

Banco Santander Chile

May 2013

Chile



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. All figures presented in this presentation are under Chilean Bank GAAP. Chilean Bank GAAP is very similar to IFRS but some differences do exist which are detailed in our 2012 20F. All figures presented are in nominal terms. 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.

Agenda

- 1. Chile: a global safe haven**
- 2. Santander Chile: the nation's leading bank**

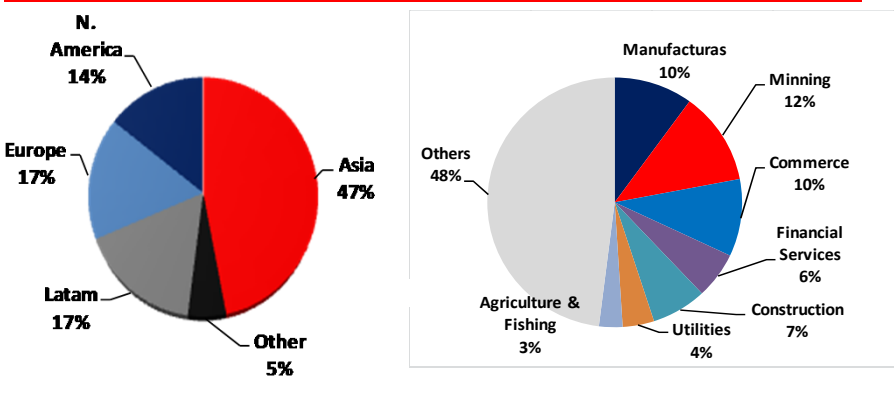
1. Chile: a global safe haven

Chile: a strong and diversified economy...

