

Banco Santander Chile

Results 1Q16

Santiago May 2nd, 2016

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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.

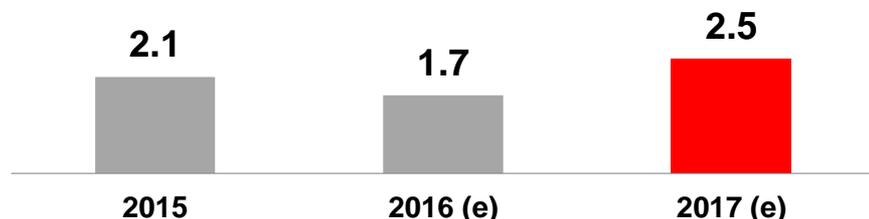
Agenda

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

Lower growth foreseen for 2016, with a recovery in 2017

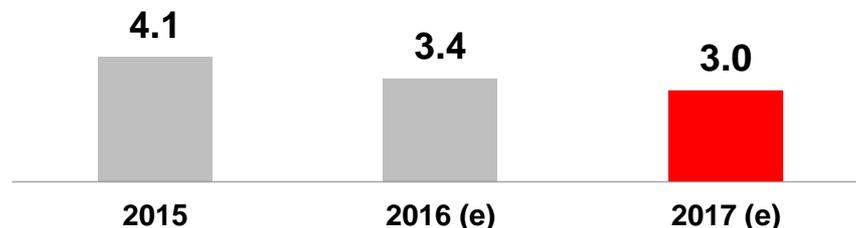
GDP

YoY real growth, %



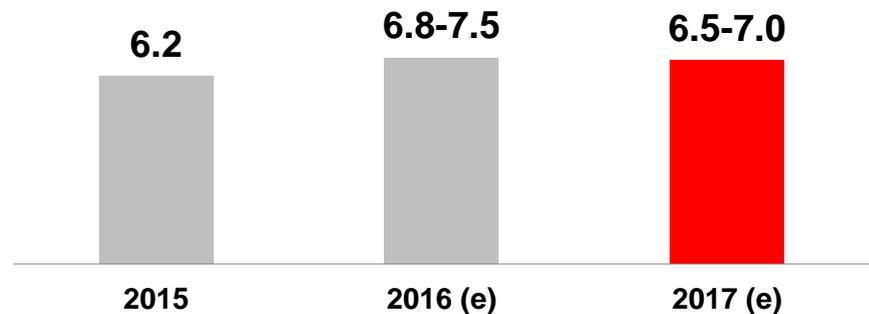
Inflation

Annual change in UF inflation, %



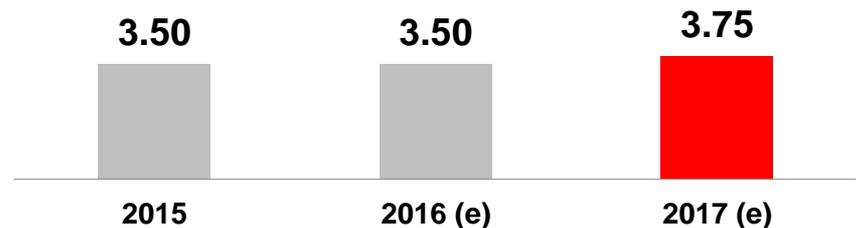
Unemployment

% of workforce, %



Central Bank ST Reference Rate

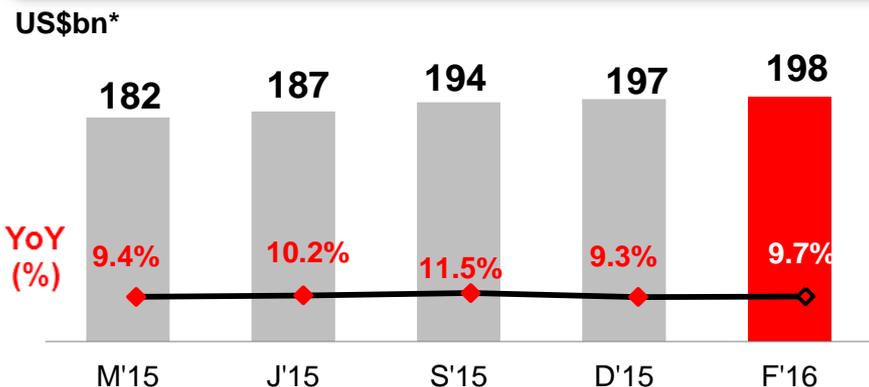
%



Source: Banco Central de Chile Economic Survey and estimates Santander Chile

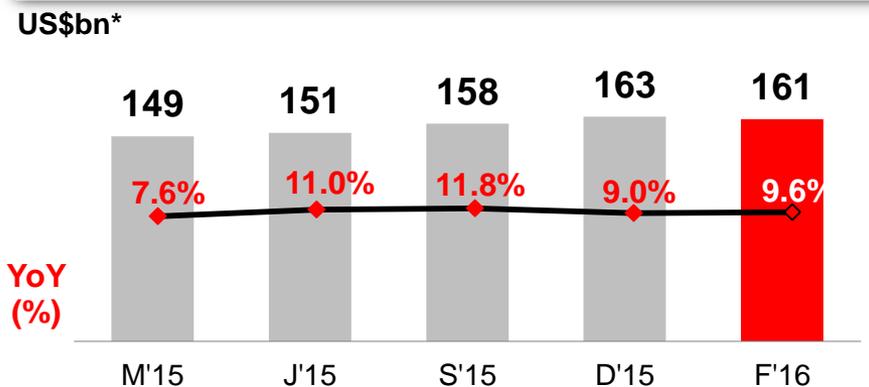
Stable loan and deposit growth trends

Total Loans



- Positive growth of most non-mining exports boosts commercial loan growth
- Stable asset quality

Total Deposits*



- Positive deposit growth, Demand deposits up 10.8%
- High liquidity in the system to fund business growth

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

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3 objectives for healthy growth / higher profitability

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

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

III. ... and managing risks and capital conservatively

Transformation
Project

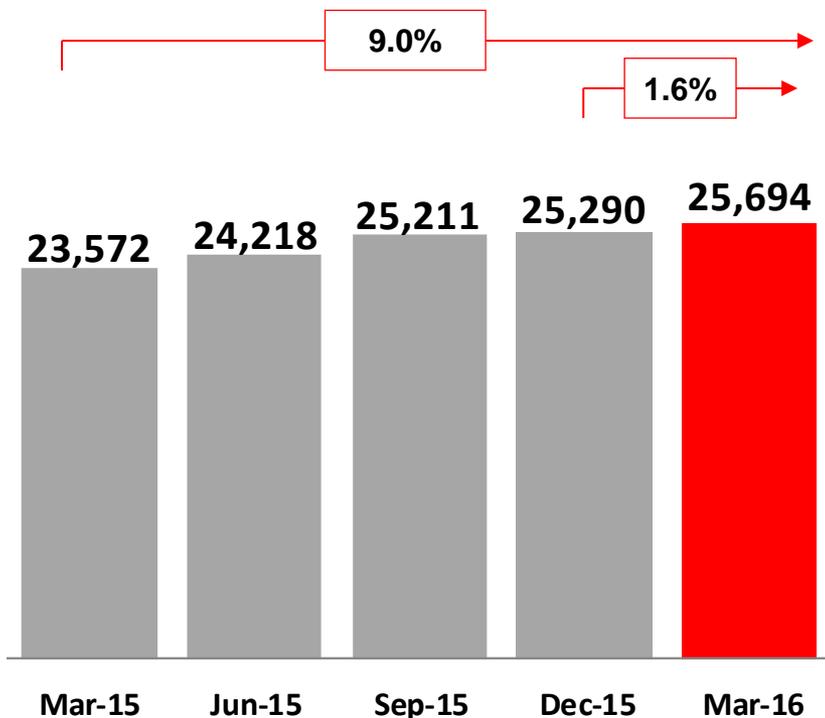
Optimizing the
risk return
relation



Total loans up 9.0% YoY

Total Loans

Ch\$bn



Ch\$bn

	1Q'16	YoY (%)	QoQ(%)
Individuals	13,894	13.6	2.8
Consumer	4,142	4.7	-0.2
Mortgages	8,099	18.4	3.7
SMEs	3,590	10.4	2.2
Middle Market	6,065	8.1	1.0
Corporate	2,096	-14.7	-3.8
Total¹	25,694	9.0	1.6

