

Banco Santander Chile

*Commercial transformation begins to
improve performance*

May 2013

Important information

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. 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. Historical figures have been restated in accordance with the new accounting standards adopted by Chilean banks in 2009. 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.

Highlights



Highlights

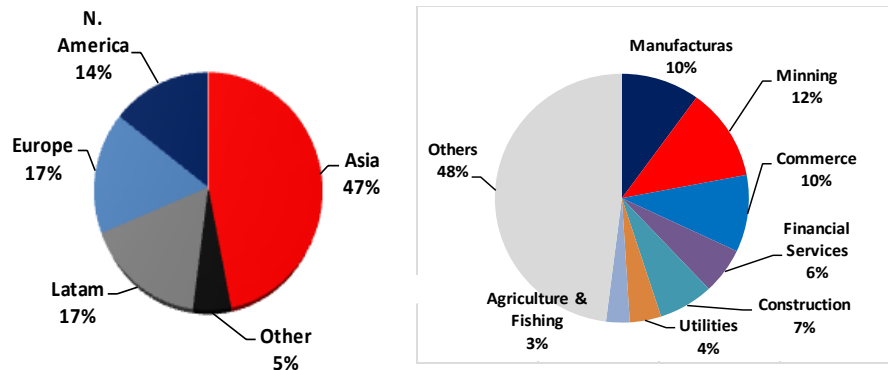


Chile: a strong and diversified economy...

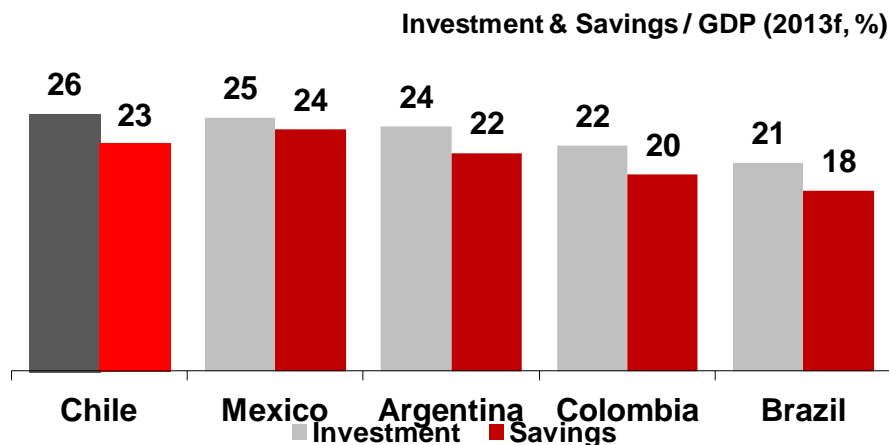
Chile's key economic highlights⁽¹⁾

Population:	16.6 mn
GDP:	US\$268bn
GDP Per Capita (PPP):	US\$17,980
Exports / GDP:	31.7%
Investment / GDP:	26.0%
Net Public Debt / GDP:	- 6.9%
Current Ratings:	AA-/A+/Aa3

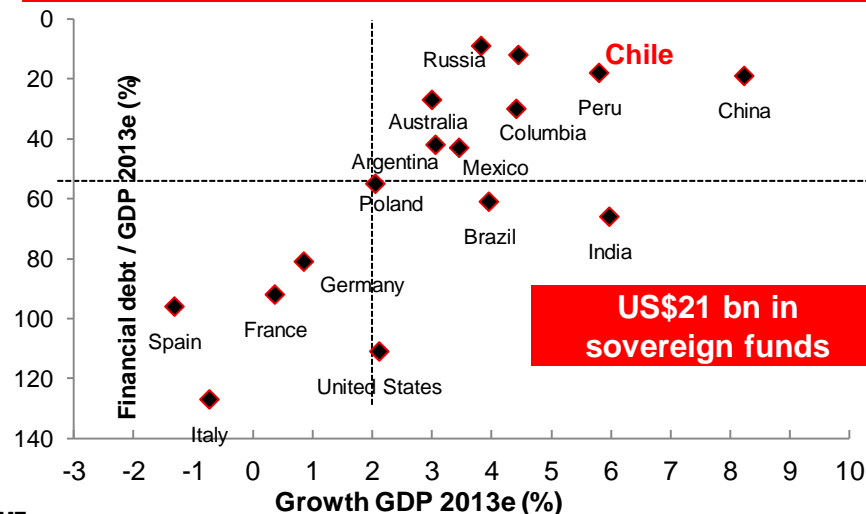
A diversified economy...⁽¹⁾



... with high investment & savings rates⁽²⁾



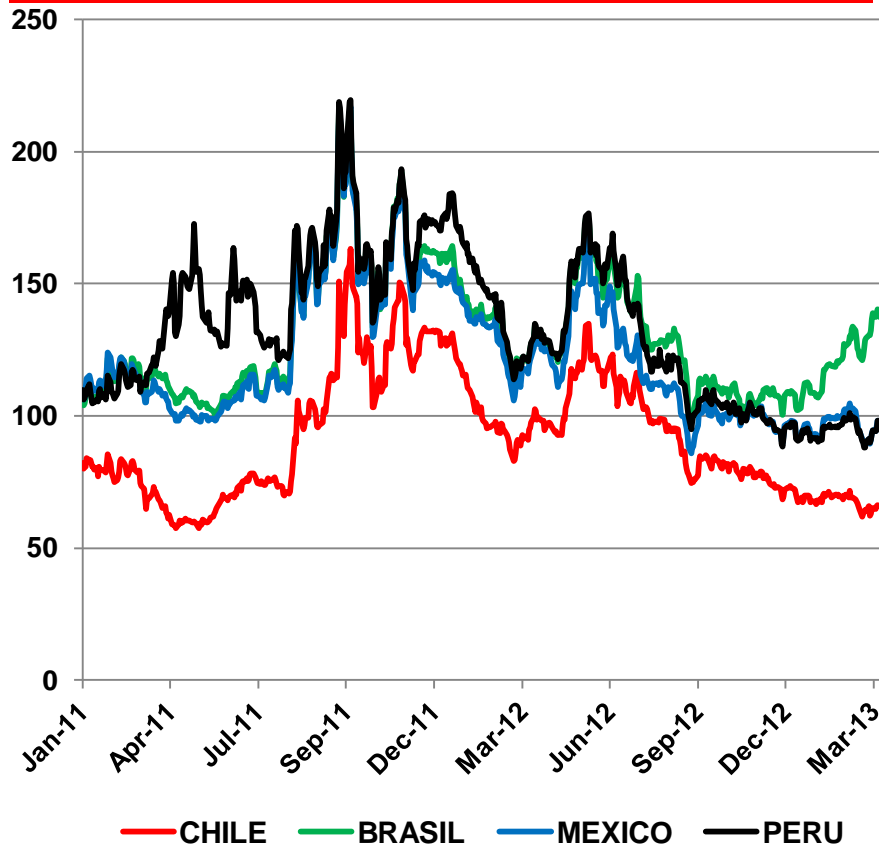
... and a solid fiscal position⁽²⁾



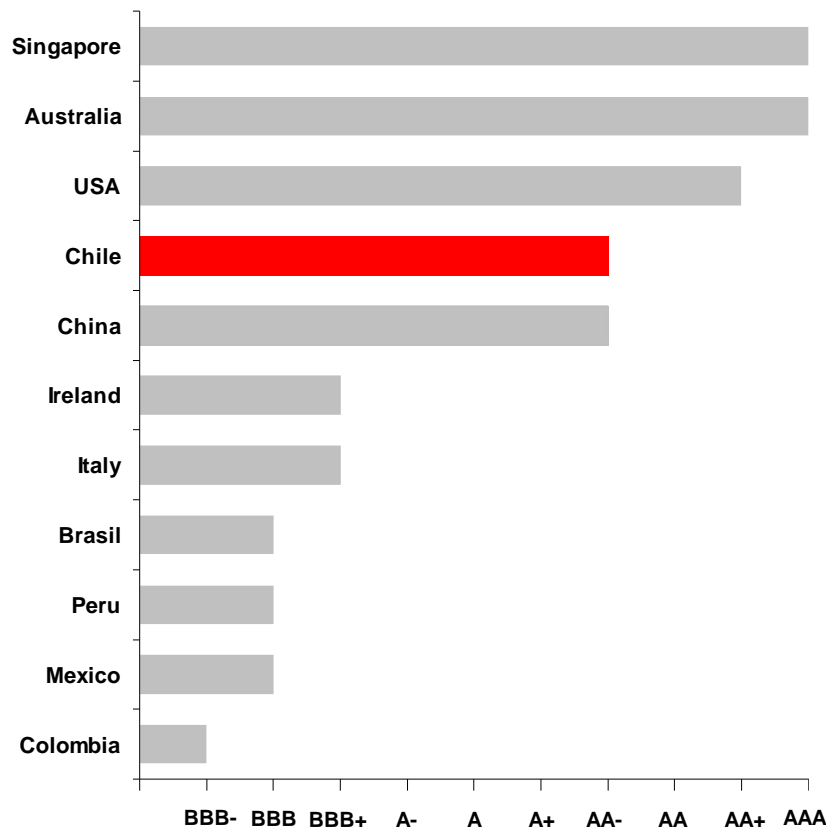
(1) Figures for 2012 or latest available data. Source: Central Bank of Chile. (2) Source: IMF.

... resulting in a relatively low-risk environment

Low Sovereign risk...⁽¹⁾



... and high Sovereign rating⁽²⁾

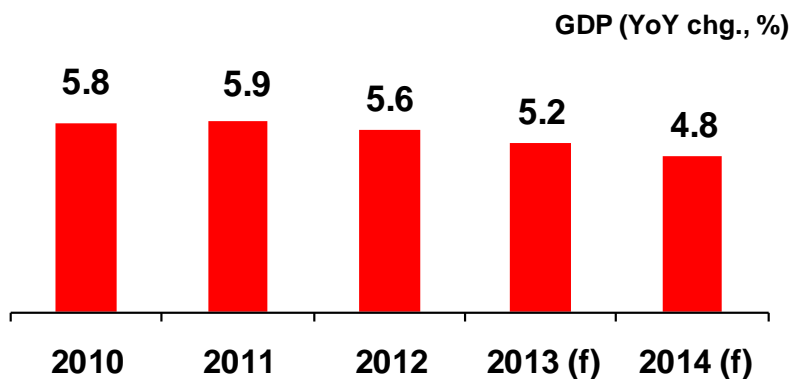


A sound institutional framework and business environment

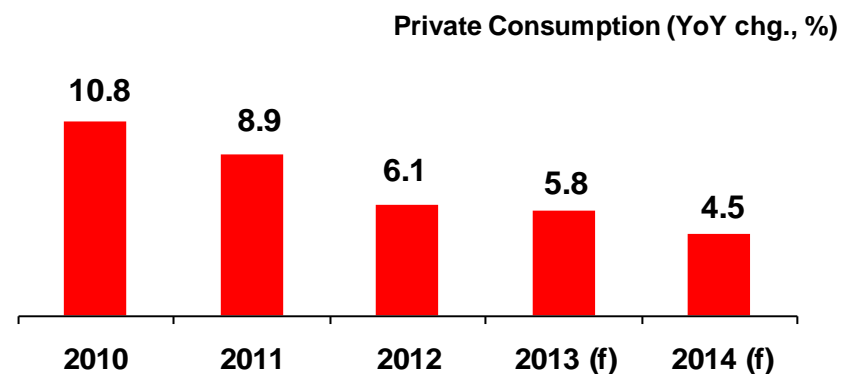
(1) Credit default swaps spreads. Source: Bloomberg. (2) Source: Standard & Poor's via Bloomberg, as of March 2013.

