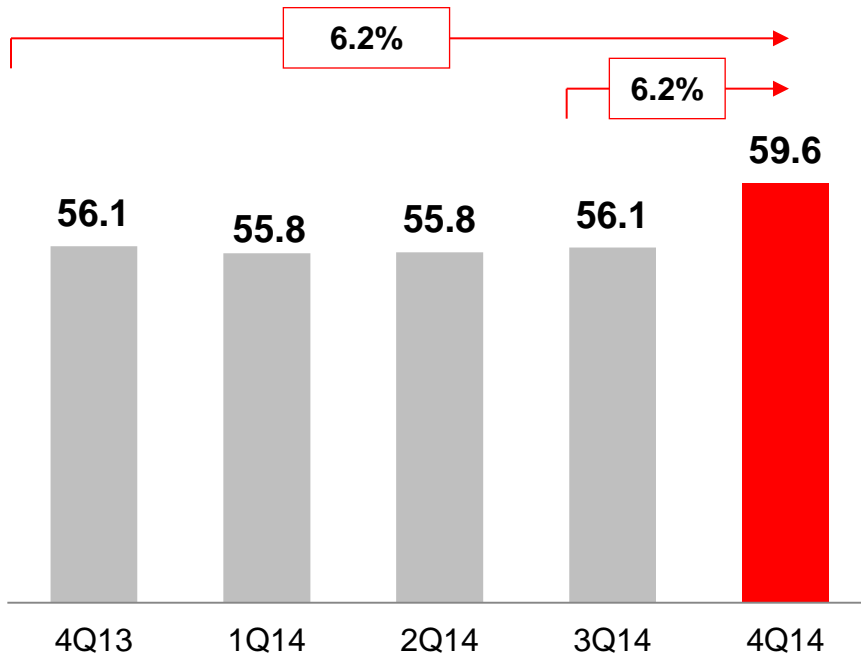


1. Client net interest income (NII) is mainly NII from the from all client activities such as loans and deposits minus the internal transfer rate. Non-client NII is NII mainly from the Bank's ALCO positions and includes the effects of inflation on the Bank's NII