QoQ loan growth decelerates in corporates due to unattractive lending spreads

1. Includes other non-segmented loans.

Growth focused in segments with higher risk-adjusted profitability

High Income

Middle Income

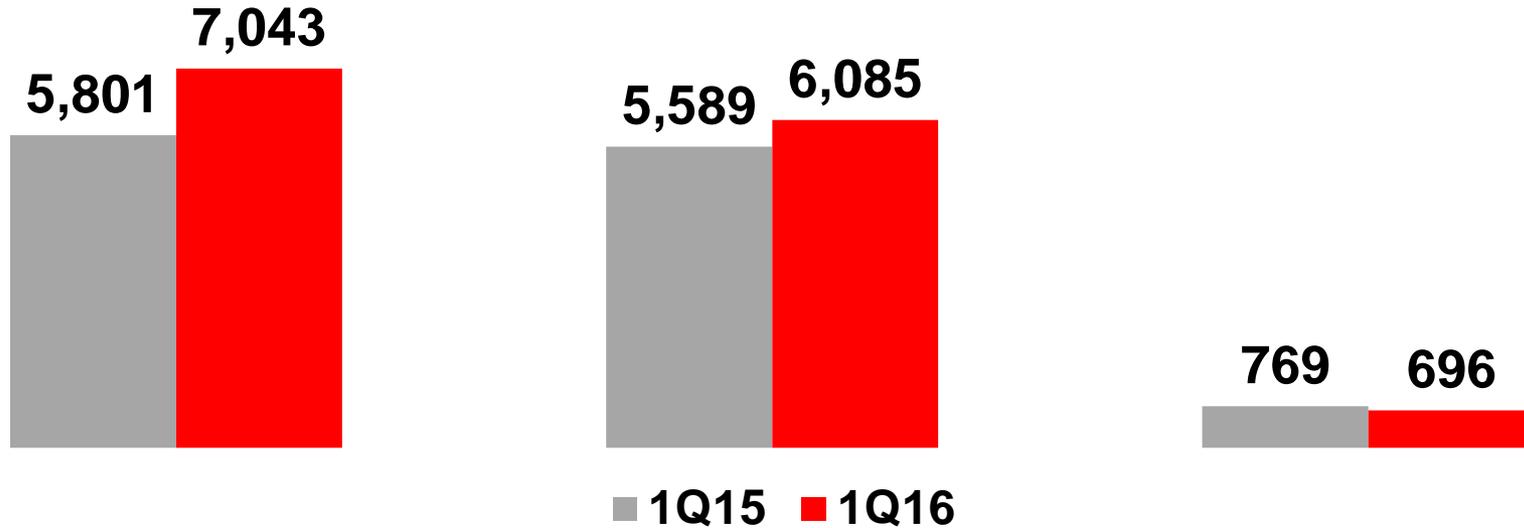
Low Income

Total loans by segment in Individual, Ch\$bn. YoY growth, %

+21.4%

+8.9%

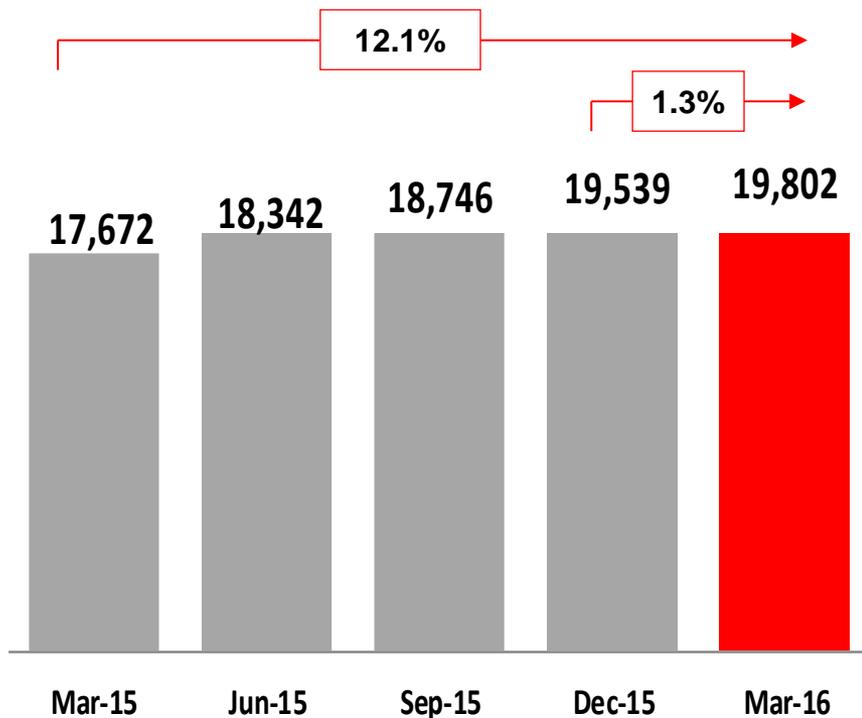
-9.4%



Total deposits increased 12.1% YoY

Total Deposits

Ch\$bn



Ch\$bn

Demand

Time

Total deposits

1Q'16

YoY(%)

QoQ(%)

7,079

9.9

-3.8

12,723

13.3

4.4

19,539

12.1

1.3

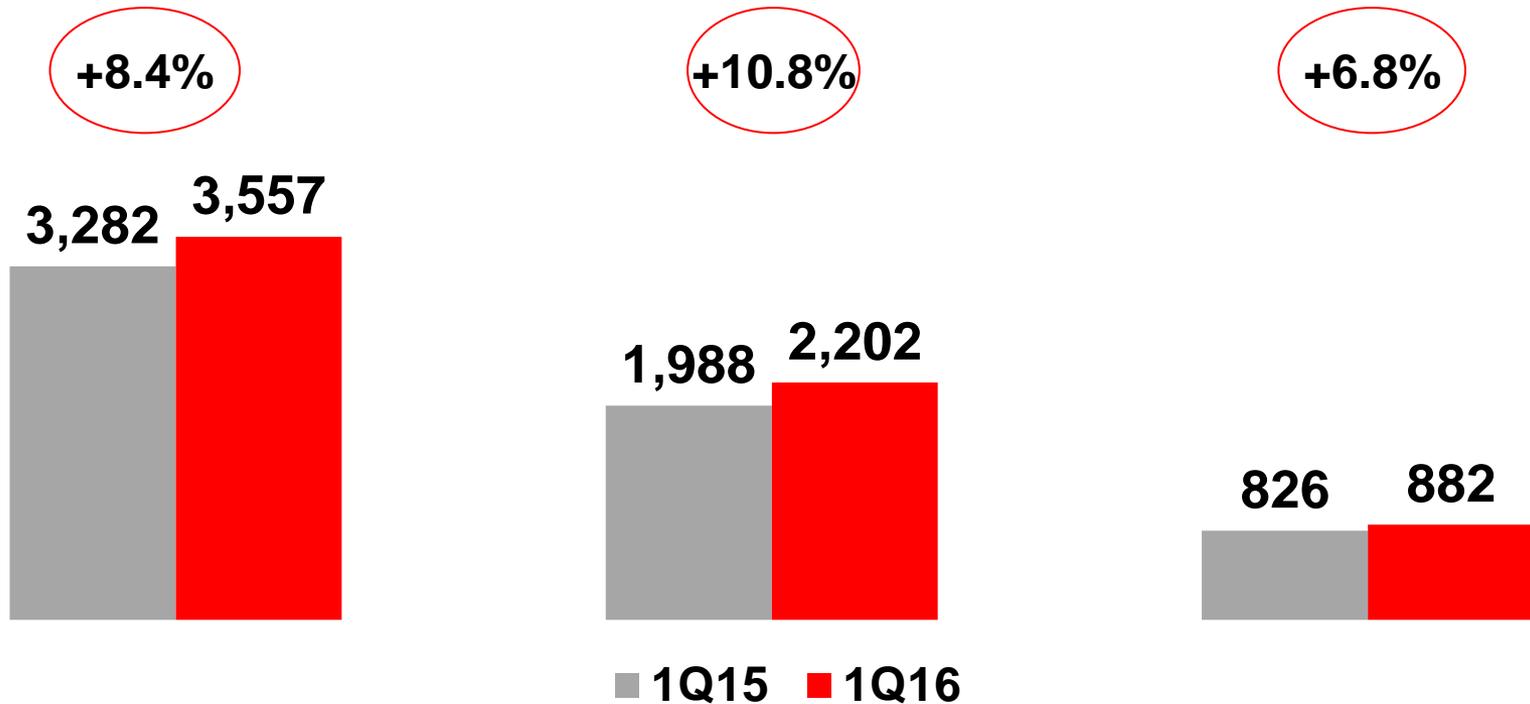
Funding improves. Steady growth of demand deposits in all segments