Our outlook for 2013 - 2014 is positive

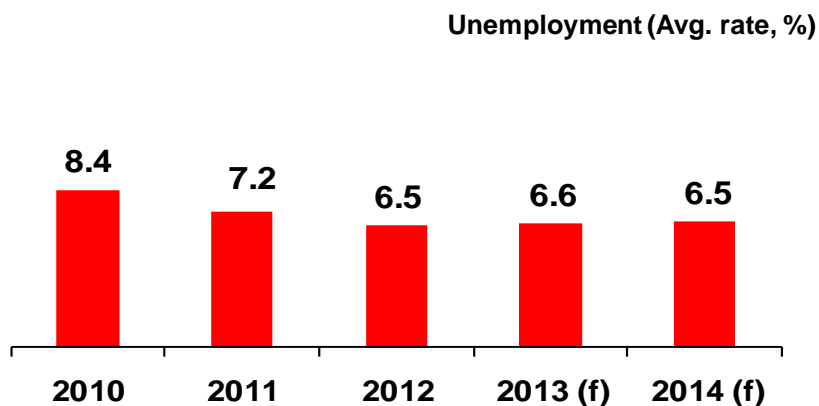
Solid GDP growth...



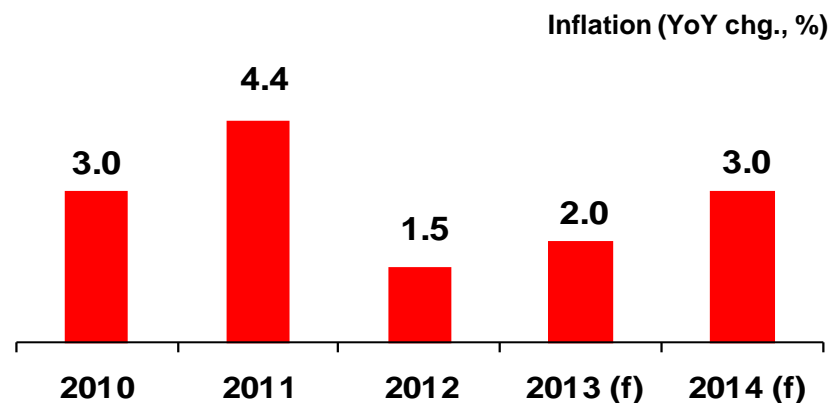
... fueled by Private Consumption



Stable unemployment...



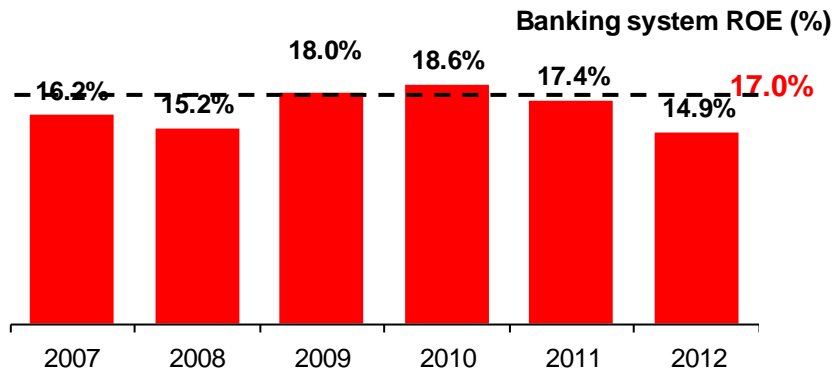
... and low inflation



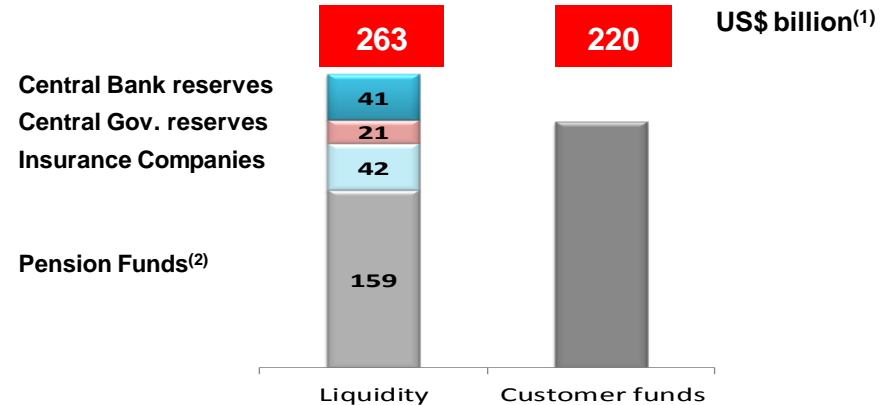
Source: Central Bank of Chile. (f): Santander Chile's forecasts.

A profitable and solid financial system

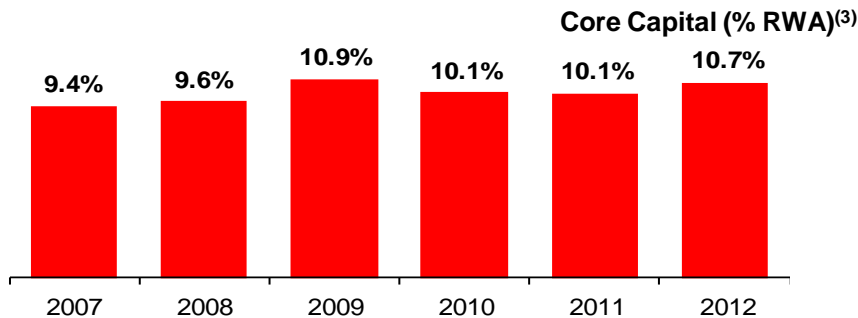
Attractive profitability



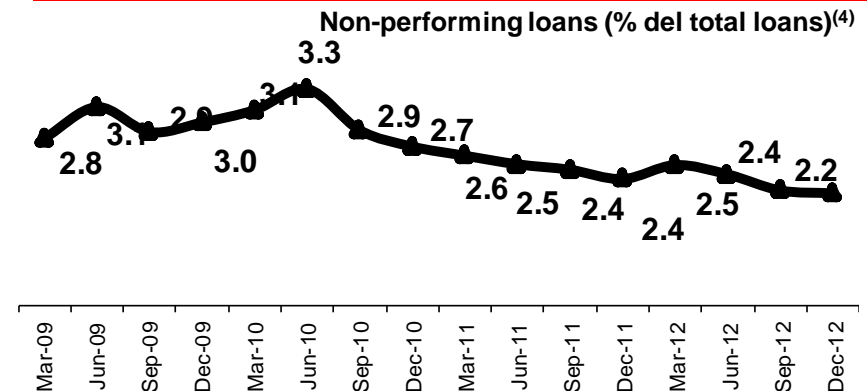
Ample liquidity to access



High capital ratios



Stable asset quality



(1) Figures as of Mar. 2013 or latest available information.

(2) Pension funds excludes deposits in Banks.

(3) Core Capital in Chile is 100% shareholder's voting equity.

(4) NPLs defined as portfolios with 90 or more days overdue.

Source: Superintendencia de Bancos and of Pension Fund Managers, Ministry Finance and Central Bank of Chile.

New forces are redefining the banking environment...

Changing...



I. Regulations



II. Competition



III. Technology

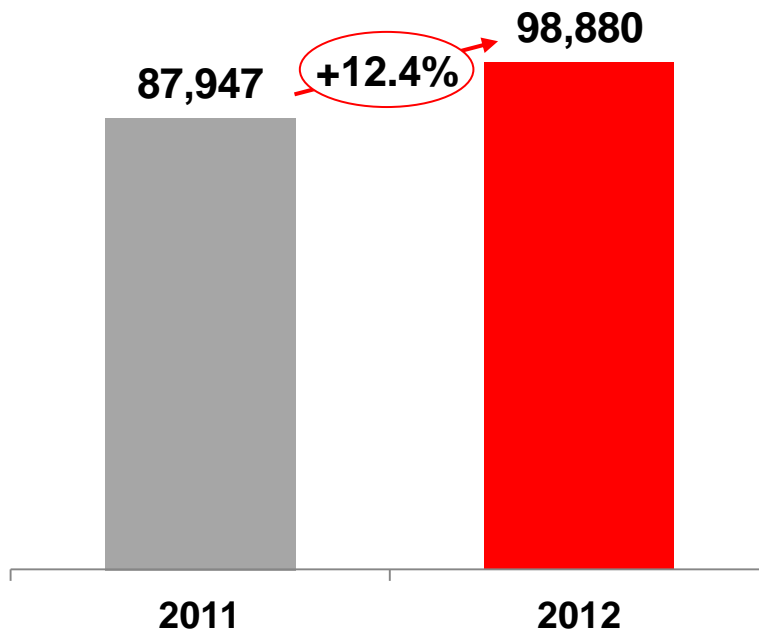


IV. Consumer attitudes

... which impacted 2012 results

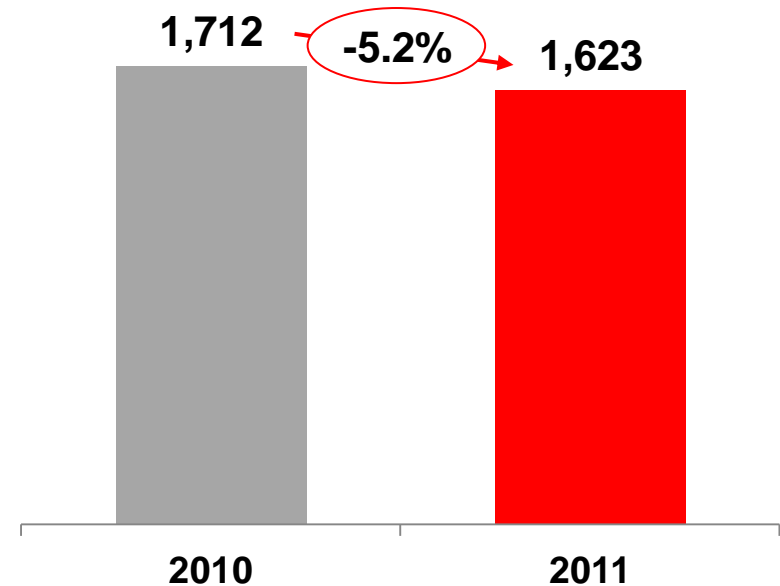
Despite solid loan growth...