Fee income rebounding

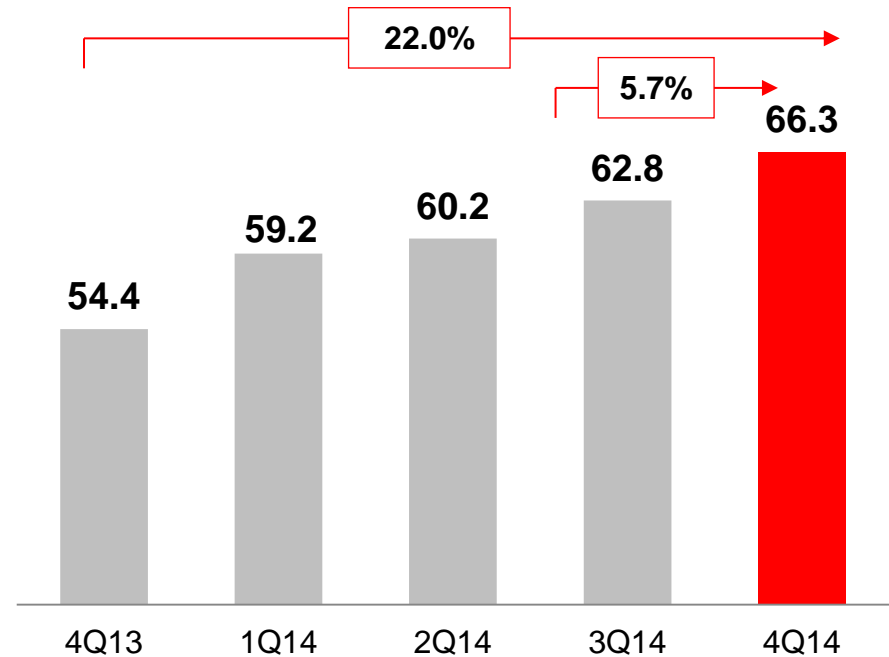
Total net fee income

Ch\$bn



Net fee income from business segments¹

Ch\$bn

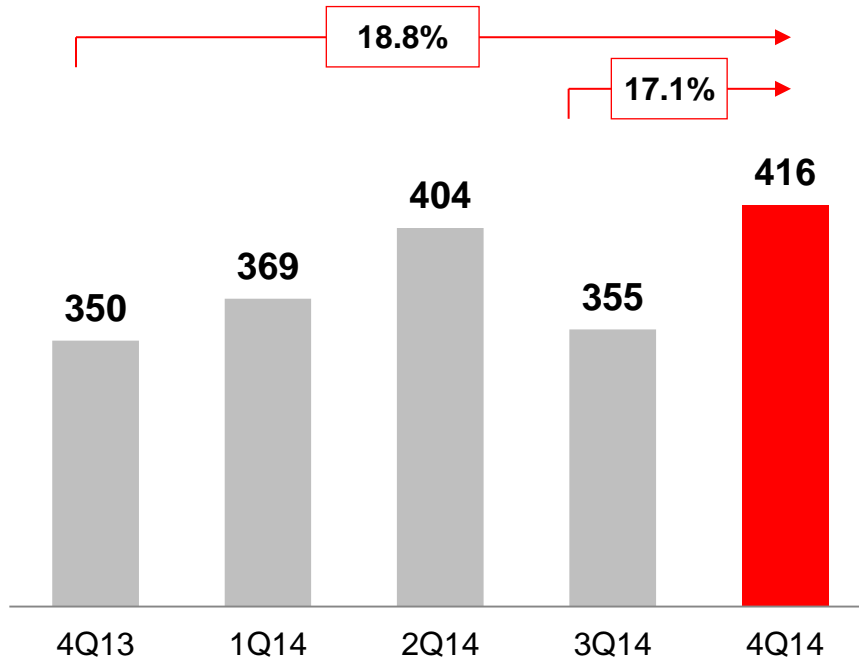


1. Fee income from all business segments. Excludes the Corporate Center, Financial Management and the negative effects of change of regulations of mortgage related insurance in 2014