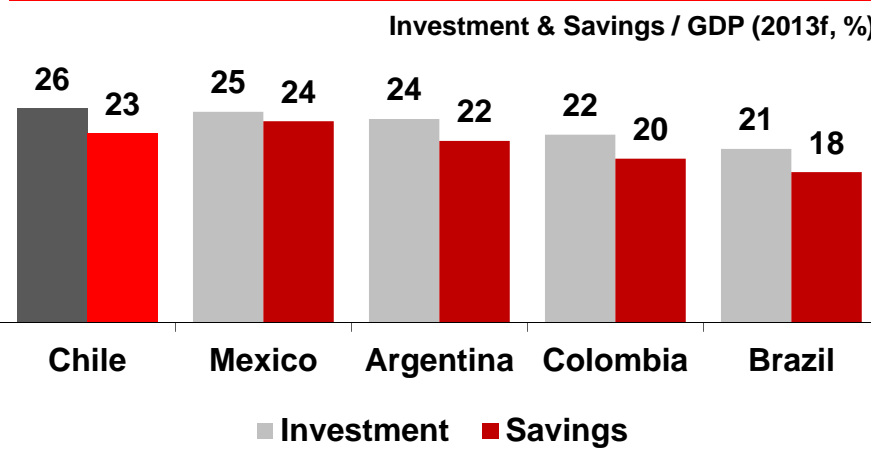
Chile's key economic highlights⁽¹⁾

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

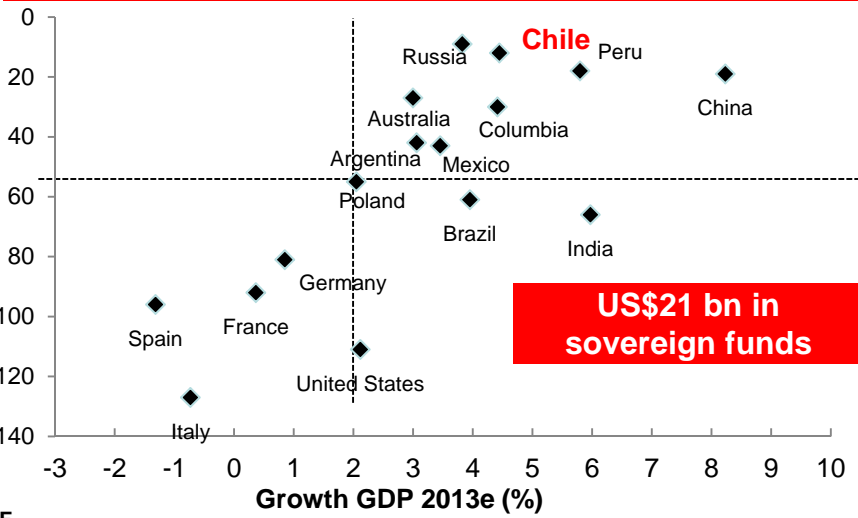
A diversified economy...⁽¹⁾



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



... and a solid fiscal position⁽²⁾

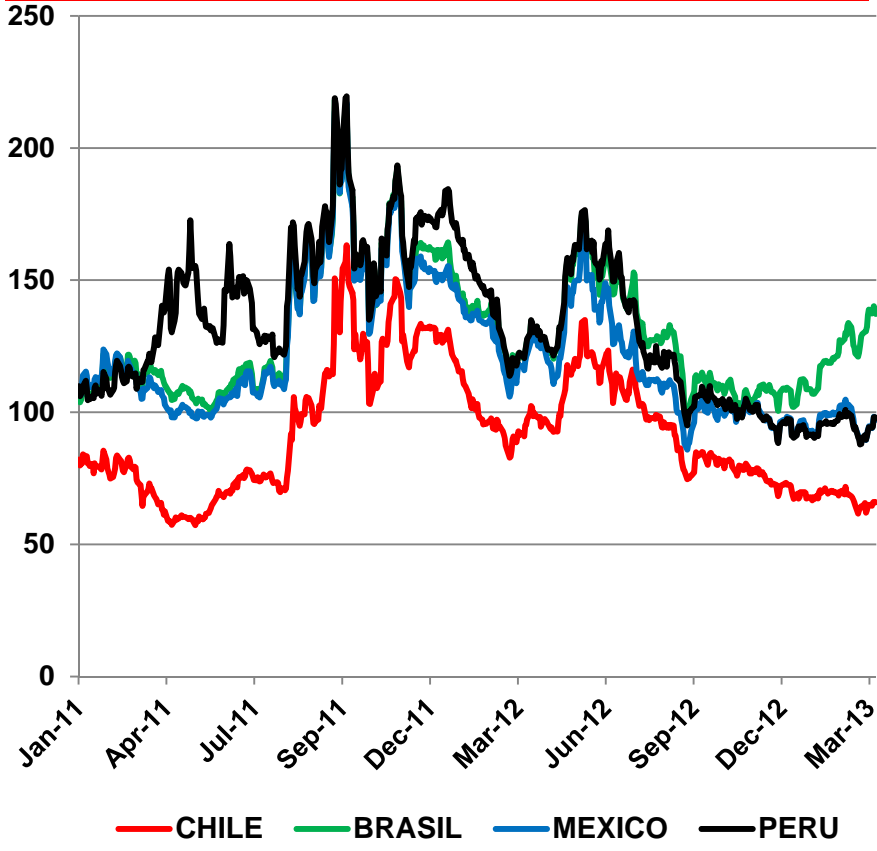


(1) Figures for 2012 or latest available data. Source: Central Bank of Chile. (2) Source: IMF.

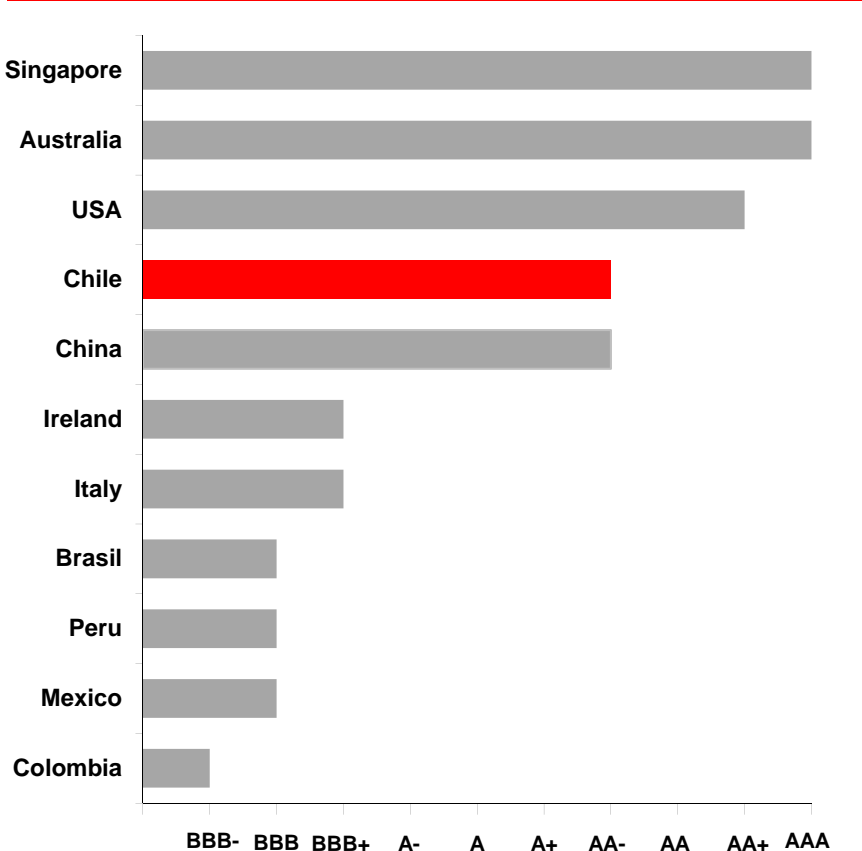
1. Chile: a global safe haven

... resulting in a relatively low-risk environment

Low Sovereign risk...(1)