Financial System: loans (Ch\$ billion)



... net income decreases

Financial System: Net Income (Ch\$ billion)

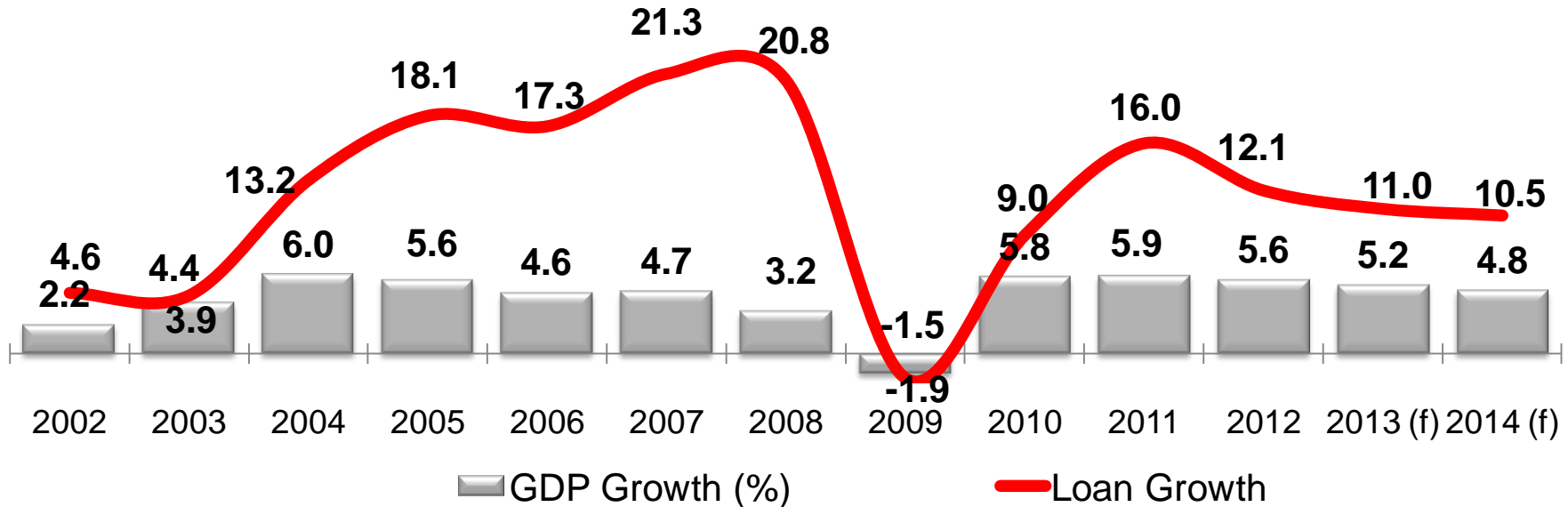


Results also affected by lower inflation / higher loan loss provisions

Source: Superintendency of Banks of Chile. Financial System excludes acquisition of Corpbanca Colombia.

Attractive volume growth outlook...

Chile's GDP growth in real terms and the banking industry's loan growth in nominal terms, %

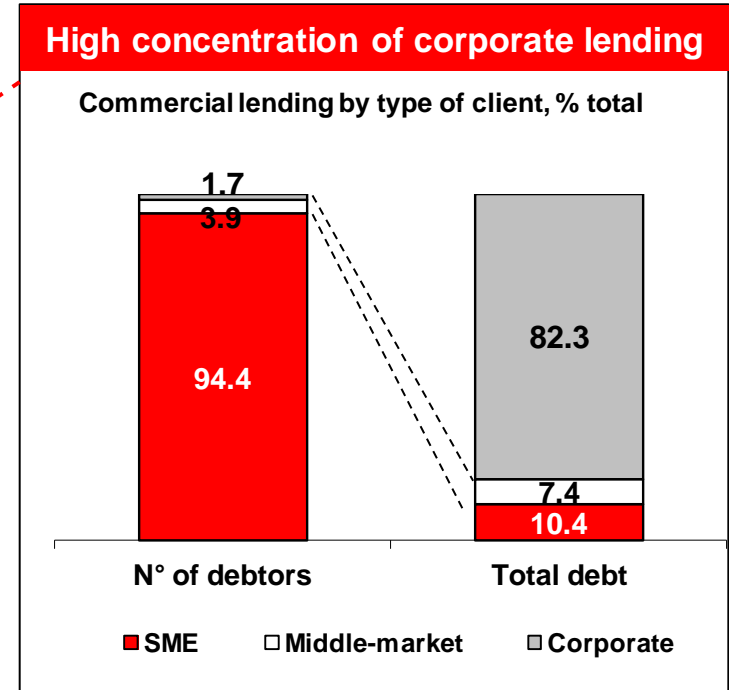
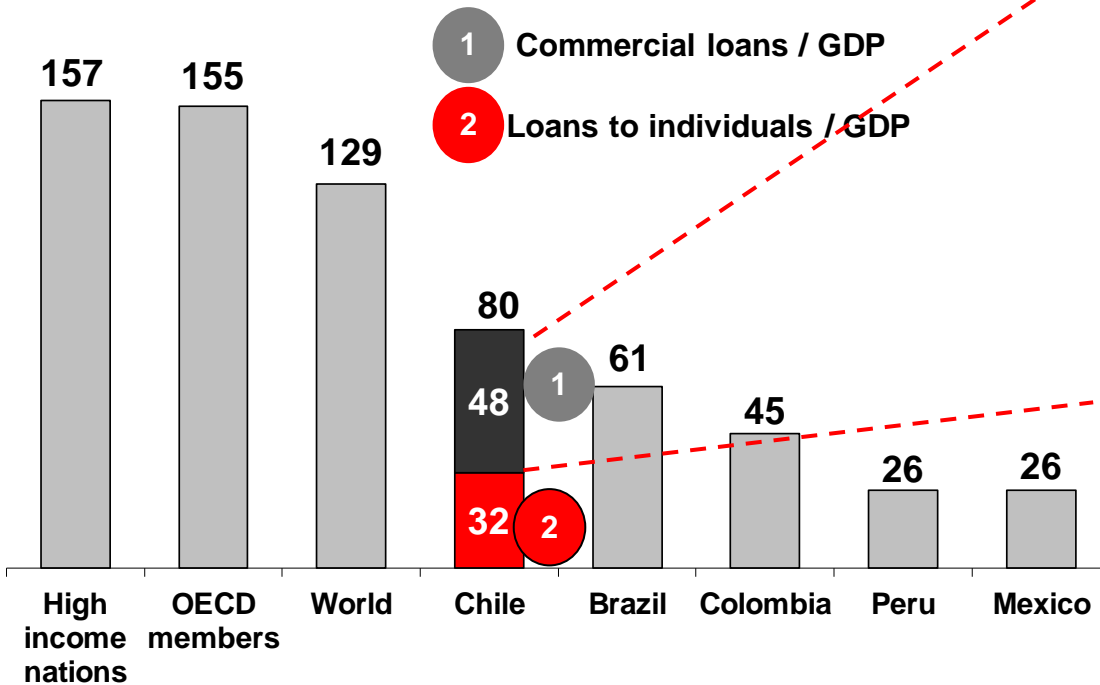


- Chile today offers one of the best combinations of expected growth, profitability and the lowest risk in the region.
- Our vision of the regulatory changes, after a reasonable adjustment period is positive.
- However, credit providers must make a fundamental adjustment in their business focus and strategy.

Source: Central Bank of Chile and Superintendency of Banks of Chile and Santander Chile's forecasts (f)

1 ...especially in SMEs...

Loans / GDP as of Dec. 2012*, %

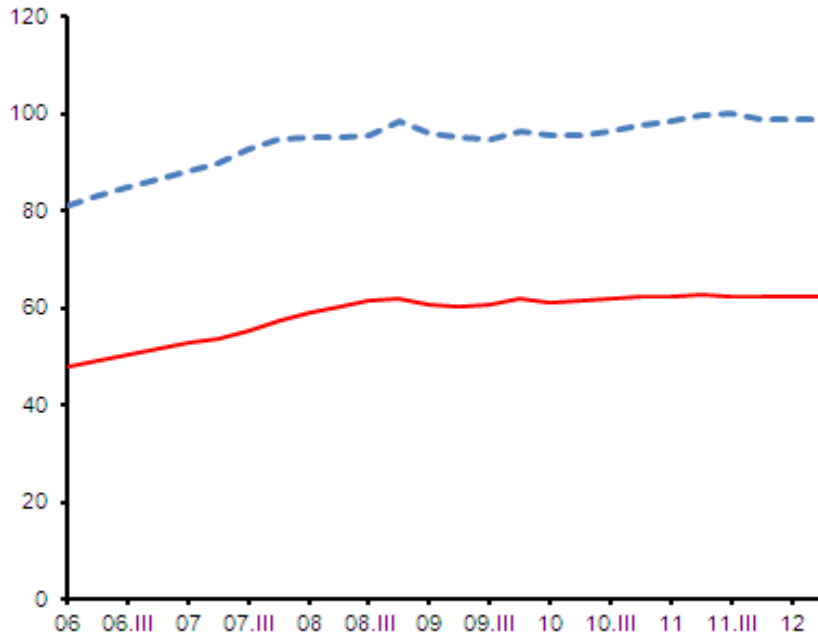


* Or latest available information. Source: World Bank. Source Chile: Santander Chile based on information from SBIF, Central Bank and www.cajasdechile.cl

2 ... and individuals

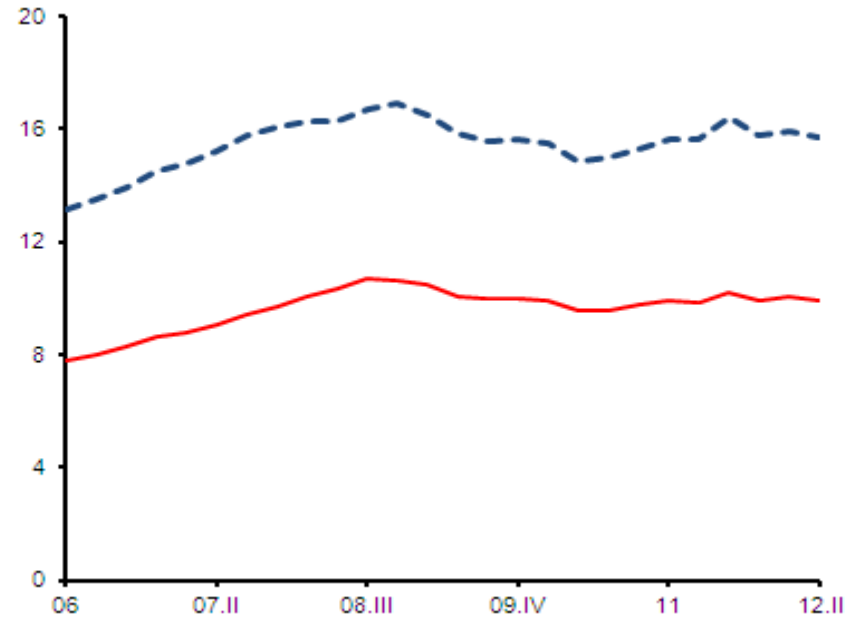
Leverage...