Core revenues from business segments growing at a steady pace

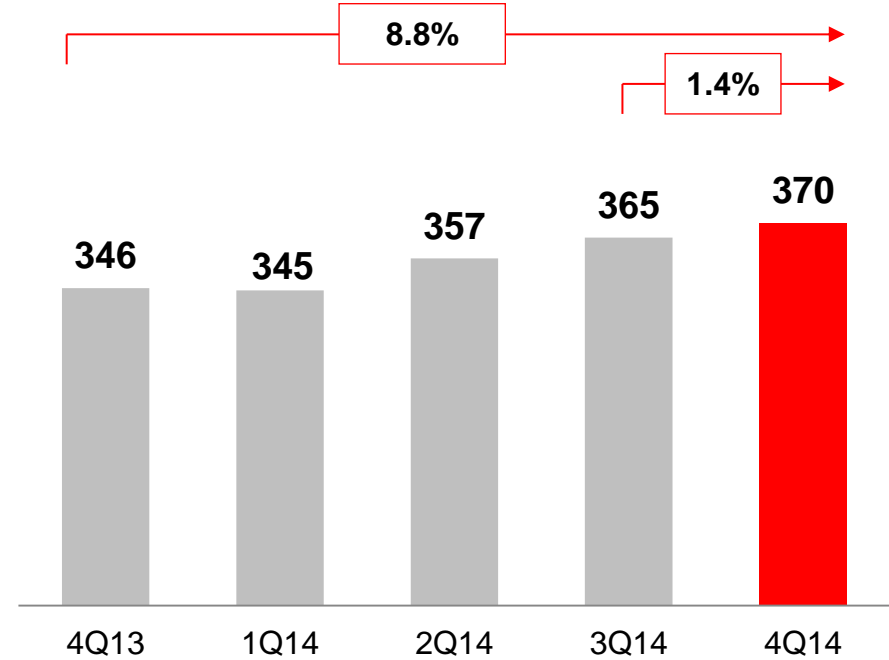
Total core revenues¹

Ch\$bn



Core revenues from business segments²

Ch\$bn

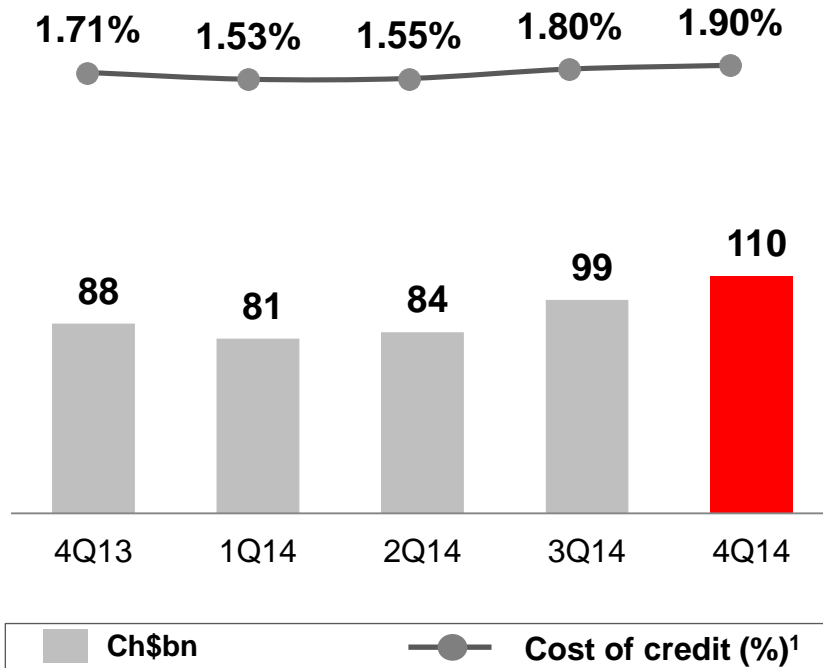


1. Core revenues: NII + fee income. 2. Core revenues from business segments: Client NII + fee income from business segments