Retail

Middle-Market

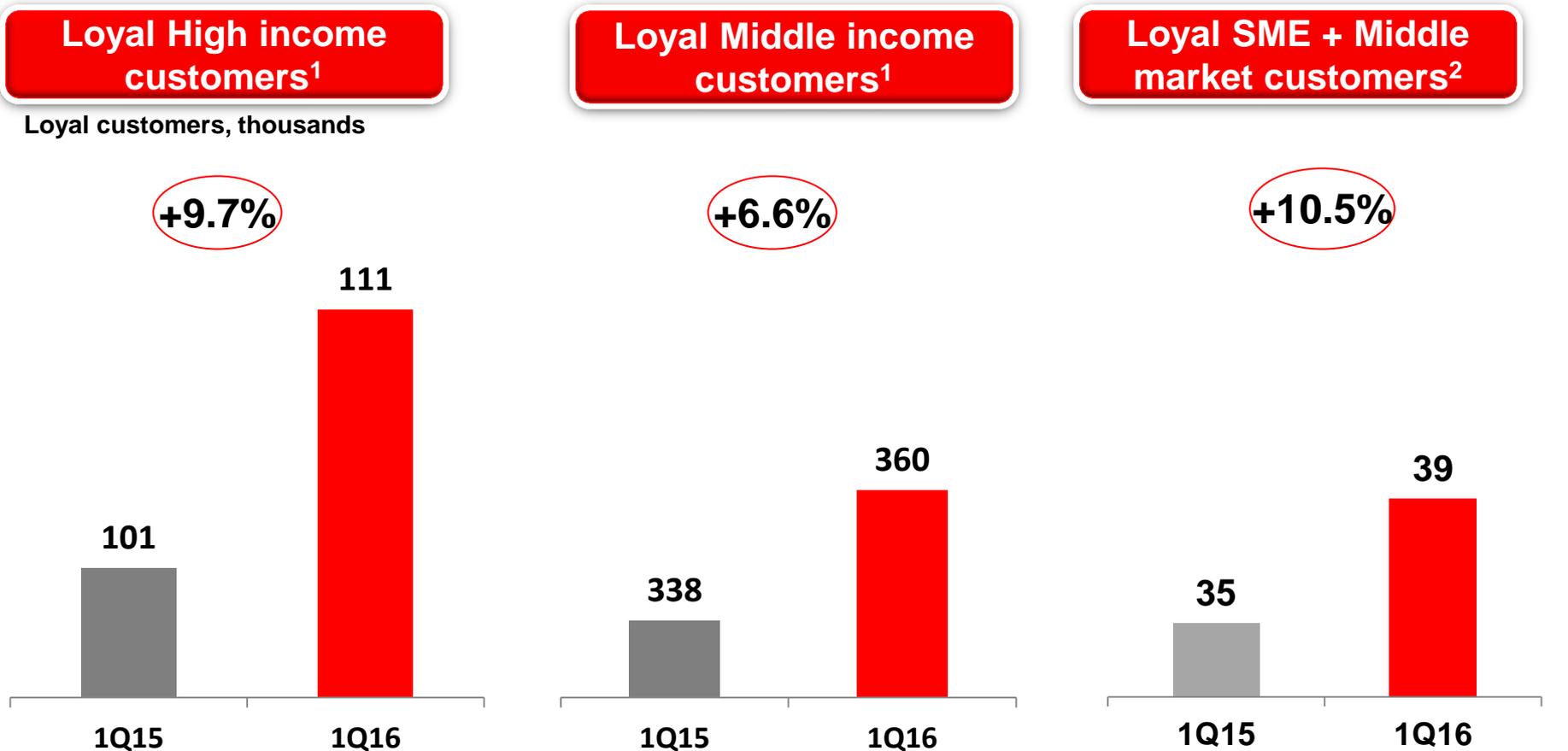
Corporate

Demand deposits by segment, Ch\$bn. YoY growth, %



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

Customer loyalty keeps growing in targeted segments...



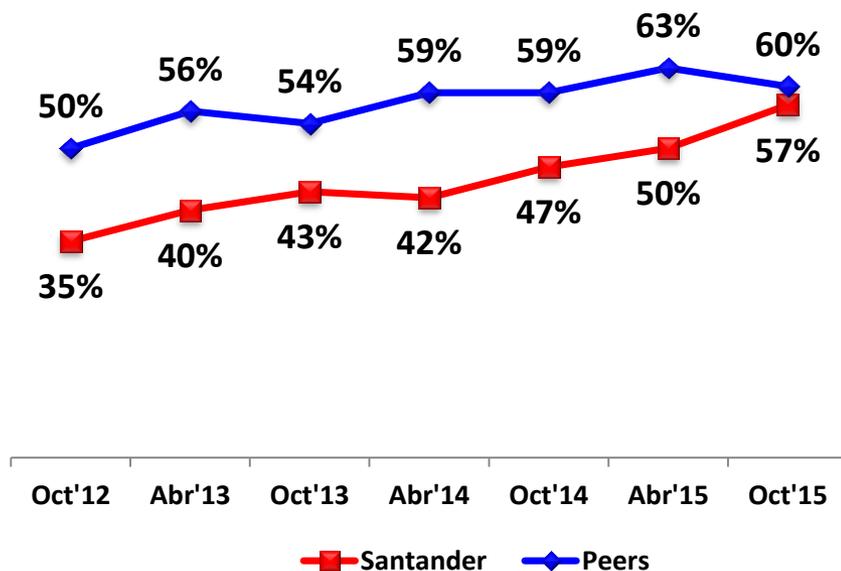
New CRM boosting client activity and commercial productivity

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.

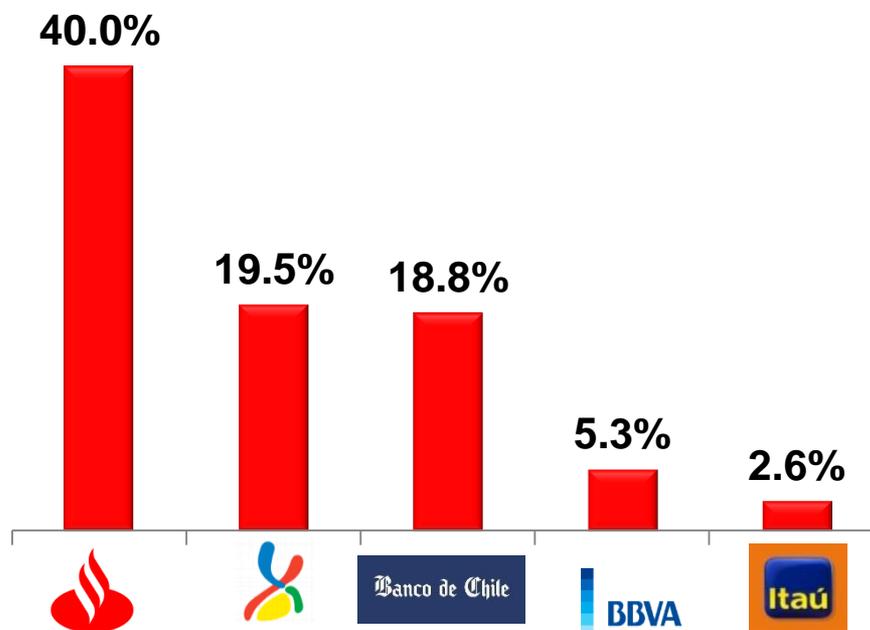
... fueled by improved customer satisfaction / digital banking capabilities