Household debt⁽¹⁾



... and debt serving costs are stable

LT debt servicing cost⁽²⁾



Household debt to GDP = 32%

57% of loans are mortgage: lower rates / longer terms reduce financial burden in Chile

(1) Household debt over total disposable income (red line) and over salary pool (blue line).

(2) Calculated as Interests + amortizations over total disposable income (red line) and over salary pool (blue line).

Source: Central Bank of Chile

Highlights



Santander Chile is the nation's leading bank

Figures as of March 2013¹

Figures			Clients & Network		
	US\$bn	Share			
Assets:	US\$53	17.6%	Clients	3.3mn	~39% ²
Loans:	US\$41	18.9%	Internet clients	771ths.	26.1% ³
Individuals:	US\$21	22.2%	Checking acct.	746ths	23.5%
SMEs:	US\$6	~25%	Credit cards	1.8mn	18.2% ⁴
Deposits:	US\$30	16.7%	Debit cards	3.0mn	20.9%
Equity:	US\$4,7	19.0%	Branches:	495	19.4%
Net income:	US\$171mn	22.2%	Employees:	11,679	19.0%

100% of our business is in Chile

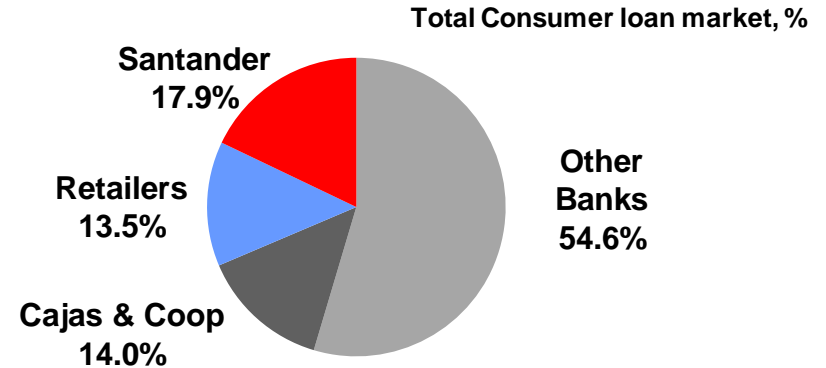
1. Or latest available figures using the period-end exchange rate. 2. Over total workforce. Source: INE . 3. Excludes Banco del Estado. 4. Market share is over total monetary transactions using a credit card and includes department stores. Source: Superintendency of Banks of Chile

... with a strong position in retail banking

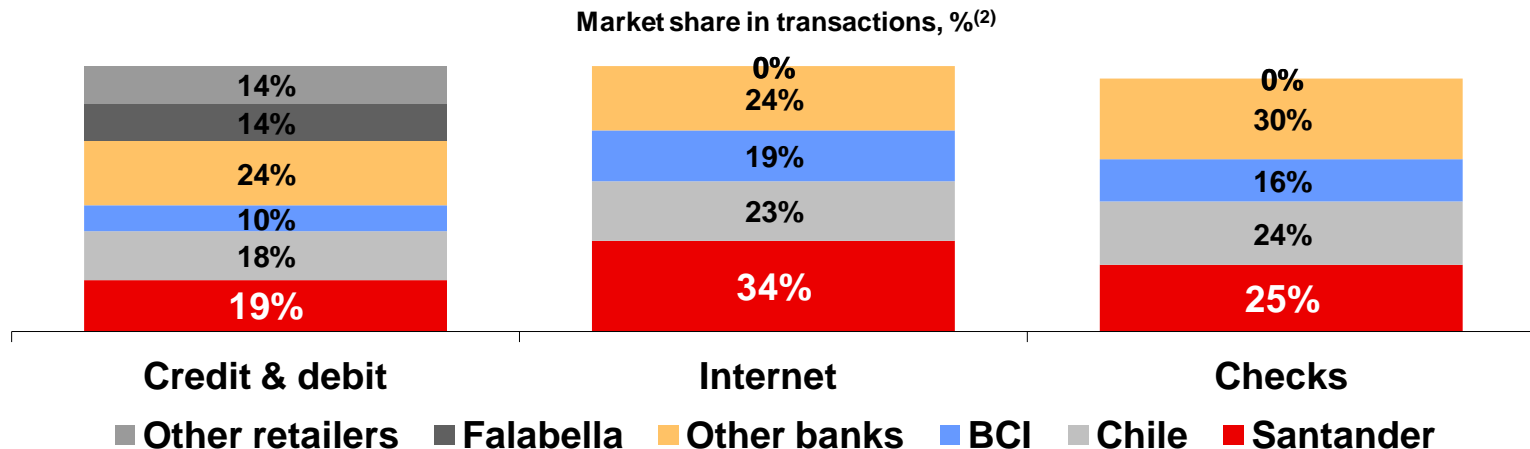
High share in retail segments...

	Mk. Share ⁽¹⁾	Share 2 nd Private bank
Individuals	22.2%	19.0%
- Consumer	24.1%	22.0%
- Mortgage	21.3%	17.4%

... strong presence in consumer lending



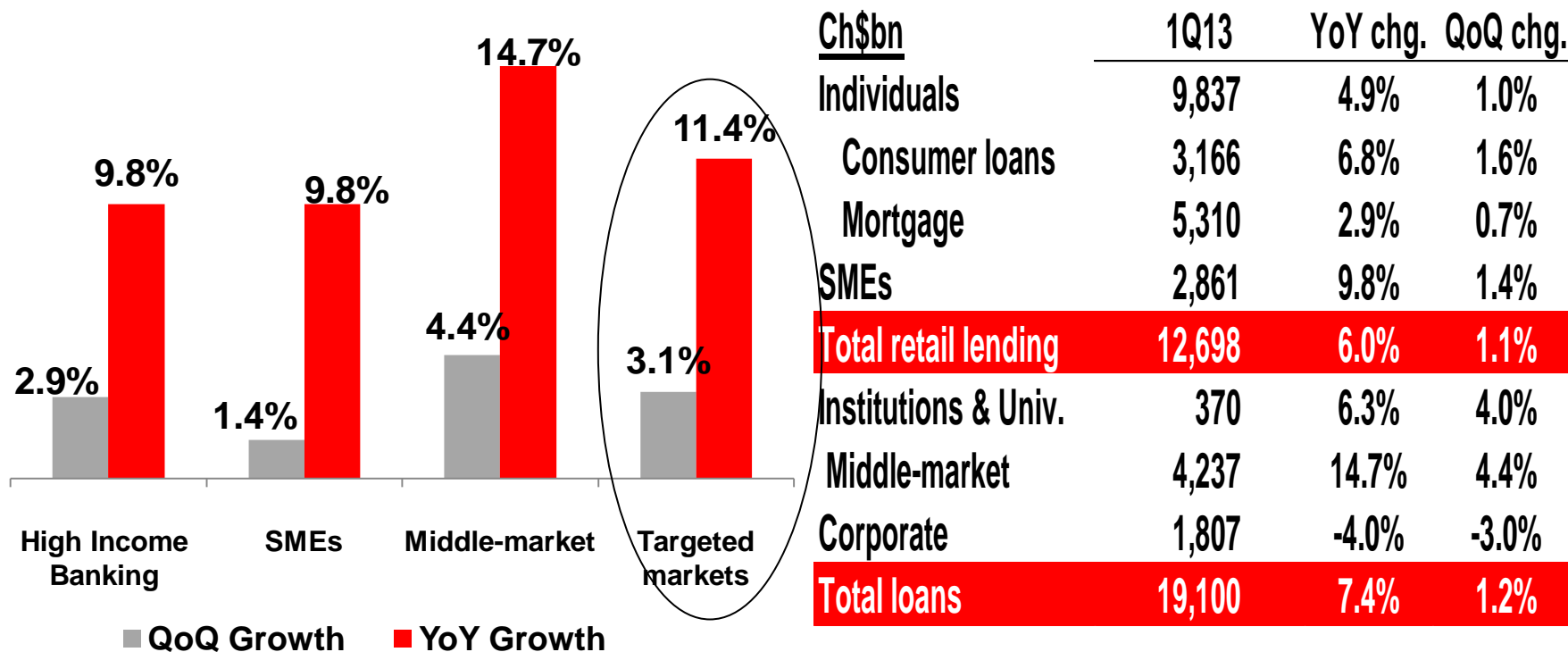
... and a high share of client transactions



(1) As of Mar. 2013 or latest available figures. Source: Superintendencia of Banks of Chile, includes banks only. Excludes Corpbanca Colombia. (2) Internet & checks: 2011. Source: Superintendencia of Banks of Chile, Cajas de Compensación & Transbank.

Solid loan growth in the markets the Bank is targeting

Total loans, Ch\$ billion; and QoQ % YoY growth, %

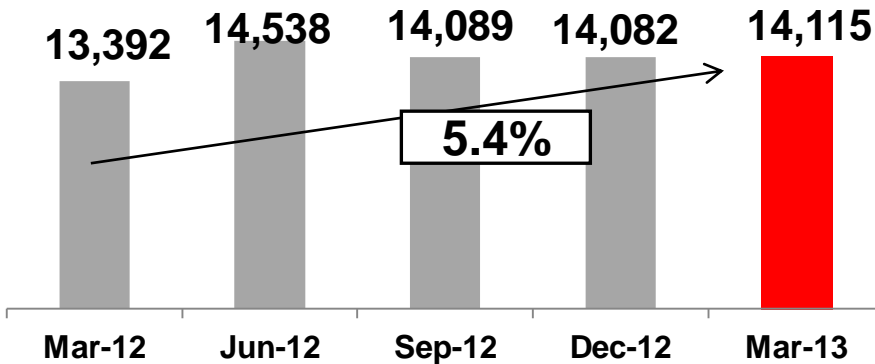


Our main strategic focus continues to be profitability over market share

Positive evolution of funding mix...