Asset quality stable at 2.8%. Coverage ratio increases to 109%

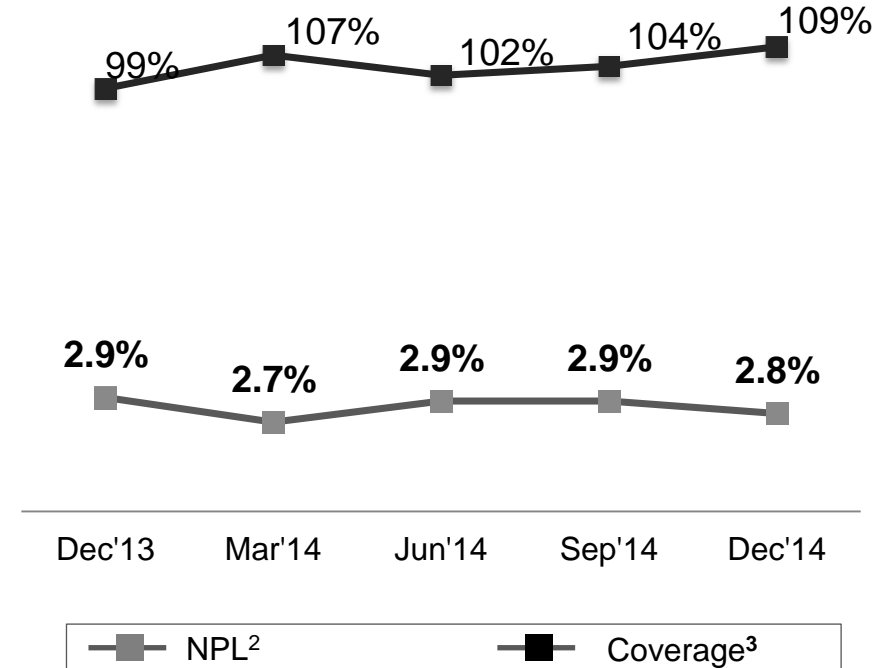
Provision expense & cost of credit

Ch\$bn



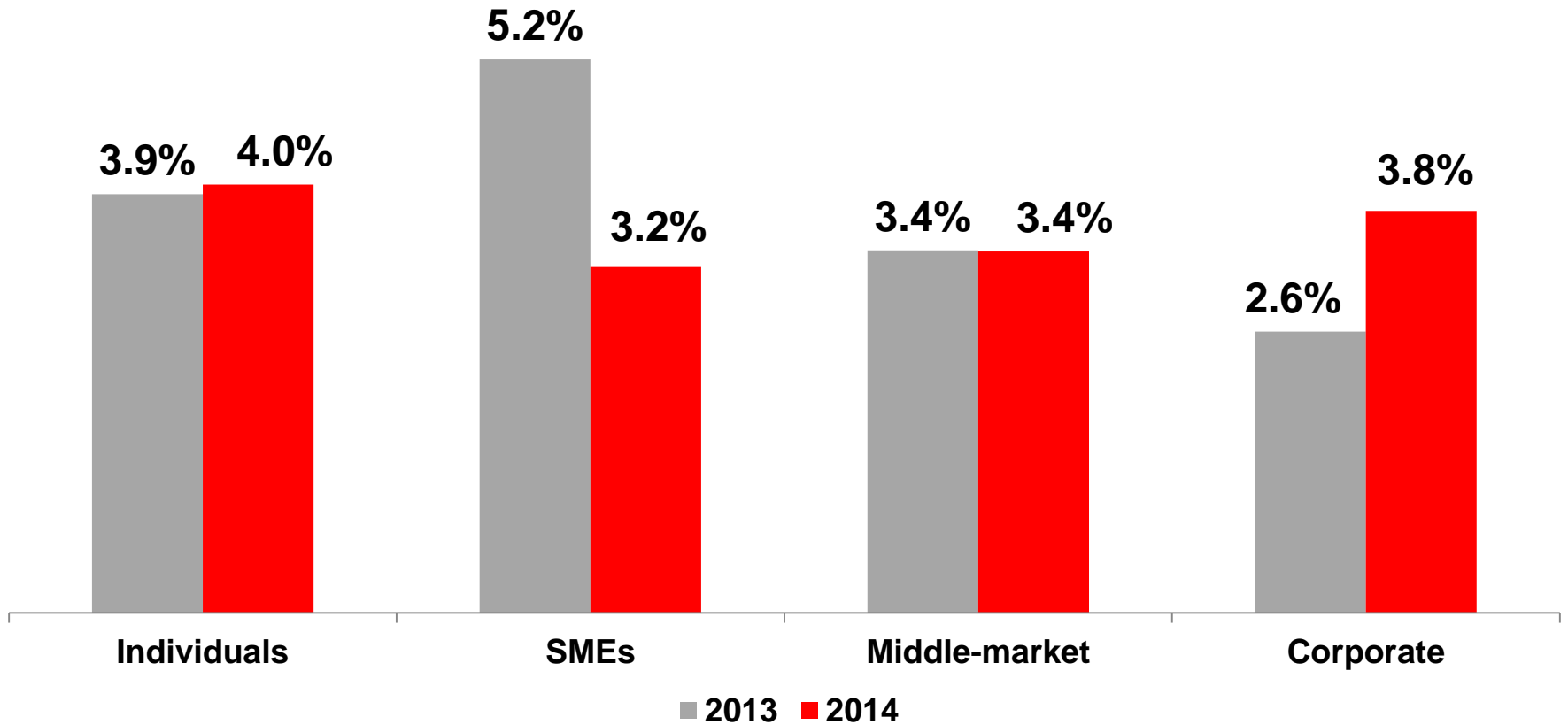
NPL and coverage ratio

% of loans



1. Annualized quarterly provision expense / total loans. 2. 90 days or more NPLs. 3. Loan loss reserves over NPLs

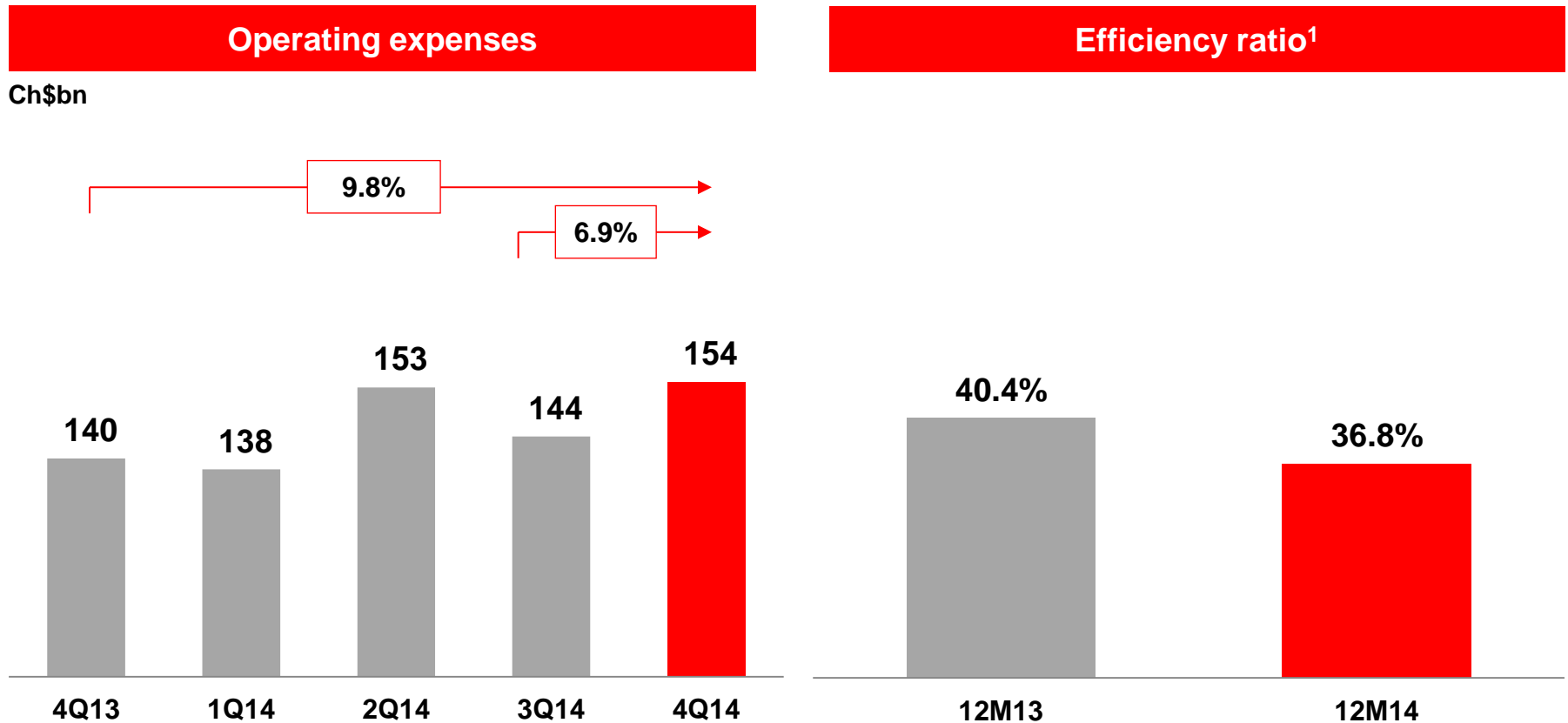
Client NIMs, net of provisions, rising in most segments