... and high Sovereign rating(2)

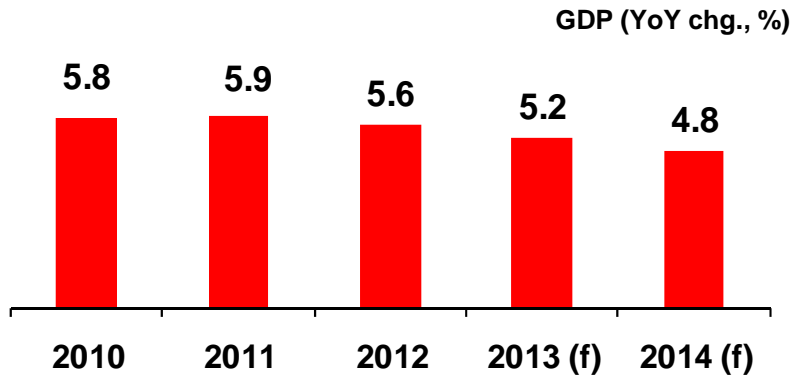


A sound institutional framework and business environment

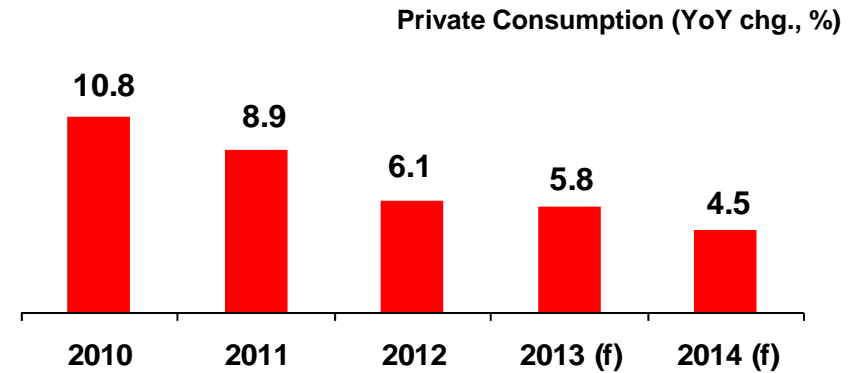
(1) Credit default swaps spreads. Source: Bloomberg. (2) Source: Standard & Poor's via Bloomberg, as of March 2013.

Our outlook for 2013 - 2014 is positive

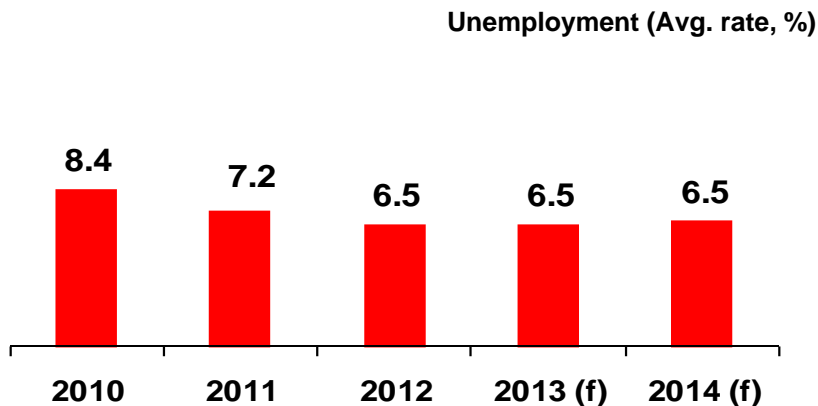
Solid GDP growth...



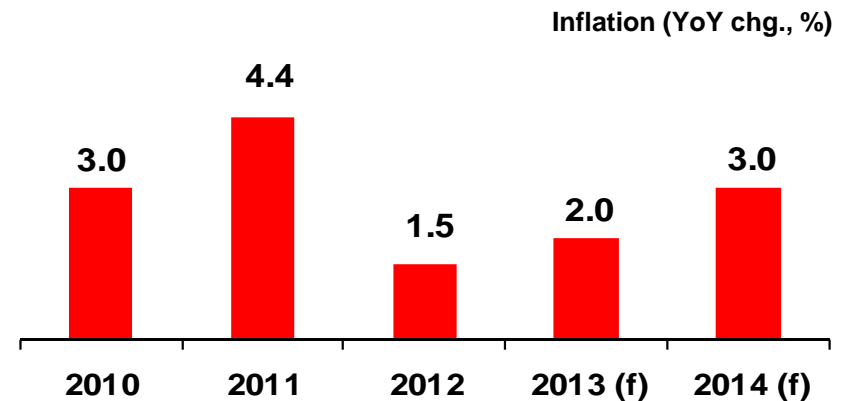
... fueled by Private Consumption



Stable unemployment...