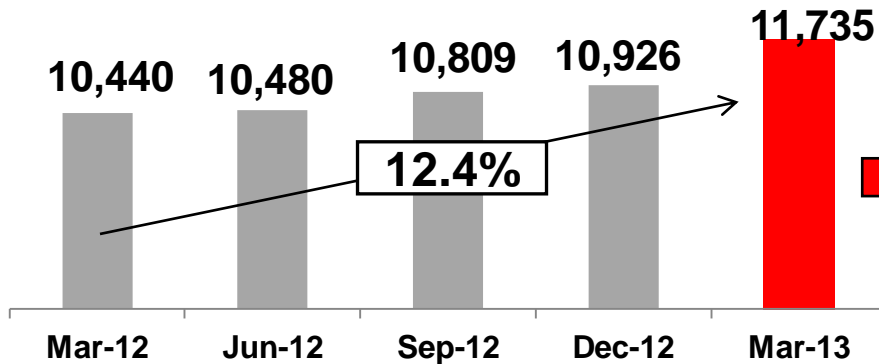
Customer funds, billions US\$*

Total Deposits (Ch\$bn)

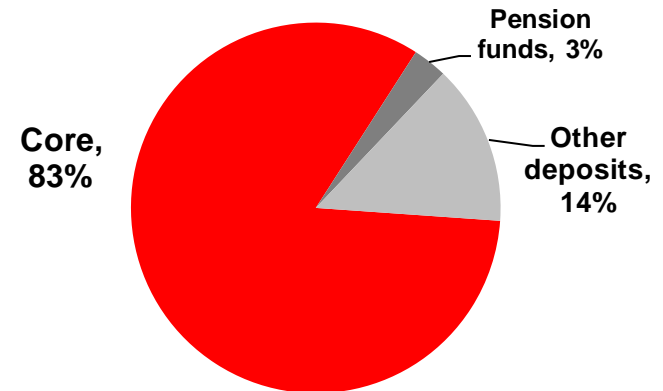


Ch\$bn	1Q13	YoY chg. %	QoQ chg. %
Demand deposits	4,964	8.7%	-0.1%
Time deposits	9,151	3.7%	0.4%
Total deposits	14,115	5.4%	0.2%

Core Deposits* (Ch\$bn)

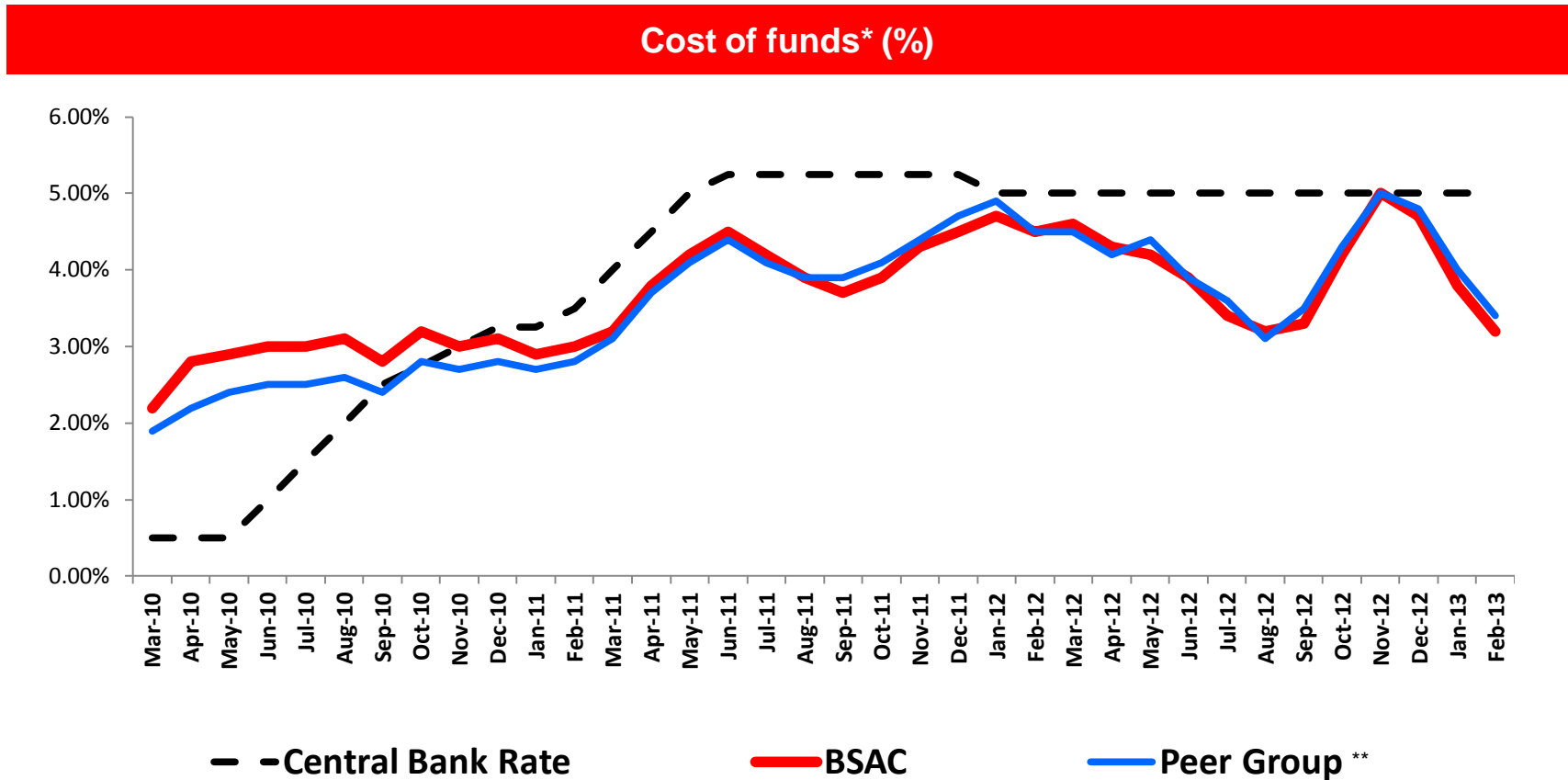


Deposit structure (as of 03.31.13)



* Core deposits: Deposits from non institutional sources.

....and costs

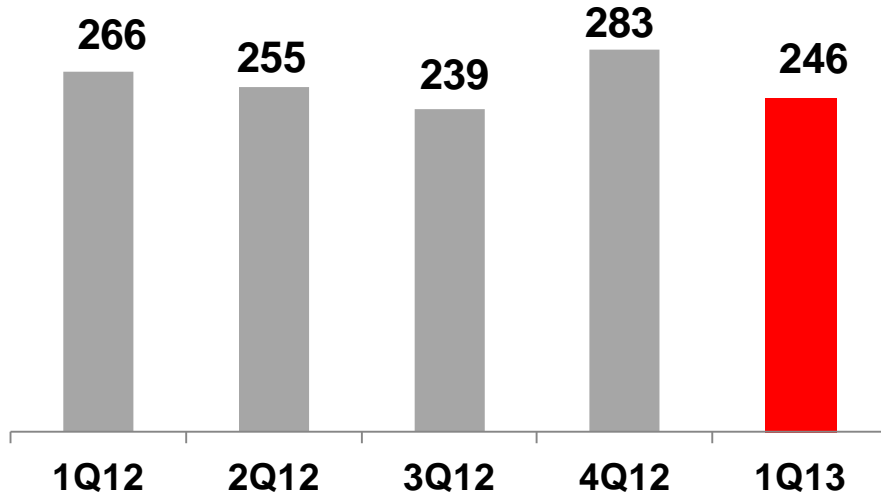


Growth of core deposits should help margins

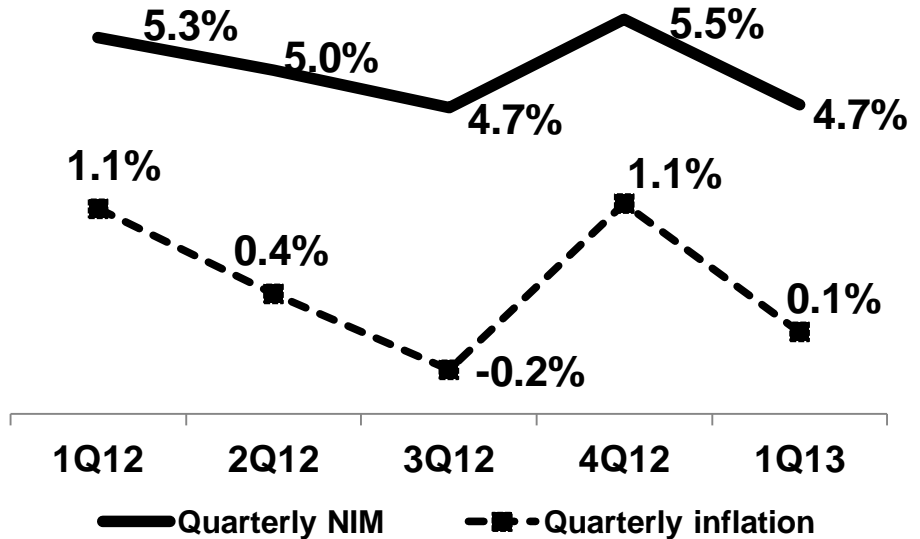
* Cost of funds = interest expense annualized divided by interest bearing liabilities plus demand deposits. ** Peer Group = BCI, Corpbanca, Chile and BBVA.
 Source: Superintendency of Banks of Chile.

NIMs temporally impacted by lower inflation

Quarterly Net interest income (Ch\$bn)



Quarterly NIM & inflation (%)

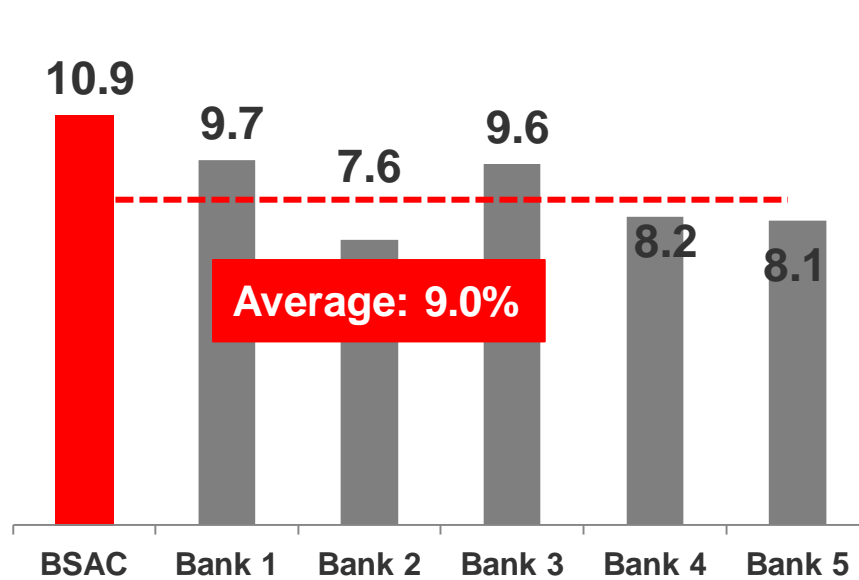


NIMs should rise as funding mix is improved and inflation is expected to normalize