SMEs net NIMs affected by the recalibration of the SME credit risk model in 2014

1. Client NIM: Client NII / average loans. Excludes the impact of inflation on NIMs

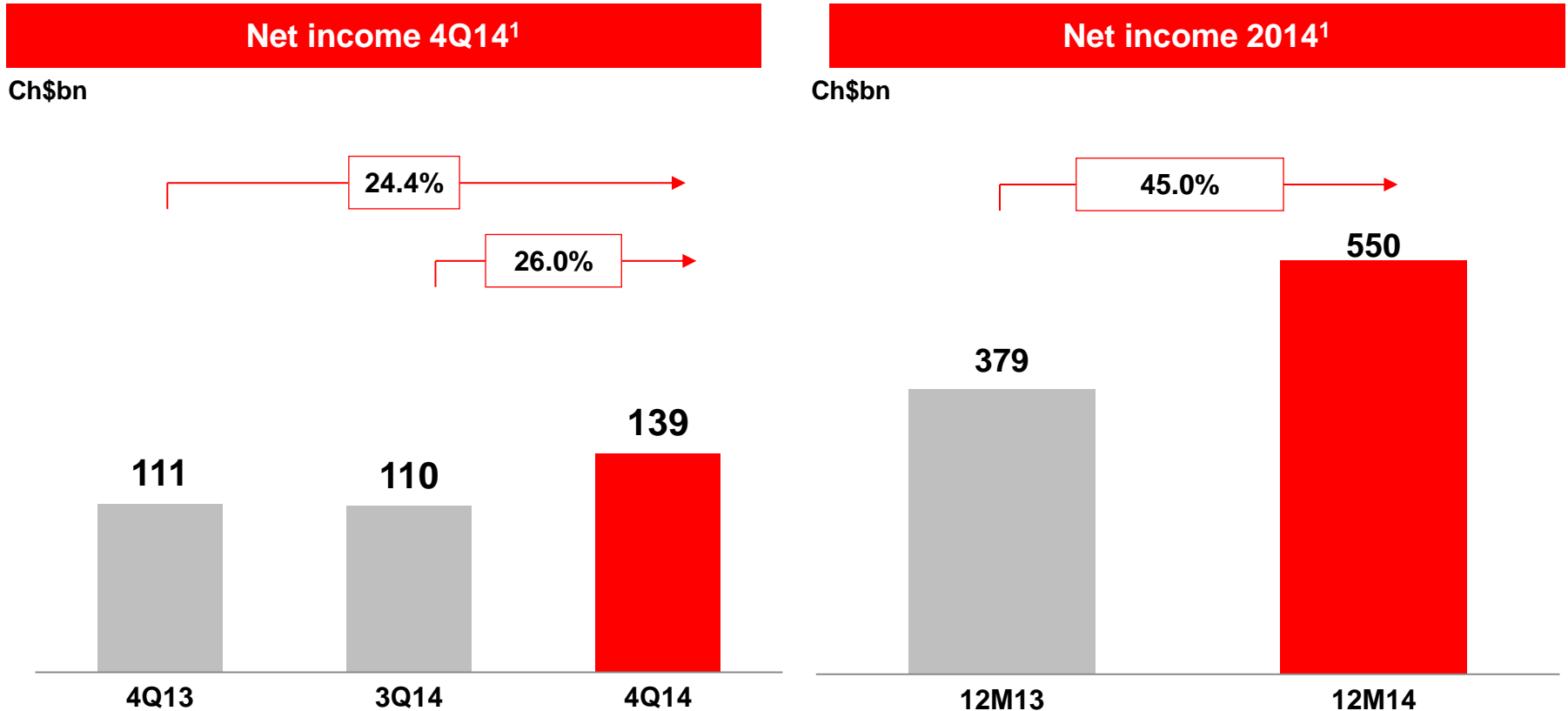
Efficiency ratio reaches 36.8% in 2014



Transformation Project steadily enhancing productivity

1. Efficiency ratio: oper. expenses excluding impairment / Net interest income + Fee income + Financial transactions, net and Other operating income, net