... and low inflation

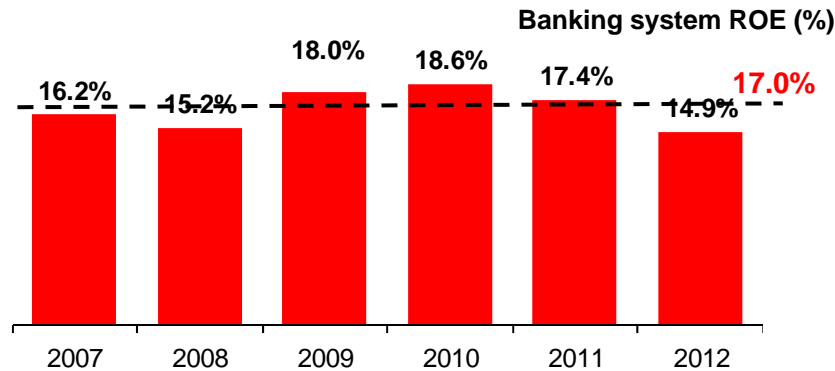


Source: Central Bank of Chile. (f): Santander Chile's forecasts.

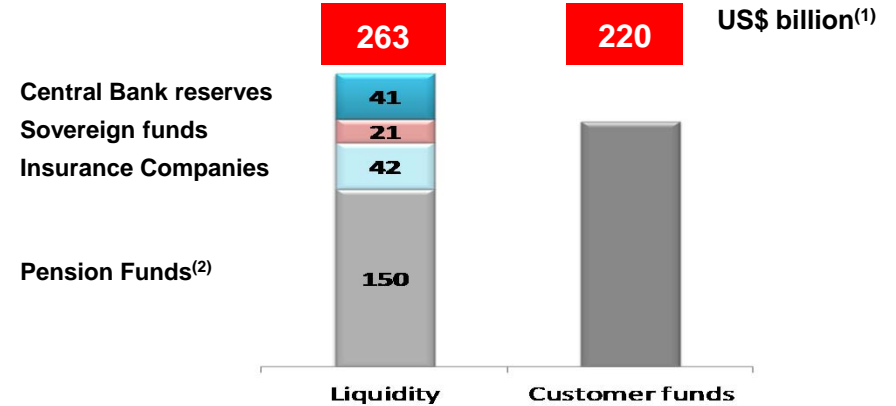
1. Chile: a global safe haven

A profitable and solid financial system

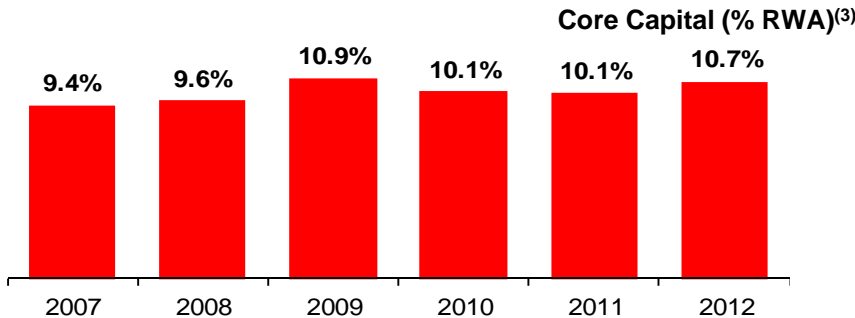
Attractive profitability



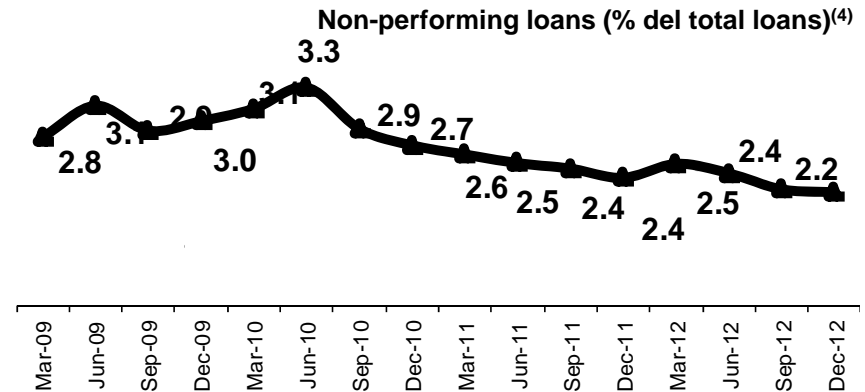
Ample liquidity to access



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.