A high capital base and a balanced risk-return relation

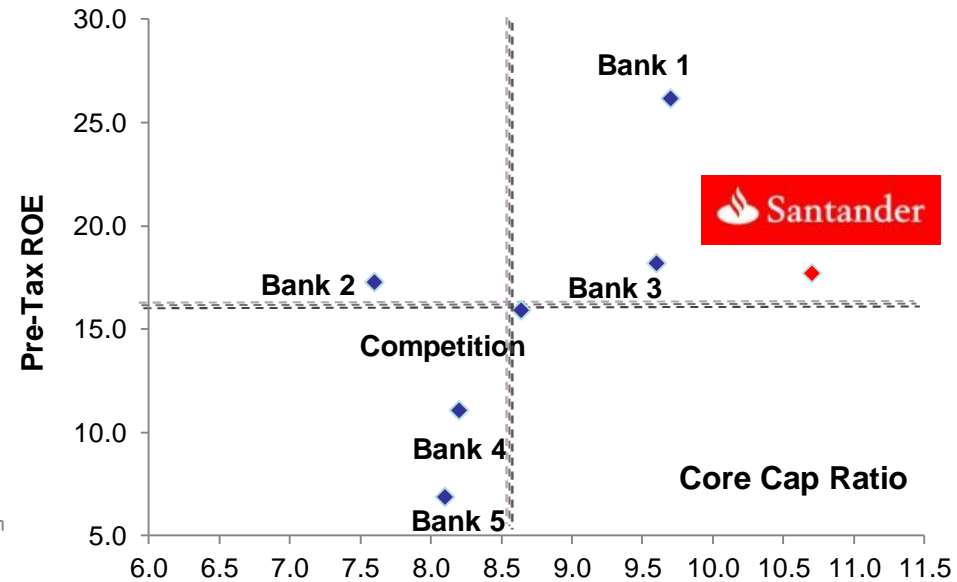
High capital base

Core Capital ratios, %



Best risk-return ratio in Chile

Pre-tax ROE & Core Capital ratios^(1,2), %



Dividend policy stable for 3 years at 60%. No new shares issued since 2002

(1) Tier I is as of Dec. 2012. (2) Pre-Tax ROE annualized as per March 2013. (3) Competition = System minus Santander Chile. Source: Superintendence of Banks of Chile. Santander Chile figures as of March 2013

Solid governance standards

SAN Group subsidiary model

- Network of independent subsidiaries
- Each subsidiary has its own capital
- Each unit has its own liquidity and finances its operations independent. No structural cross-financing among units
- Main relation is via share ownership

Binding legal limits

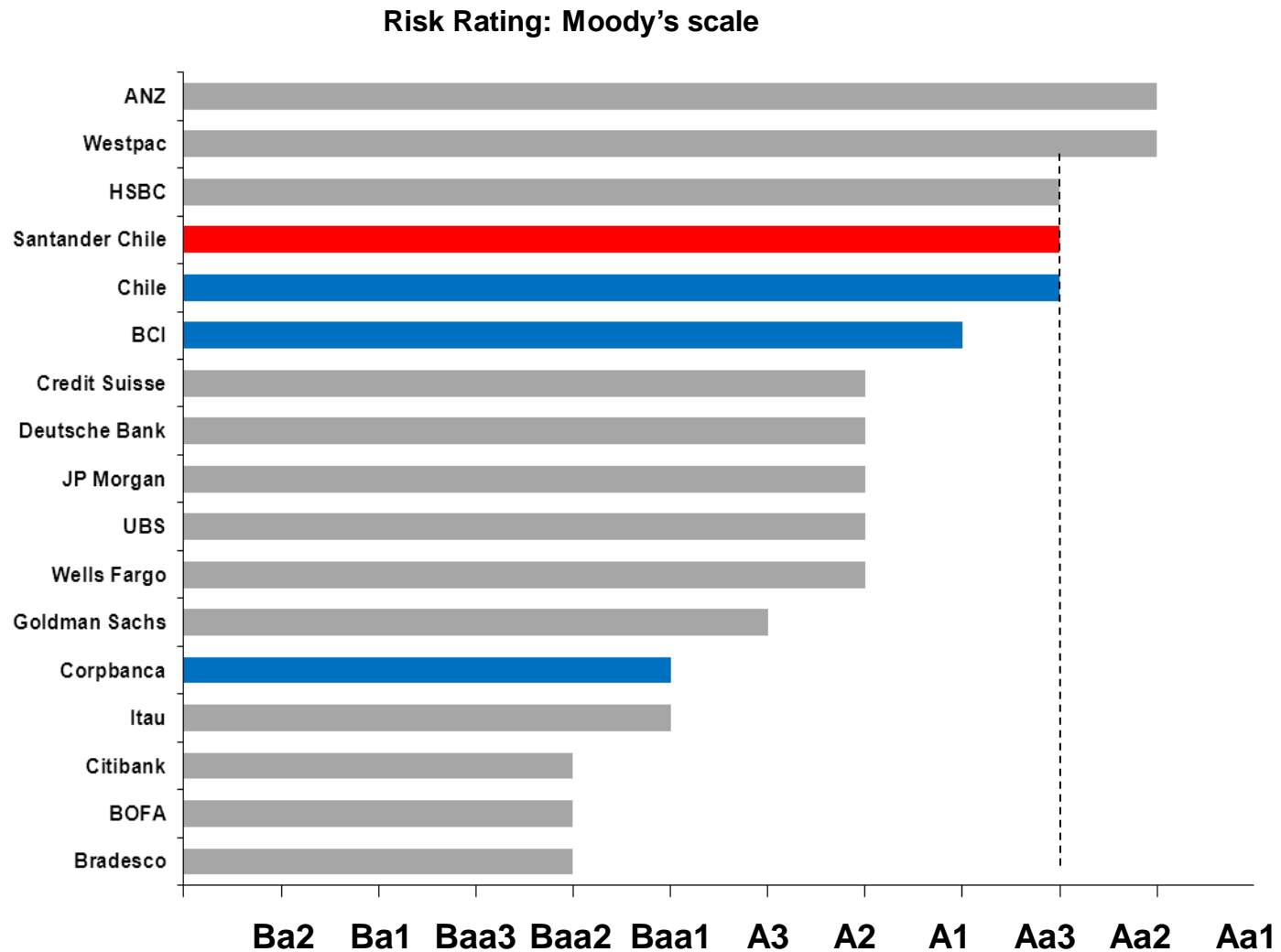
- Related company lending: Limited to 5% of total equity (unsecured) or 25% (w/ collateral);
- Deposits in related party entities abroad: limited to 25% of equity. Deposits in a single foreign bank: Limited to 5% of equity
- Too big to fail regulations
- Dividends paid once a year
- Strict liquidity limits

Sound governance standards

- 7 out of 11 board members are independent
- Active participation of Board members in main committees
 - ✓ Executive Credit Committee
 - ✓ ALCO
 - ✓ Audit Committee

As of March 2013, Santander Chile has no cross border lending / borrowing to / with other Grupo Santander units

One of the highest credit ratings in the Region



Source: Moody's via Bloomberg, as of March 2013

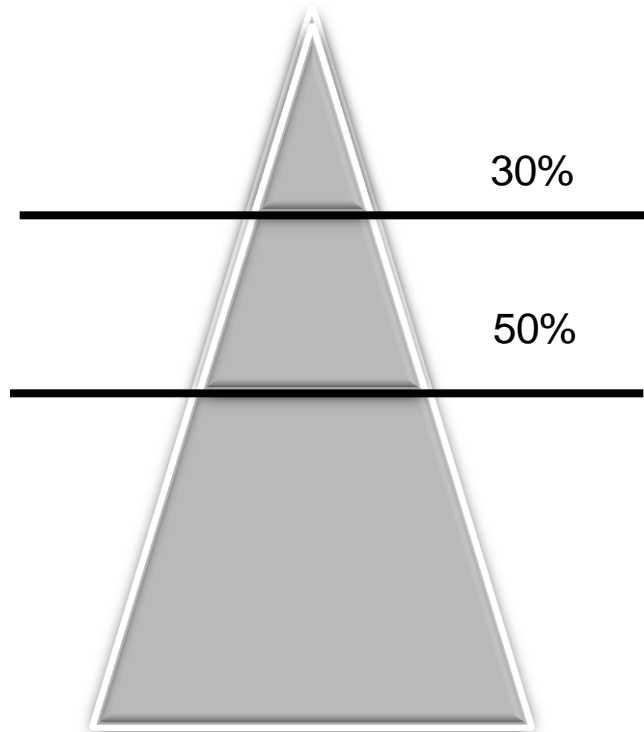
Highlights



We rethought our retail strategy due to changes in the market...