Customer Satisfaction vs peers (%)¹

% of net satisfied clients



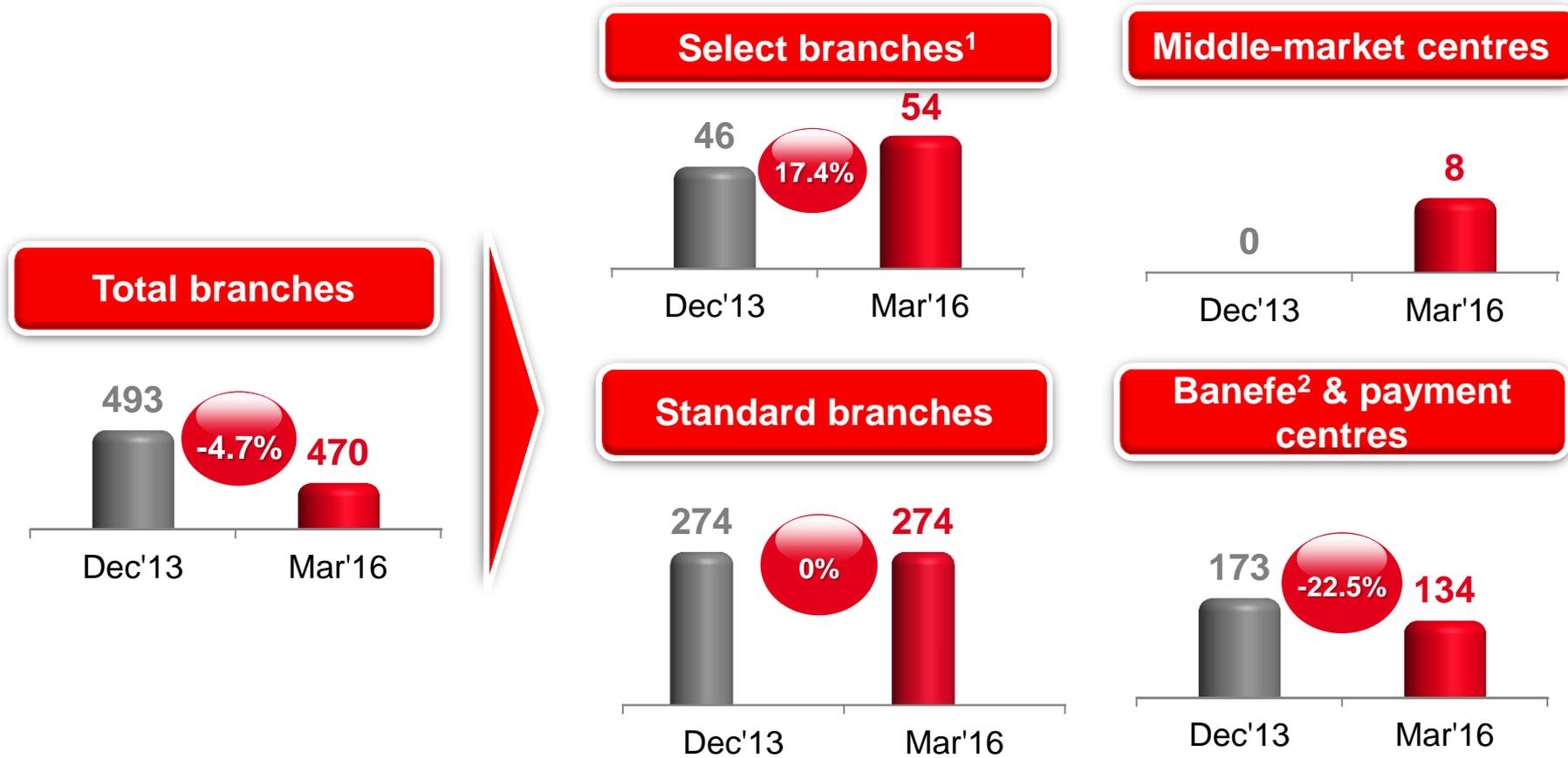
Internet usage (private banks)²



1. % of clients that rate the Bank's customer service 6-7 minus those that rate is 1-4 on a scale from 1-7, 7 being best. Source Adimark

2. Market share over clients that enter a website with a passkey. Excludes Banco del Estado. Source: SBIF as of January 2016

Transforming our branch network: leaner / more segmented



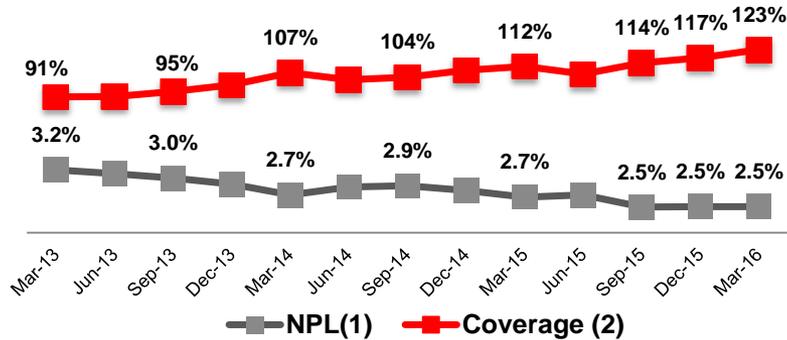
Greater focus on restructuring our traditional branches, opening Middle-market Centers, expanding our Select branches and introducing the Banefe corners concept