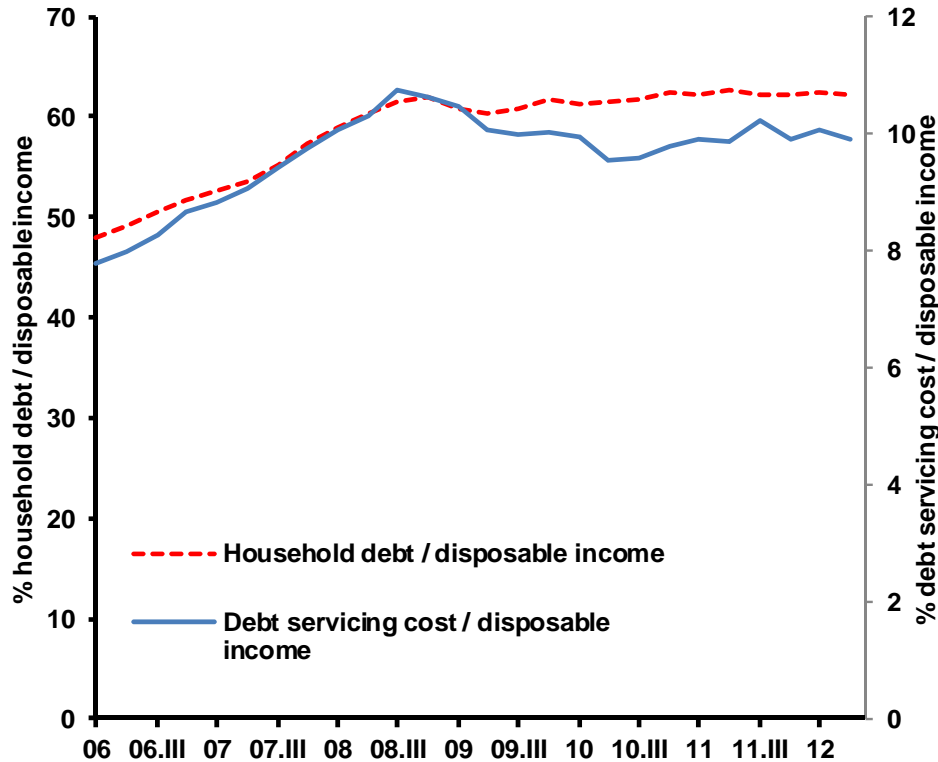
(4) NPLs defined as portfolios with 90 or more days overdue.

Source: Superintendence of Banks and of Pension Fund Managers, Ministry Finance and Central Bank of Chile.

1. Chile: a global safe haven

Healthy evolution of household debt and real estate prices

Household indebtedness & debt servicing costs



Source: Banco Central de Chile, SBIF, SuSeSo & SVS.

Annual real change in real estate prices*

Borough	March 02- Sep. 09	Sep. 09 – Jun. 12
Santiago	-0.6%	5.1%
Nuñoa	0.8%	4.0%
Las Condes	0.5%	8.5%
La Reina	2.8%	10.2%
La Florida	1.6%	6.2%
Vitacura	1.3%	7.4%

Source: Banco Central de Chile based on information from Chilean IRS and Ferreira & Gyourko study (2011)

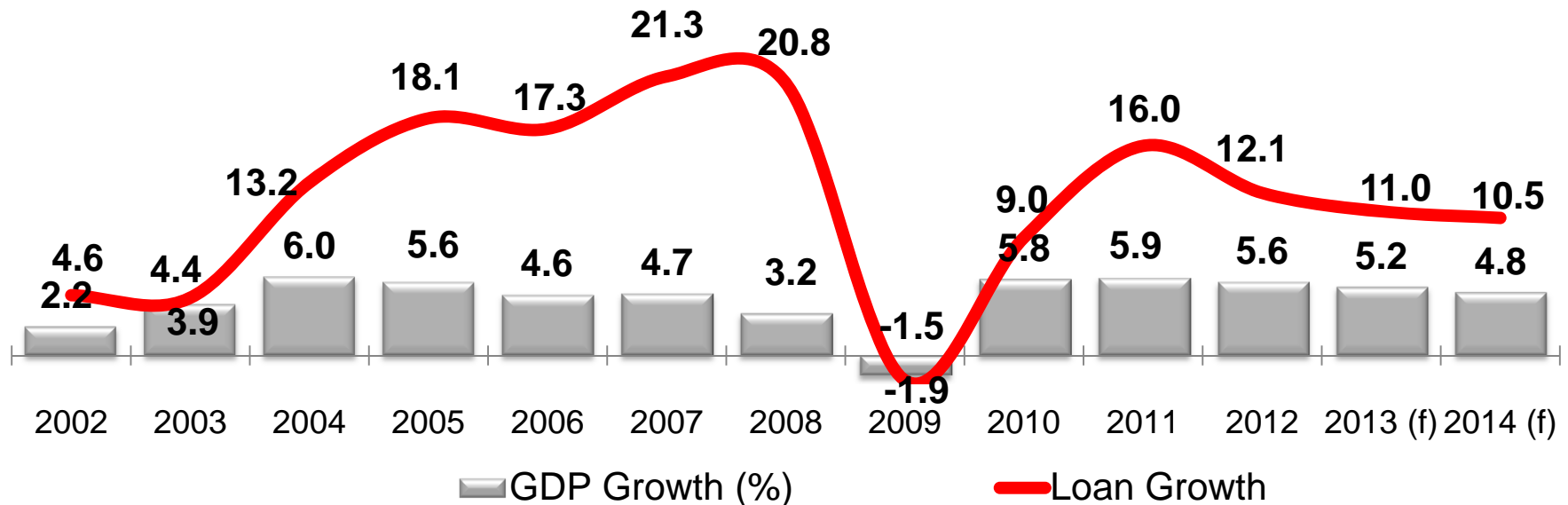
57% of loans are mortgage: lower rates / longer terms reduce financial burden in Chile