Net income attributable to shareholders up 45% in 2014

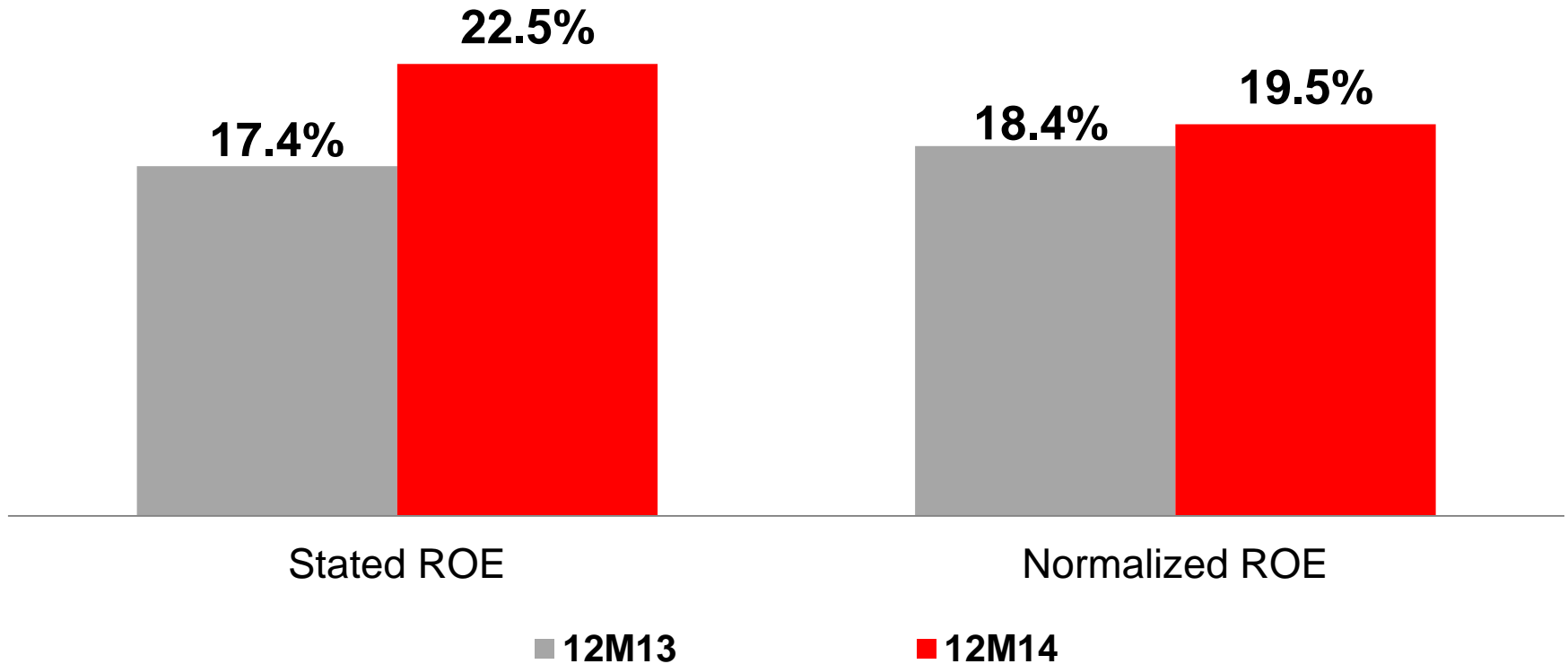


2014 effective tax rate was abnormally low due to the implementation of new tax bill

1. 2013 figures excludes the one-time gain from the sale of our Asset Management business sold in 4Q13. If included, Net income would be up 24.5% 2014/2013 and down 20.3% 4Q14/4Q13

At current trends, normalized ROE with a 3% annual inflation: ~18-19%¹

ROE, %



1. ROE assuming a normalized yearly inflation of 3%. 8 quarters moving average. 2013 ROE excludes the one-time gain from the sale of Santander Asset Management in 4Q13.