1. Branches targeting affluent customers. 2. Branches targeting mass market.

Improved asset quality metrics. Coverage reached 123%

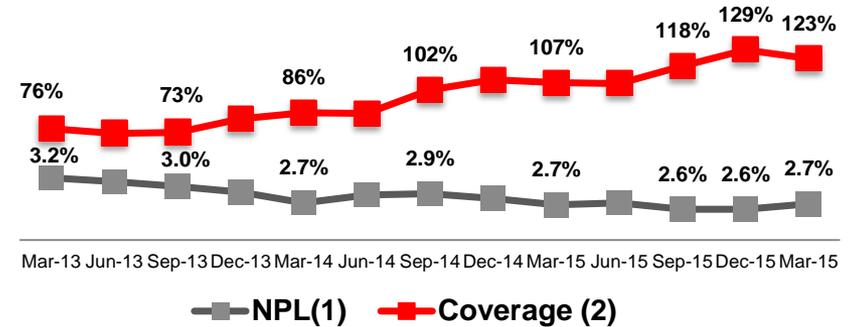
Total loans

% of loans



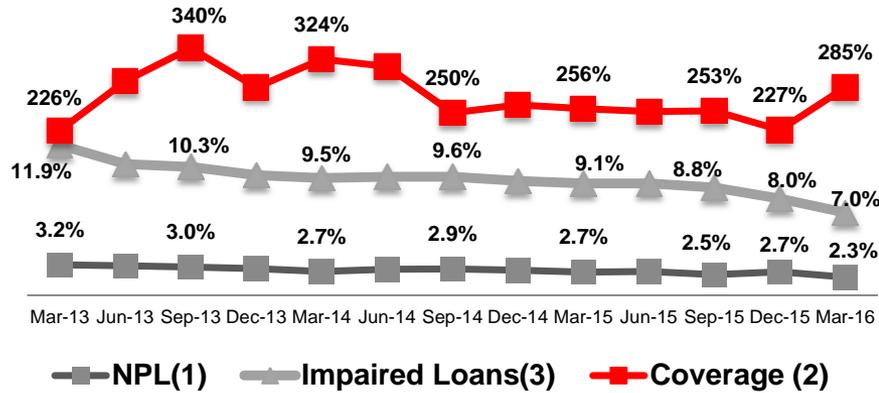
Commercial loans

% of loans



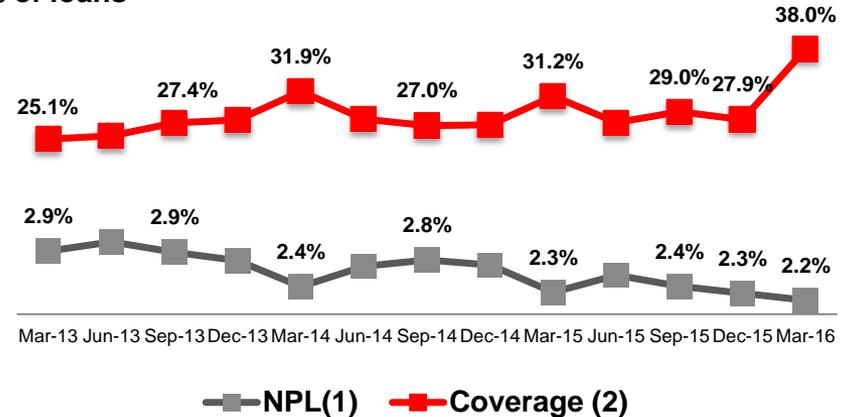
Consumer loans

% of loans



Mortgage loans

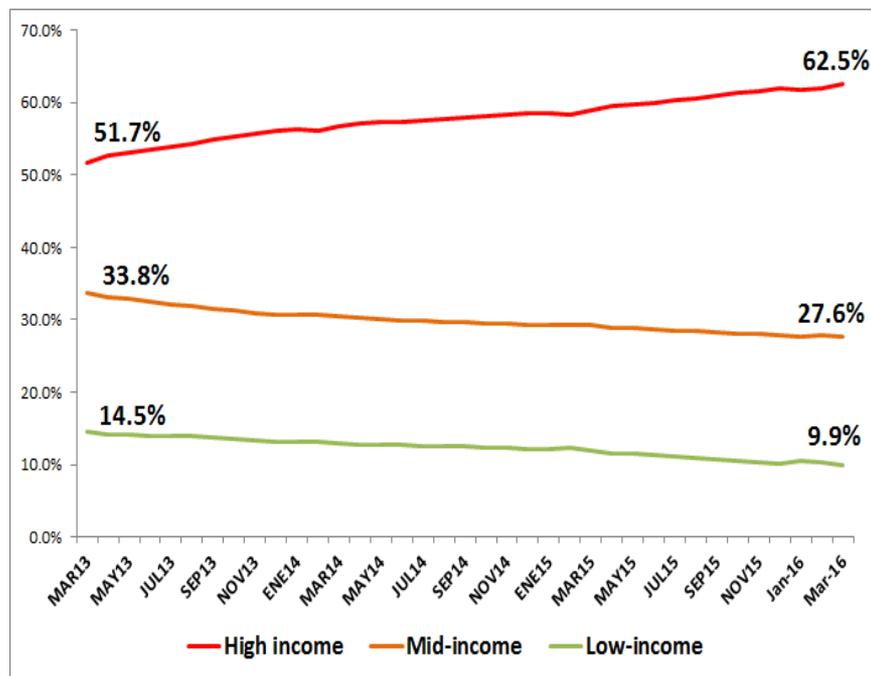
% of loans



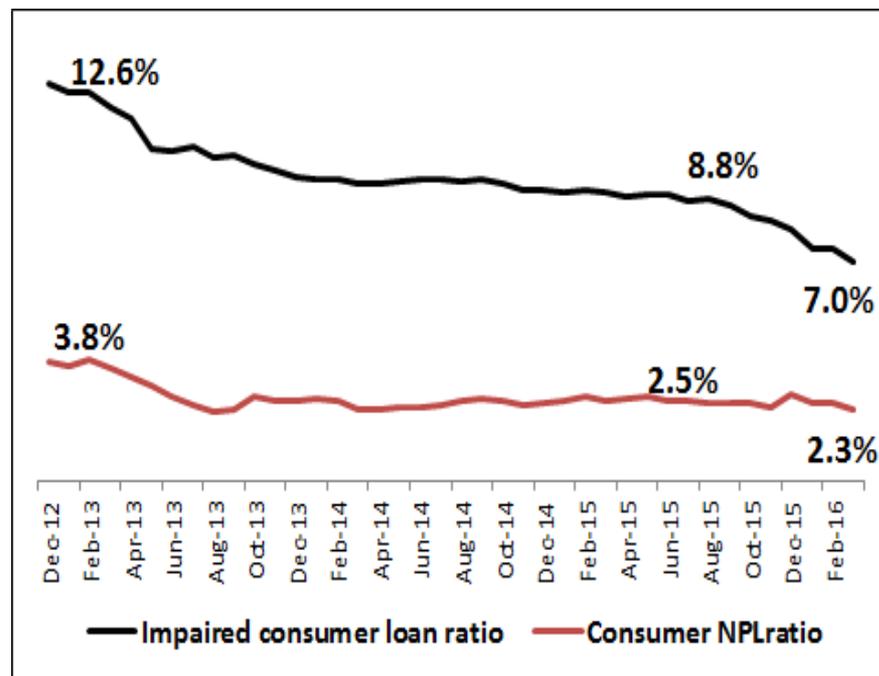
1. 90 days or more NPLs. 2. Loan loss reserves over NPLs 3. Impaired: NPL+ restructured loans

Better consumer loan mix should sustain a lower cost of credit in 2016

Consumer loan breakdown



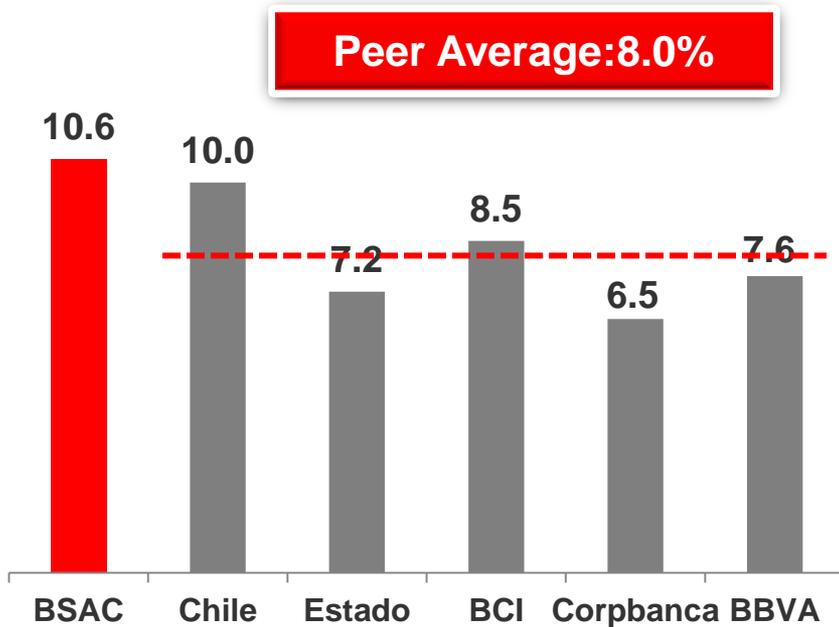
Consumer impaired and NPL ratios^{1,2}



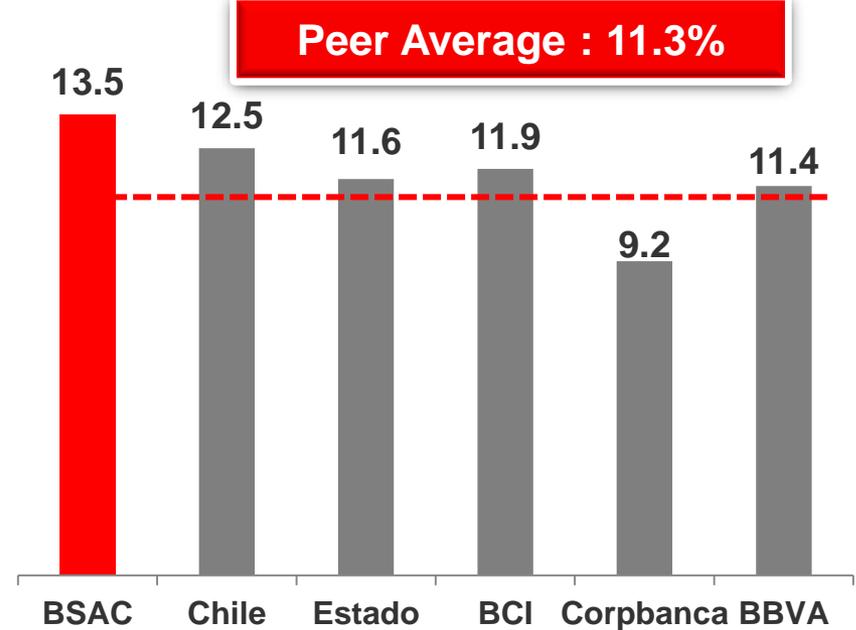
1. 90 days or more NPLs. 2. Impaired: NPL+ restructured loans