1. Chile: a global safe haven

8

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 of the surrounding regions.
- Our vision of the changes, after a reasonable adjustment period is very positive.
- However, credit providers must make a fundamental adjustment in its business focus and strategy. This is not an option.

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

Chile



Agenda

1. Chile: a global safe haven

2. Santander Chile: the nation's leading bank

2. Santander: Chile's leading bank

10

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

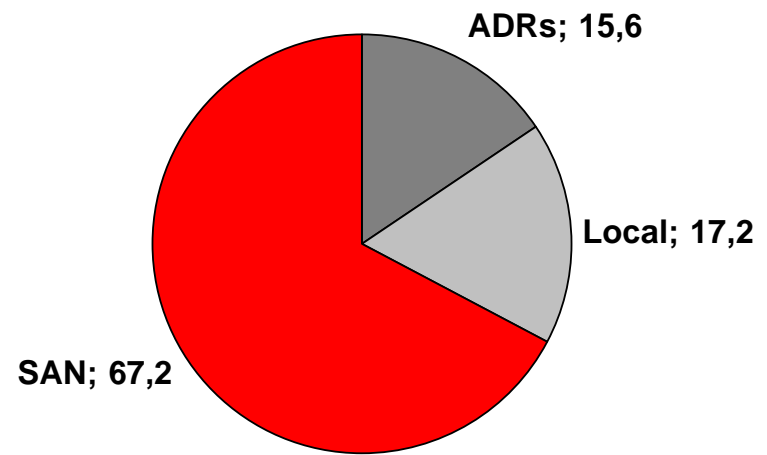
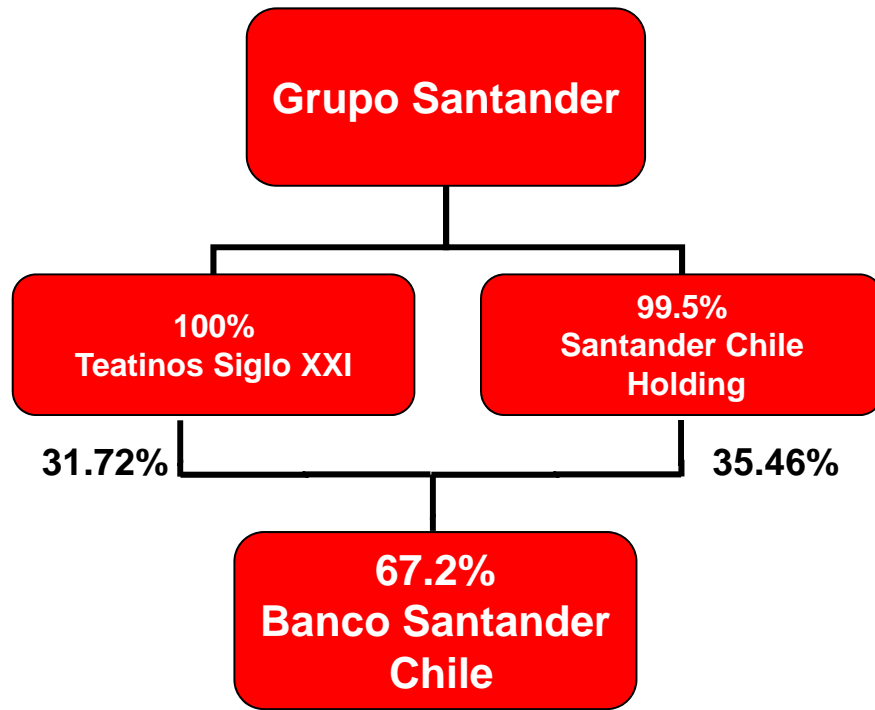
1. Or latest available figures using the period-end exchange rate. 2. Over total workforce. Source: INE . 3. Excludes Banco del Estado. 4. Market share is over total monetary transactions using a credit card and includes department stores. Source: Superintendency of Banks of Chile