Agenda

- **Despite recent deceleration, economy expected to rebound in 2015-16. Financial system with stable growth trends**
 - **Santander Chile has adjusted its medium-term strategy to sustain profitable growth in a more challenging environment...**
 - **... and is starting to benefit from stronger client activity and improved profitability trends**
- **... leading to a positive medium-term outlook**

Outlook

- **Chile: Economy expected to rebound in 2015 and 2016, led by export growth, investment and total consumption**
- **Financial system with relatively stable growth trends**
- **Santander Chile: solid results in 2014 with positive client and profitability trends**
- **Transformation Project continues to boost core commercial trends**
 - **Loan growth up 9.3% YoY, especially in segments with higher risk-adjusted profitability**
 - **Improving funding mix: 10.4% YoY growth of deposits, specially Core deposits**
 - **Client base continues to expand, especially in higher income segments**
 - **Core capital ratio at 10.9%, the highest among our main peers**
 - **Core revenues from business segments up 8.8% YoY, led by steady Client NIMs and rebounding fee income**
 - **NPLs stable at 2.8%. Change in loan mix of last two years is paying-off**
- **In 2015, we expect these sound core commercial trends to continue albeit with a lower UF inflation / higher tax rate which should reduce stated ROEs**



Positive medium-term outlook for Santander Chile

Annexes

- Balance Sheet
- Income Statement
- Quarterly Income Statement

Balance Sheet: Assets

Unaudited Balance Sheet	Dec-14	Dec-14	Dec-13	Dec 14 / Dec. 13
Assets	US\$ths	Ch\$ million		% Chg.
Cash and deposits in banks	2,644,762	1,608,888	1,571,810	2.4%
Cash items in process of collection	873,495	531,373	604,077	(12.0%)
Trading investments	1,273,675	774,815	287,567	169.4%
Investments under resale agreements	-	-	17,469	--%
Financial derivative contracts	4,483,690	2,727,563	1,494,018	82.6%
Interbank loans, net	19,591	11,918	125,395	(90.5%)
Loans and account receivables from customers, net	36,460,372	22,179,938	20,327,021	9.1%
Available for sale investments	2,714,970	1,651,598	1,700,993	(2.9%)
Held-to-maturity investments	-	-	-	--%
Investments in associates and other companies	29,448	17,914	9,681	85.0%
Intangible assets	67,370	40,983	66,703	(38.6%)
Property, plant and equipment	347,773	211,561	180,215	17.4%
Current taxes	3,684	2,241	1,643	36.4%
Deferred taxes	463,911	282,211	230,215	22.6%
Other assets	810,700	493,173	400,025	23.3%
Total Assets	50,193,441	30,534,176	27,016,832	13.0%

Balance Sheet: Liabilities

Liabilities	Dec-14 US\$ths	Dec-14 Ch\$ million	Dec-13	Dec 14 / Dec. 13 % Chg.
Deposits and other demand liabilities	10,652,930	6,480,497	5,620,763	15.3%
Cash items in process of being cleared	462,346	281,259	276,379	1.8%
Obligations under repurchase agreements	644,594	392,126	208,972	87.6%
Time deposits and other time liabilities	17,118,899	10,413,940	9,675,272	7.6%
Financial derivatives contracts	4,210,517	2,561,384	1,300,109	97.0%
Interbank borrowings	2,024,561	1,231,601	1,682,377	(26.8%)
Issued debt instruments	9,509,825	5,785,112	5,198,658	11.3%
Other financial liabilities	337,194	205,125	189,781	8.1%
Current taxes	1,770	1,077	50,242	(97.9%)
Deferred taxes	12,544	7,631	25,088	(69.6%)
Provisions	510,565	310,592	236,232	31.5%
Other liabilities	363,048	220,853	198,777	11.1%
Total Liabilities	45,848,794	27,891,197	24,662,650	13.1%
Equity				
Capital	1,465,164	891,303	891,303	0.0%
Reserves	2,149,756	1,307,761	1,130,991	15.6%
Valuation adjustments	42,082	25,600	(5,964)	(529.2%)
Retained Earnings:	633,262	385,232	309,348	24.5%
Retained earnings from prior years	-	-	-	--%
Income from the period	904,659	550,331	441,926	24.5%
Minus: Provision for mandatory dividends	(271,397)	(165,099)	(132,578)	24.5%
Total Shareholders' Equity	4,290,264	2,609,896	2,325,678	12.2%
Non-controlling interest	54,383	33,083	28,504	16.1%
Total Equity	4,344,647	2,642,979	2,354,182	12.3%
Total Liabilities and Equity	50,193,441	30,534,176	27,016,832	13.0%