Solid capital levels for further growth

Core capital (%)¹



BIS ratio (%)²

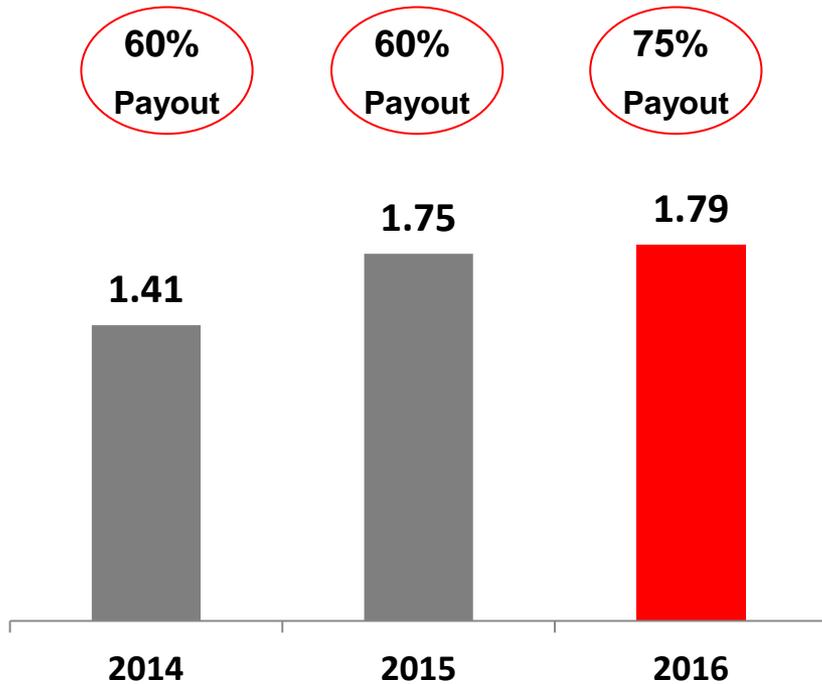


Advanced preparation for the transition into Basel III

1. According to SBIF BIS I definitions. Figures are as of Jan. 2016, or the latest date available.

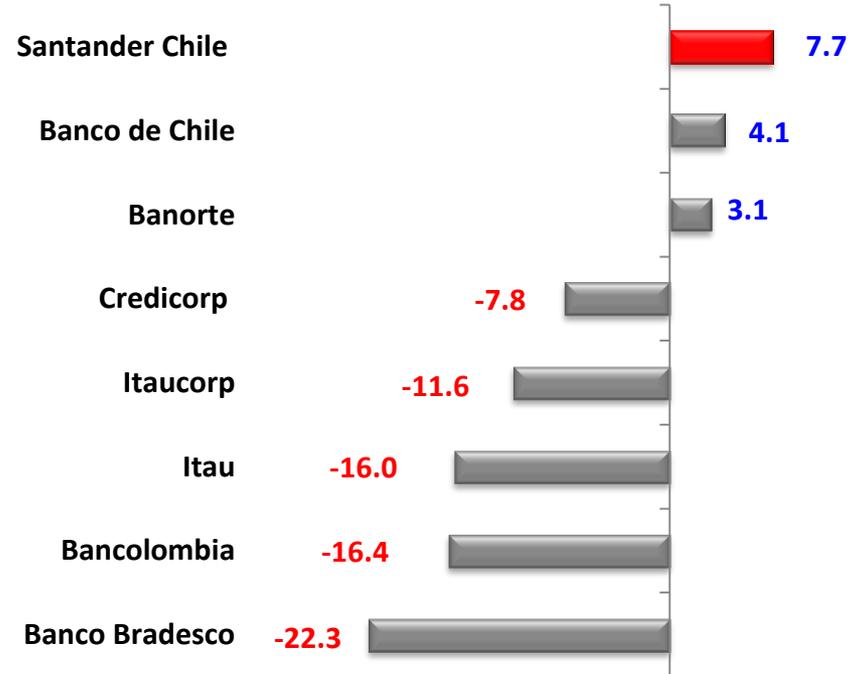
Payout ratio increased to 75% in 2016

Dividend per share (%)



Total shareholder return

TSR including dividend, 12/31/14 - 4/26/16, %*



Creating value despite facing a more challenging environment

* Source: Bloomberg

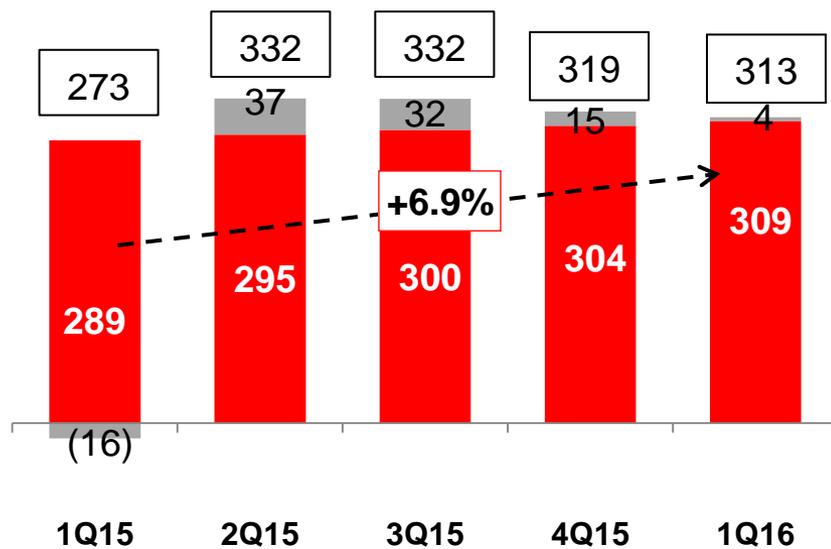
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Stable Client NIMs due to stable loan spreads / improved funding mix

Client and total net interest income¹

Ch\$bn



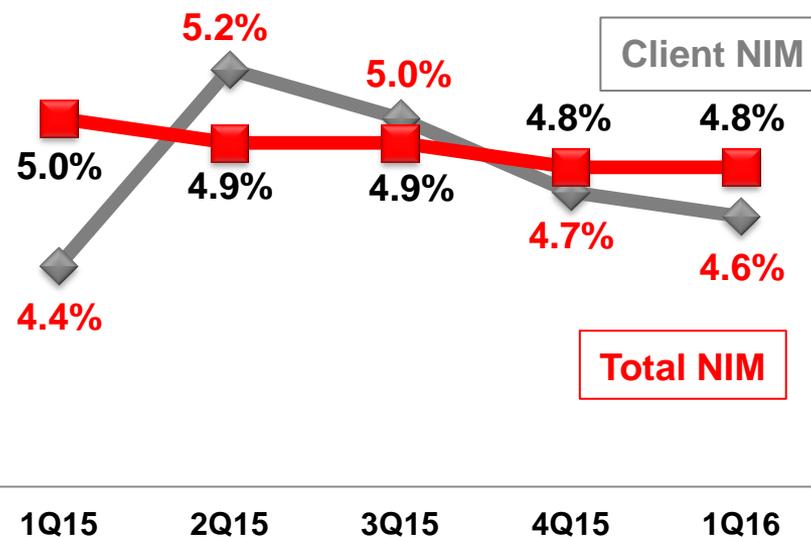
Total ■ Client NII ■ Non-client NII

Inflation UF

-0.02% 1.5% 1.5% 1.1% **0.7%**

NIM & Client NIM

Net Interest Margin (NIM), %

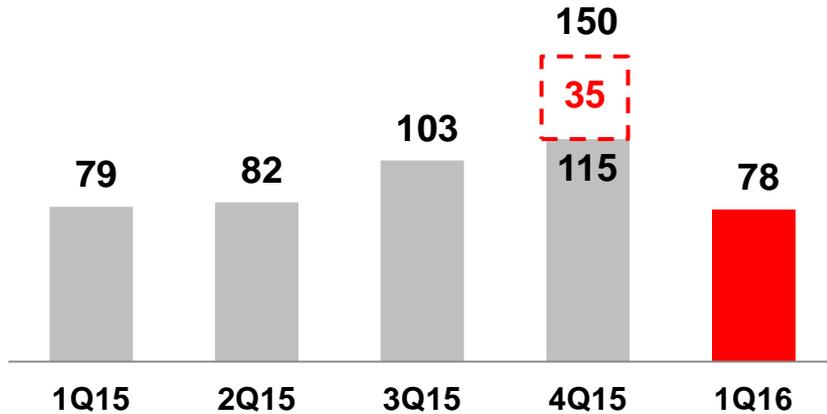


1. Client net interest income (NII) is mainly NII from the from all client activities such as loans and deposits minus the internal transfer rate. Non-client NII is NII mainly from the Bank's ALCO positions and includes the effects of inflation on the Bank's NII