Chile



Grupo Santander controls 67% of Santander Chile. 33% floated

Ownership structure



We are Chile's 2nd most liquid stock

**BSAC
LISTED
NYSE**

Solid governance standards

Independent Board

	<u>Asset and Liability Committee</u>	<u>Directors and Auditing Committee</u>	<u>Executive Credit Committee</u>
Oscar Von Chrismar	●		●
Marco Colodro Hadjes	●		●
Vittorio Corbo	●		
Victor Arbulu Crousillat 		●	
Mauricio Larrain Garcés	●		●
Carlos Olivos Marchant		●	
Roberto Zahler Mayanz	●		
Lisandro Serrano Spoerer		●	
Roberto Méndez Torres			●
Jesús María Zabalza Lotina ◆			

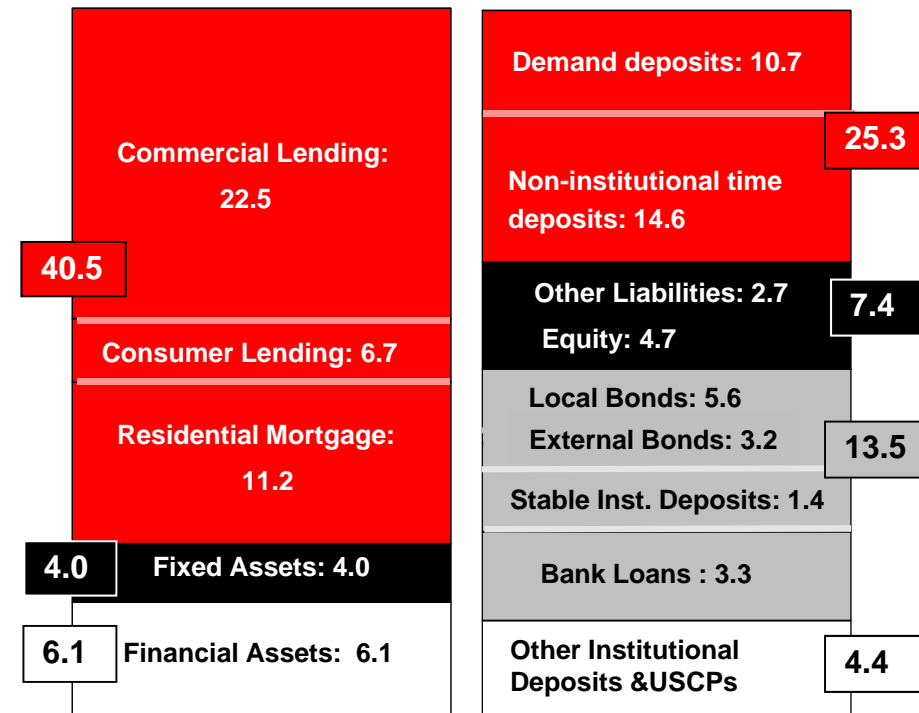
 Chairperson
  Member
  Financial Expert
 Vice Chair

Corporate Governance Standards

- ✓ **Independent Board of Directors: 7 out of 11 Board members unrelated to Grupo Santander**
- ✓ **Participation in Main Committees: Active participation of board members in main committees**
- ✓ **Division of Functions: Risk management independent of commercial areas.**
- ✓ **Independence: Autonomous Internal Auditing Area**
- ✓ **Compliance: Compliance Division that oversees the fulfillment of the Bank's codes of conduct. Comply with SEC and NYSE Corporate Governance Guidelines & SOX**

A sound balance sheet structure

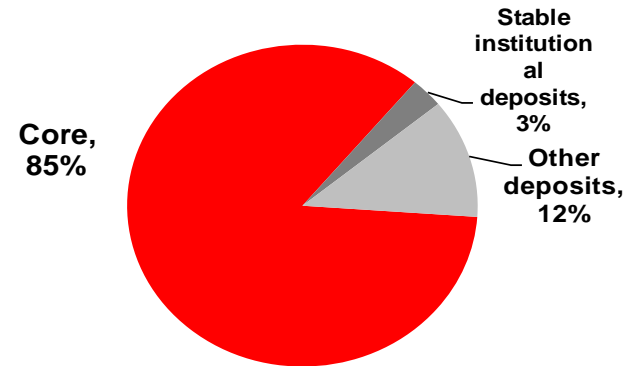
Liquidity position (US\$bn as 03/2013)