Income Statement

YTD Income Statement Unaudited	Dec-14 US\$ths.	Dec-14 Ch\$ million	Dec-13	Sept. 14 / Sept. 13 % Chg.
Interest income	3,660,872	2,227,018	1,871,204	19.0%
Interest expense	(1,495,757)	(909,914)	(794,442)	14.5%
Net interest income	2,165,114	1,317,104	1,076,762	22.3%
Fee and commission income	602,845	366,729	346,120	6.0%
Fee and commission expense	(229,228)	(139,446)	(116,284)	19.9%
Net fee and commission income	373,618	227,283	229,836	(1.1%)
Net profit (loss) from financial operations	(248,752)	(151,323)	(28,613)	428.9%
Net foreign exchange gain	447,474	272,212	144,726	88.1%
Total financial transactions, net	198,723	120,889	116,113	4.1%
Other operating income	24,385	14,834	20,508	(27.7%)
Net operating profit before provisions for loan losses	2,761,840	1,680,110	1,443,219	16.4%
Provision for loan losses	(615,506)	(374,431)	(364,031)	2.9%
Net operating profit	2,146,333	1,305,679	1,079,188	21.0%
Personnel salaries and expenses	(557,079)	(338,888)	(308,344)	9.9%
Administrative expenses	(337,233)	(205,149)	(188,191)	9.0%
Depreciation and amortization	(72,612)	(44,172)	(61,074)	(27.7%)
Operating expenses excluding Impairment and Other operating expenses	(966,924)	(588,209)	(557,609)	5.5%
Impairment of property, plant and equipment	(60,270)	(36,664)	(244)	14926.2%
Other operating expenses	(133,329)	(81,108)	(62,351)	30.1%
Total operating expenses	(1,160,523)	(705,981)	(620,204)	13.8%
Operating income	985,810	599,698	458,984	30.7%
Income from investments in associates and other companies	3,559	2,165	79,544	(97.3%)
Income before taxes	989,369	601,863	538,528	11.8%
Income tax expense	(74,880)	(45,552)	(94,467)	(51.8%)
Net income from ordinary activities	914,489	556,311	444,061	25.3%
Net income discontinued operations	-	-	-	--%
Net income attributable to:				
Non-controlling interest	9,830	5,980	2,135	180.1%
Net income attributable to shareholders	904,659	550,331	441,926	24.5%

Income Statement

Unaudited Quarterly Income Statement

	4Q14	4Q14	3Q14	4Q13	4Q14 / 4Q13	4Q14 / 3Q14
	US\$ths.		Ch\$mn			% Chg.
Interest income	1,015,245	617,604	477,317	515,130	19.9%	29.4%
Interest expense	(429,280)	(261,144)	(178,205)	(221,121)	18.1%	46.5%
Net interest income	585,965	356,460	299,112	294,009	21.2%	19.2%
Fee and commission income	159,963	97,310	89,982	87,979	10.6%	8.1%
Fee and commission expense	(61,925)	(37,671)	(33,917)	(31,839)	18.3%	11.1%
Net fee and commission income	98,037	59,639	56,065	56,140	6.2%	6.4%
Net profit (loss) from financial operations	(167,631)	(101,975)	24,693	(82,592)	23.5%	-%
Net foreign exchange gain	217,007	132,012	3,125	115,575	14.2%	4124.4%
Total financial transactions, net	49,376	30,037	27,818	32,983	(8.9%)	8.0%
Other operating income	3,470	2,111	3,728	4,639	(54.5%)	(43.4%)
Net operating profit before provisions for loan losses	736,848	448,247	386,723	387,771	15.6%	15.9%
Provision for loan losses	(180,488)	(109,796)	(99,365)	(88,039)	24.7%	10.5%
Net operating profit	556,361	338,451	287,358	299,732	12.9%	17.8%
Personnel salaries and expenses	(149,375)	(90,869)	(86,503)	(78,433)	15.9%	5.0%
Administrative expenses	(85,283)	(51,880)	(52,360)	(47,024)	10.3%	(0.9%)
Depreciation and amortization	(17,837)	(10,851)	(4,736)	(14,448)	(24.9%)	129.1%
Operating expenses excluding Impairment and Other operating expenses	(252,495)	(153,600)	(143,599)	(139,905)	9.8%	7.0%
Impairment of property, plant and equipment	(87)	(53)	(36,582)	(31)	71.0%	(99.9%)
Other operating expenses	(52,603)	(32,000)	(12,162)	(21,216)	50.8%	163.1%
Total operating expenses	(305,185)	(185,653)	(192,343)	(161,152)	15.2%	(3.5%)
Operating income	251,176	152,798	95,015	138,580	10.3%	60.8%
Income from investments in associates and other companies	1,358	826	500	78,050	(98.9%)	65.2%
Income before taxes	252,534	153,624	95,515	216,630	(29.1%)	60.8%
Income tax expense	(21,801)	(13,262)	18,941	(41,520)	--%	--%
Net income from ordinary activities	230,733	140,362	114,456	175,110	(19.8%)	22.6%
Net income discontinued operations	-	-	-	-		
Net income attributable to:		0	0	0		
Non-controlling interest	2,665	1,621	4,325	1,128	43.7%	--%
Net income attributable to shareholders	228,069	138,741	110,131	173,982	-20.3%	26.0%



Chile