Improved asset quality metrics. Cost of credit falls to 1.2%

Provision expense & cost of credit¹

Ch\$bn

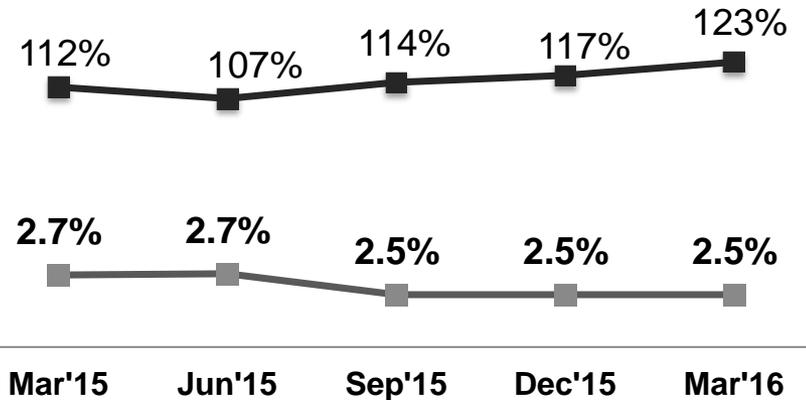


■ Ch\$bn ● Cost of credit (%)

□ One time Provision expense

NPL and coverage ratio

% of loans



■ NPL² ■ Coverage³

New asset mix / credit models allow for a better risk-return relationship

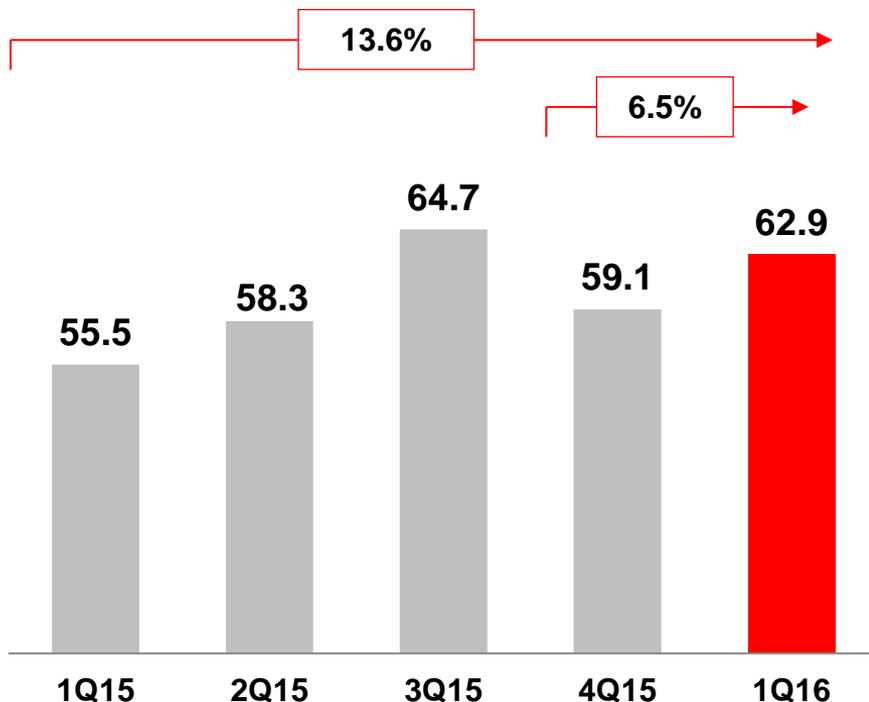
1. Annualized quarterly provision expense / total loans. 4Q15 excludes the one-time provision of Ch\$35bn 2. 90 days or more NPLs.

3. Loan loss reserves over NPLs.

Fee income increases 13.6% YoY as Client loyalty expands

Net fee income

Ch\$bn



Fee income from business segments

Ch\$bn

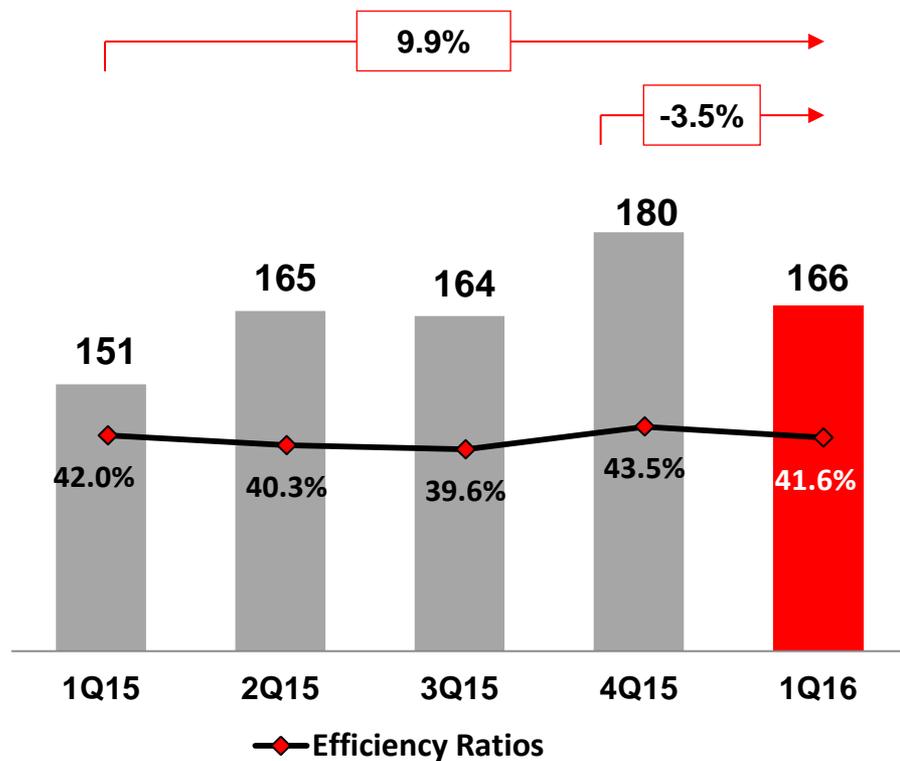
	1Q'16	YoY (%)	QoQ (%)
Retail	49.0	13.6	2.0
Middle Market	7.7	11.2	8.7
Corporate	6.6	51.5	95.1
Subtotal	63.3	14.9	8.2
Others	-0.4		
Total fees	62.9	13.6	6.5

New CRM and better quality of service is delivering a recurrent growth of fee income

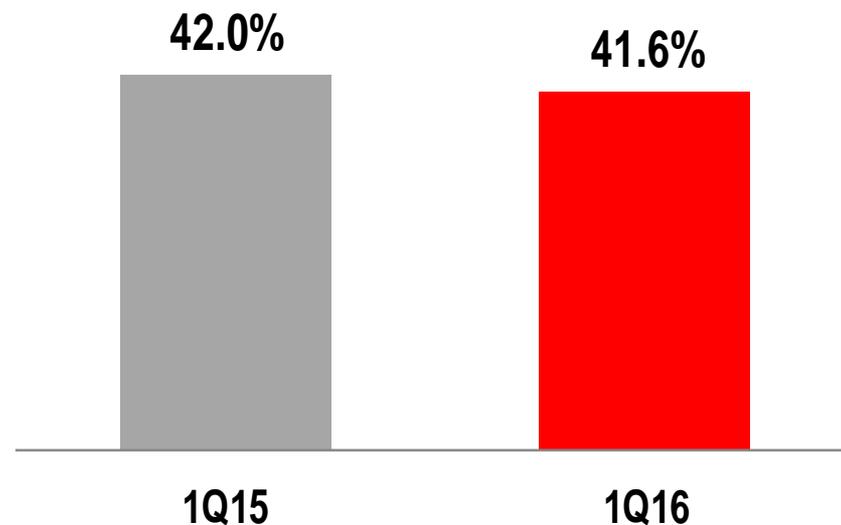
Efficiency ratio reached 41.6% in 1Q16

Operating expenses

Ch\$bn



Efficiency ratio¹



Targeting productivity gains through leaner distribution, simpler organization and better use of technology