Target market in individuals

Structure of the workforce

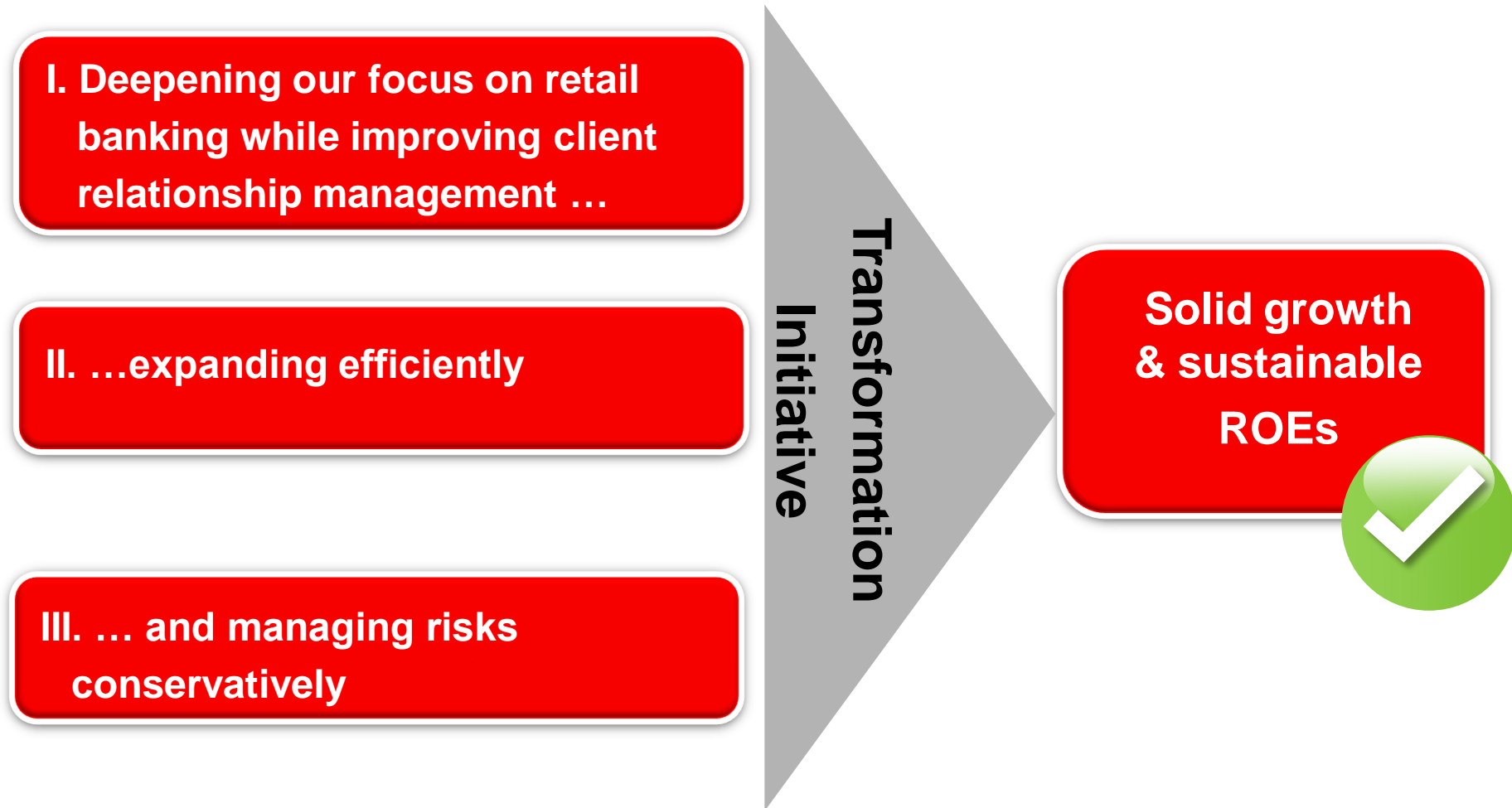


- We will maintain focus on retail banking
- In individuals, we will increase cross-selling of top 30% of the working population
- Down-market, between 30% - 50% of the workforce, focus will be in services and transactions with selective lending activity
- In SMEs the focus will be on increased lending, transactional services and simple treasury products

Objective is to grow in a healthy manner with our clients









... and reformulated our strategic plan to improve performance...

Santander Chile: Strategic drivers 2013-2015



... as opportunities for improvement exist in many areas

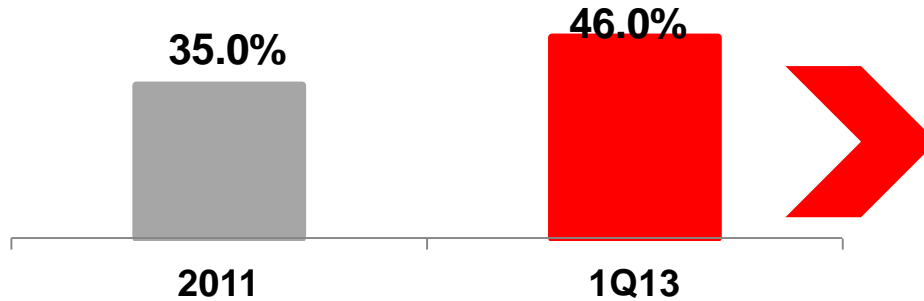
Business Transformation Model

<p><i>Clients</i></p>  <p><i>Low differentiation by sub-segments</i></p>	<p><i>Products</i></p>  <p><i>Too many products</i></p>	<p><i>Channels</i></p>  <p><i>Poor integration</i></p>	<p><i>Results</i></p>  <p><i>Unsatisfactory commercial targets</i></p>
<p><i>Risks</i></p> 	<p><i>Low sales of pre-approved products</i></p>		
<p><i>Client service</i></p> 	<p><i>Low client satisfaction</i></p>		
<p><i>People</i></p> 	<p><i>High rotation at the branch level</i></p>		
<p><i>Processes</i></p> 	<p><i>50% of time dedicated to non-commercial activities</i></p>		

Transformation Project: A safer, leaner....

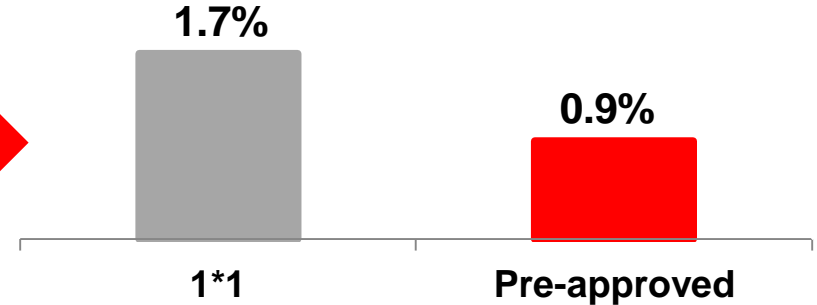
More pre-approved sales*...

Pre-approved consumer loan sales, % of total



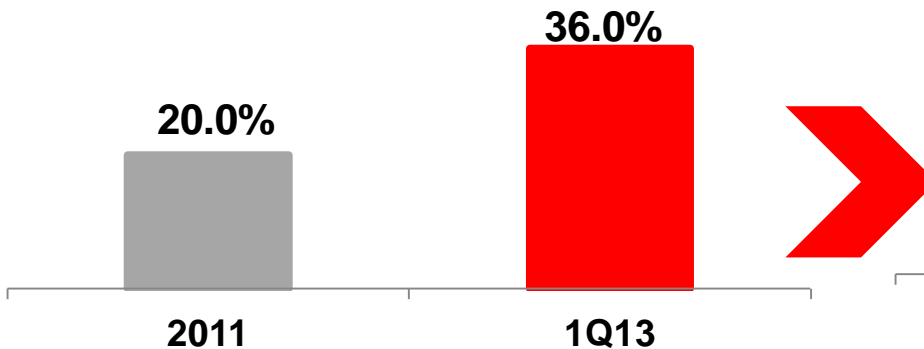
... with lower risks

Provisions, % of consumer loans



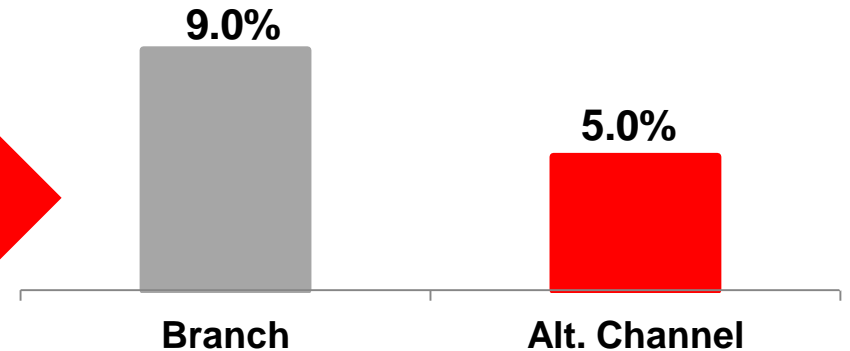
More sales through alternative channels**...

% of sales of consumer loans



... with lower costs

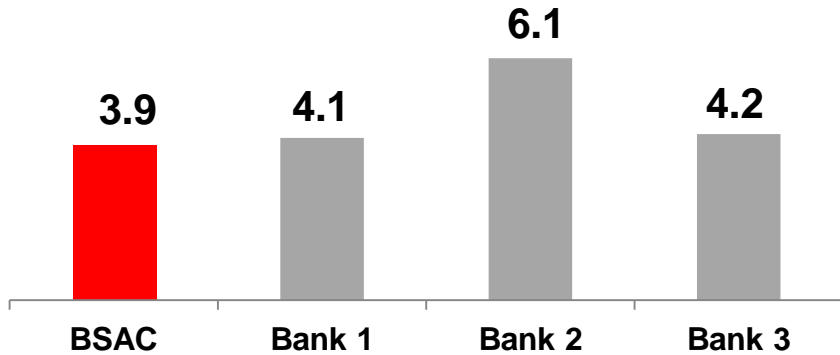
Origination costs, % of consumer loans



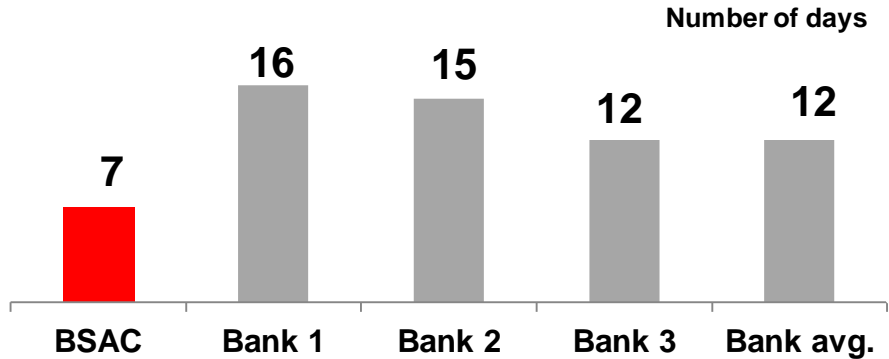
* Chilean pesos denominated consumer loans for individuals. ** Includes Internet, phone banking and sales force. Quarterly average.

...and better Bank...