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

Net income up 31.4% and ROE reached 18.1% in 1Q16

Net income

Ch\$bn

ROE

%

ROA & RORWA

%

+31.4%

95

125

Net income

■ 1Q15 ■ 1Q16

14.6%

18.1%

ROE

■ 1Q15 ■ 1Q16

1.2

1.5

1Q15

■ ROA

1.4

1.9

1Q16

■ RORWA

Sound outlook for Santander Chile in 2016

- **Chile: economy is expected to grow 1.6-1.8% in 2016**
- **Financial system with stable 10% growth in loans and deposits. Stable risk trends**
- **Santander Chile: positive business and client profitability trends sustained in 1Q16**
 - **Loan growth up 9.0% YoY, especially in segments with higher risk-adjusted profitability**
 - **Deposits increase 12.1% YoY. Steady growth of demand deposits in all segments**
 - **Coverage ratio rises to 123% / NPLs stable at 2.5% / Cost of credit falls to 1.2%**
 - **Net operating profit from business segments up 6.2% YoY**
 - **Stable Client NIMs due to stable loan spreads / improved funding mix**
 - **Fee income increases 13.6% YoY as client loyalty expands**
 - **Efficiency ratio reached 41.6%. Cost control and branch optimization plans launched**
 - **Net income up 31.4% and ROE reached 18.1% in 1Q16**
- **For the rest of 2016, we expect these sound business trends to continue**

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Annexes

- Balance Sheet
- Quarterly Income Statement

Balance Sheet: Assets

Unaudited Balance Sheet Assets	Mar-16 US\$ths	Mar-16 Ch\$ million	Dec-15	Mar. 16 / Dec. 15 % Chg.
Cash and deposits in banks	2,120,979	1,416,135	2,064,806	(31.4%)
Cash items in process of collection	1,563,483	1,043,906	724,521	44.1%
Trading investments	232,700	155,369	324,271	(52.1%)
Investments under resale agreements	0	0	2,463	--%
Financial derivative contracts	4,478,514	2,990,214	3,205,926	(6.7%)
Interbank loans, net	47,771	31,896	10,861	193.7%
Loans and account receivables from customers, net	37,308,234	24,909,962	24,535,201	1.5%
Available for sale investments	4,023,162	2,686,185	2,044,411	31.4%
Held-to-maturity investments	-	-	-	--%
Investments in associates and other companies	31,244	20,861	20,309	2.7%
Intangible assets	77,372	51,660	51,137	1.0%
Property, plant and equipment	351,168	234,468	240,659	(2.6%)
Current taxes	-	-	-	--%
Deferred taxes	485,977	324,477	331,714	(2.2%)
Other assets	1,471,606	982,562	1,097,826	(10.5%)
Total Assets	52,192,210	34,847,695	34,654,105	0.6%

Balance Sheet: Liabilities & Equity

	Mar-16 US\$ths	Mar-16 Ch\$ million	Dec-15	Mar. 16 / Dec. 15 % Chg.
Liabilities				
Deposits and other demand liabilities	10,602,790	7,079,271	7,356,121	(3.8%)
Cash items in process of being cleared	1,308,194	873,455	462,157	89.0%
Obligations under repurchase agreements	77,017	51,423	143,689	(64.2%)
Time deposits and other time liabilities	19,055,384	12,722,899	12,182,767	4.4%
Financial derivatives contracts	4,169,974	2,784,208	2,862,606	(2.7%)
Interbank borrowings	1,972,151	1,316,766	1,307,574	0.7%
Issued debt instruments	8,578,708	5,727,832	5,957,095	(3.8%)
Other financial liabilities	336,820	224,888	220,527	2.0%
Current taxes	17,672	11,799	17,796	(33.7%)
Deferred taxes	9,446	6,307	3,905	61.5%
Provisions	474,235	316,637	329,118	(3.8%)
Other liabilities	1,317,940	879,962	1,045,870	(15.9%)
Total Liabilities	47,920,332	31,995,447	31,889,225	0.3%
	Mar-16 US\$ths	Mar-16 Ch\$ million	Dec-15	Mar. 16 / Dec. 15 % Chg.
Equity				
Capital	1,334,925	891,303	891,303	0.0%
Reserves	2,288,361	1,527,893	1,527,893	0.0%
Valuation adjustments	710	474	1,288	(63.2%)
Retained Earnings:	602,118	402,022	314,215	27.9%
Retained earnings from prior years	672,295	448,878	-	--%
Income for the period	187,873	125,439	448,878	(72.1%)
Minus: Provision for mandatory dividends	(258,050)	(172,295)	(134,663)	27.9%
Total Shareholders' Equity	4,226,114	2,821,692	2,734,699	3.2%
Non-controlling interest	45,764	30,556	30,181	1.2%
Total Equity	4,271,879	2,852,248	2,764,880	3.2%
Total Liabilities and Equity	52,192,210	34,847,695	34,654,105	0.6%

Income Statement: Quarters

Unaudited Quarterly Income Statement	1Q16	1Q16	4Q15	1Q15	1Q16 / 1Q15	1Q16 / 4Q15
	US\$ths.		Ch\$mn		% Chg.	
Interest income	776,913	518,729	549,675	400,715	29.5%	(5.6%)
Interest expense	(308,315)	(205,856)	(231,004)	(127,296)	61.7%	(10.9%)
Net interest income	468,597	312,873	318,671	273,419	14.4%	(1.8%)
Fee and commission income	156,524	104,508	105,341	94,552	10.5%	(0.8%)
Fee and commission expense	(62,181)	(41,517)	(46,194)	(39,091)	6.2%	(10.1%)
Net fee and commission income	94,343	62,991	59,147	55,461	13.6%	6.5%
Net income (expense) from financial operations	(269,139)	(179,699)	(111,983)	(140,559)	27.8%	60.5%
Net foreign exchange gain	320,454	213,961	145,610	181,550	17.9%	46.9%
Total financial transactions, net	51,315	34,262	33,627	40,991	(16.4%)	1.9%
Other operating income	7,860	5,248	4,496	5,108	2.7%	16.7%
Net operating profit before provisions for loan losses	622,115	415,374	415,941	374,979	10.8%	(0.1%)
Provision for loan losses	(116,712)	(77,926)	(150,257)	(79,226)	(1.6%)	(48.1%)
Net operating profit	505,404	337,448	265,684	295,753	14.1%	27.0%
Personnel salaries and expenses	(139,239)	(92,967)	(108,961)	(84,217)	10.4%	(14.7%)
Administrative expenses	(87,907)	(58,694)	(55,344)	(54,853)	7.0%	6.1%
Depreciation and amortization	(21,485)	(14,345)	(15,821)	(12,134)	18.2%	(9.3%)
Operating expenses excluding Impairment and Other operating expens	(248,631)	(166,006)	(180,126)	(151,204)	9.8%	(7.8%)
Impairment of property, plant and equipment	(55)	(37)	(1)	0	--%	--%
Other operating expenses	(24,314)	(16,234)	(2,105)	(14,646)	10.8%	671.2%
Total operating expenses	(273,001)	(182,277)	(182,232)	(165,850)	9.9%	0.0%
Operating income	232,403	155,171	83,452	129,903	19.5%	85.9%
Income from investments in associates and other companies	795	531	610	485	9.5%	(13.0%)
Income before tax	233,199	155,702	84,062	130,388	19.4%	85.2%
Income tax expense	(44,425)	(29,662)	(4,480)	(31,318)	(5.3%)	562.1%
Net income from ordinary activities	188,773	126,040	79,582	99,070	27.2%	58.4%
Net income discontinued operations	-	-	-	-		
Net income attributable to:						
Non-controlling interest	900	601	(4,201)	3,593	--%	--%
Net income attributable to equity holders of the Bank	187,873	125,439	83,783	95,477	31.4%	49.7%



Chile