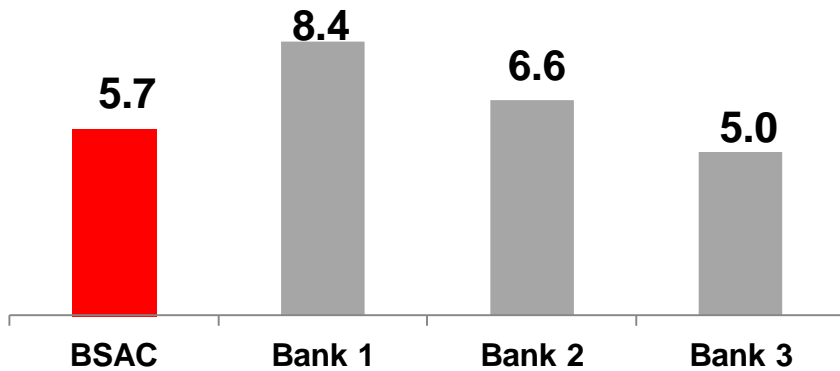
SBIF: Complaints per 10,000 clients*



Complaint response time*



SERNAC: Complaints per 10,000 clients*

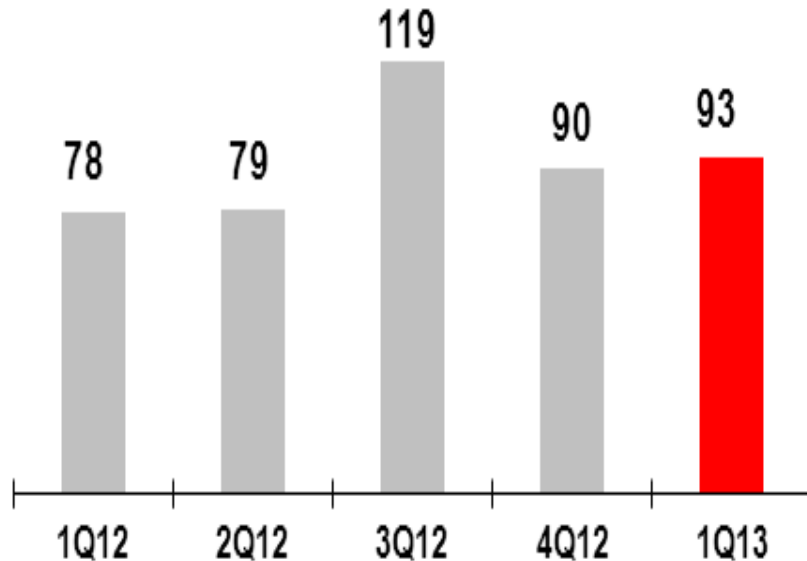


Steady improvements
in quality of service

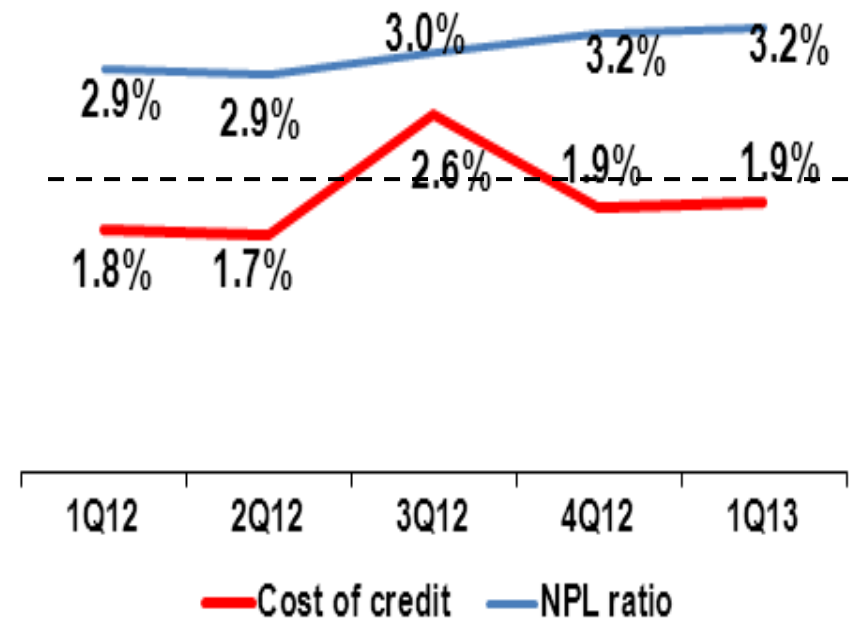
* Source: Superintendency of Banks of Chile (SBIF) & SERNAC Financiero (consumer protection agency), Sept. 2012

... with more stable asset quality indicators

Provision expense (Ch\$bn)



Cost of credit* (%)

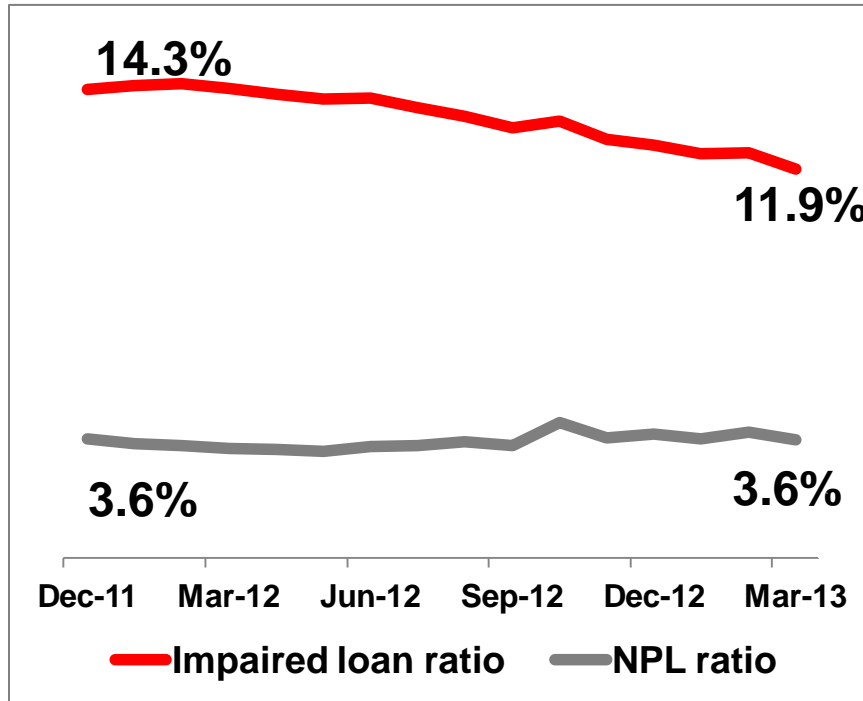


- Consumer, mortgage and SME provisioning models strengthened
- Admission policies modified
- Greater focus on pre-approved sales

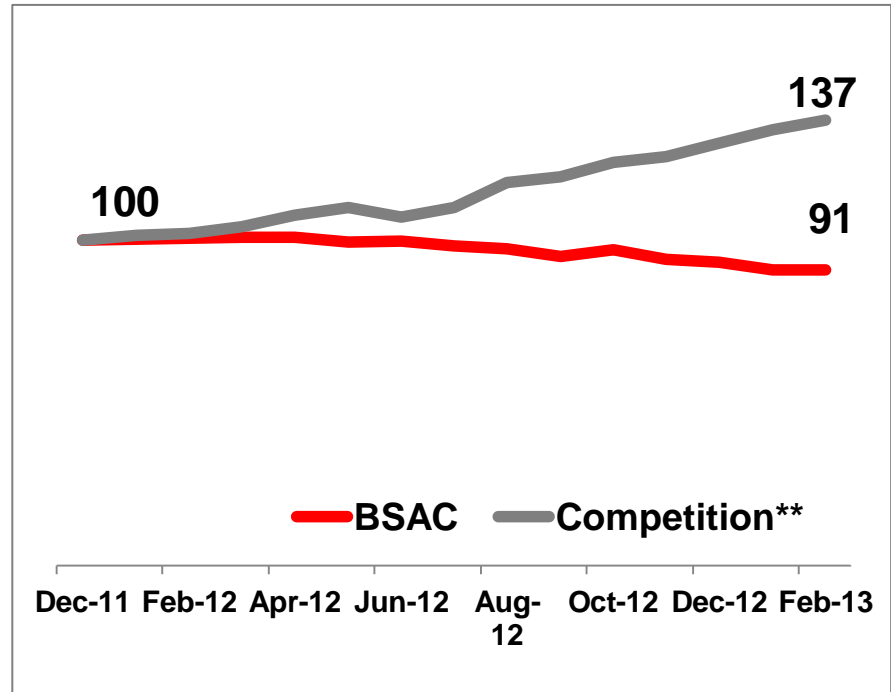
* Annualized quarterly provision expense / total loans

Asset quality in consumer lending improving

Santander Chile: impaired* consumer loans & consumer NPL ratio (%)



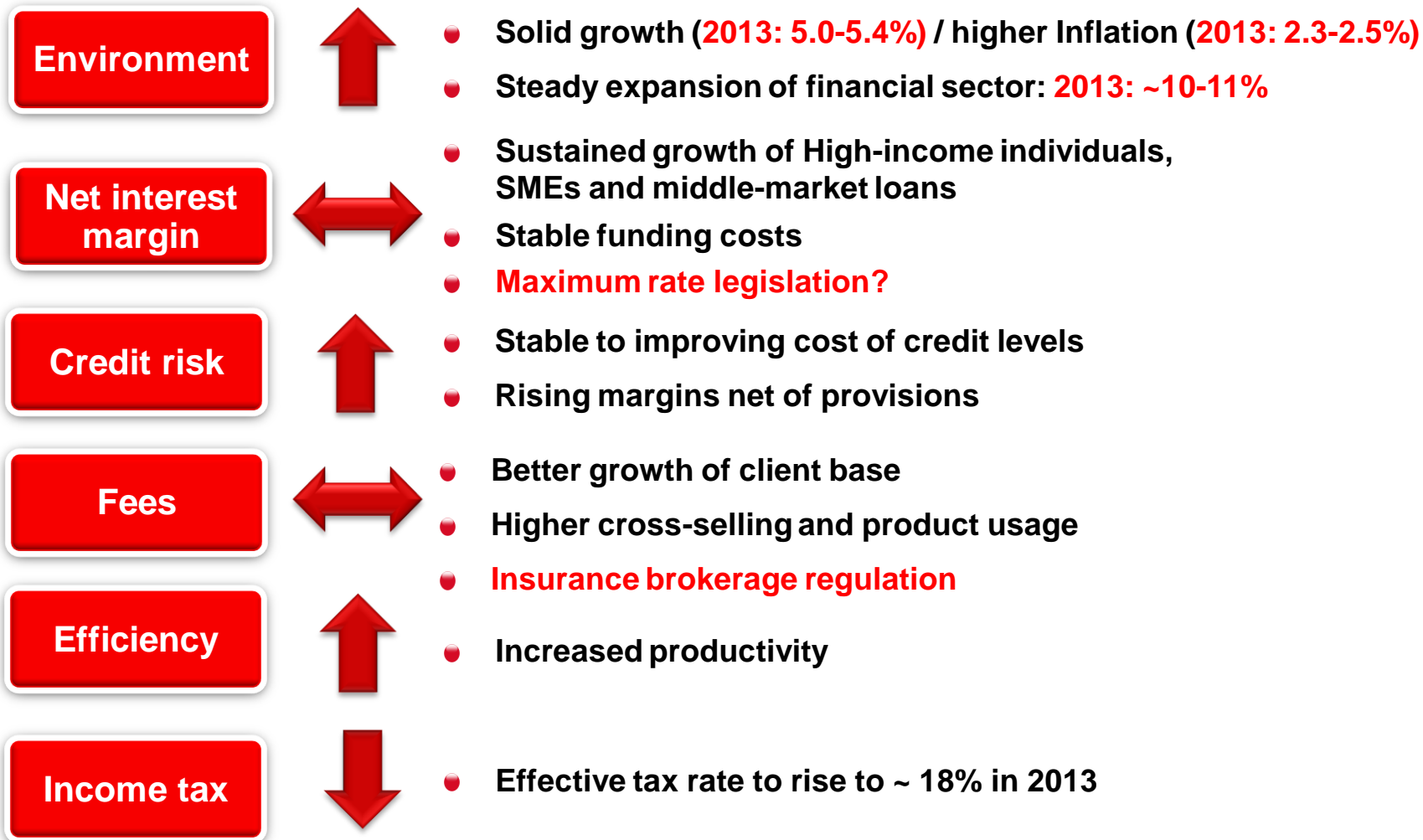
Evolution Impaired loans : *BSAC vs Competition (Base 100= 12/11)



Consumer loan loss recoveries up 146% YoY in 1Q13

* Impaired consumer loans includes renegotiated loans and NPLs. Source: SBIF **Competition: All banks, excluding Santander Chile





Santander Chile should continue delivering solid results