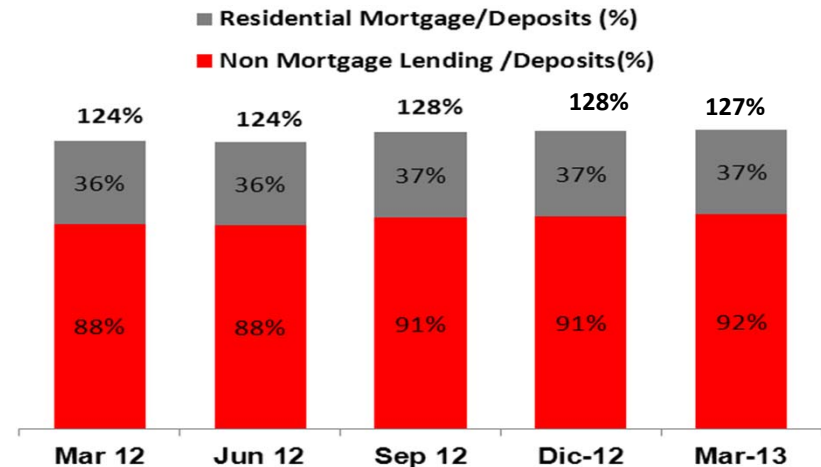
Structural Liquidity: ~US\$ 1.7 billion

*Total assets and liabilities are net of encumbered assets.

Total Deposit Base: US\$ 30 bn



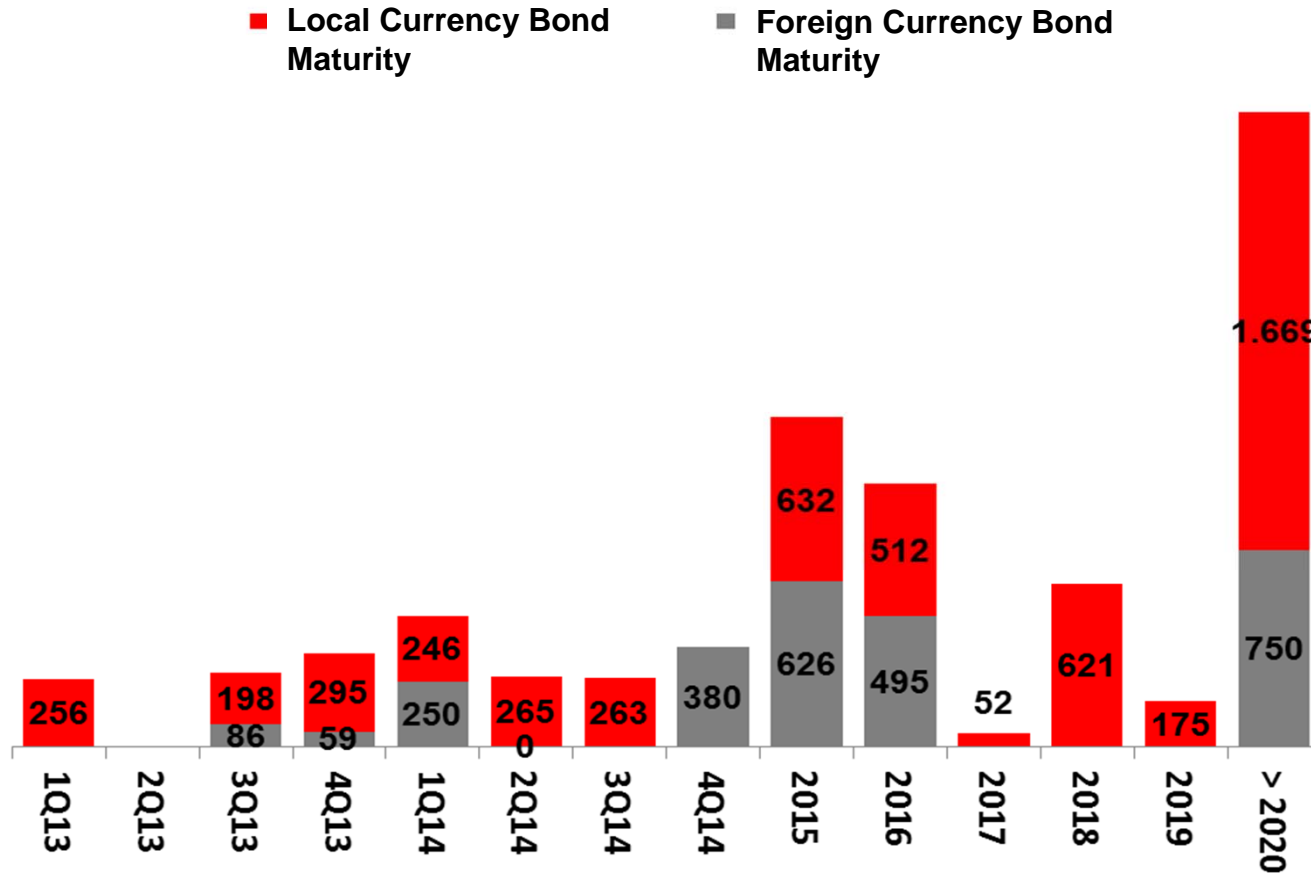
Loan / Deposit Ratio



2. Santander: Chile's leading bank

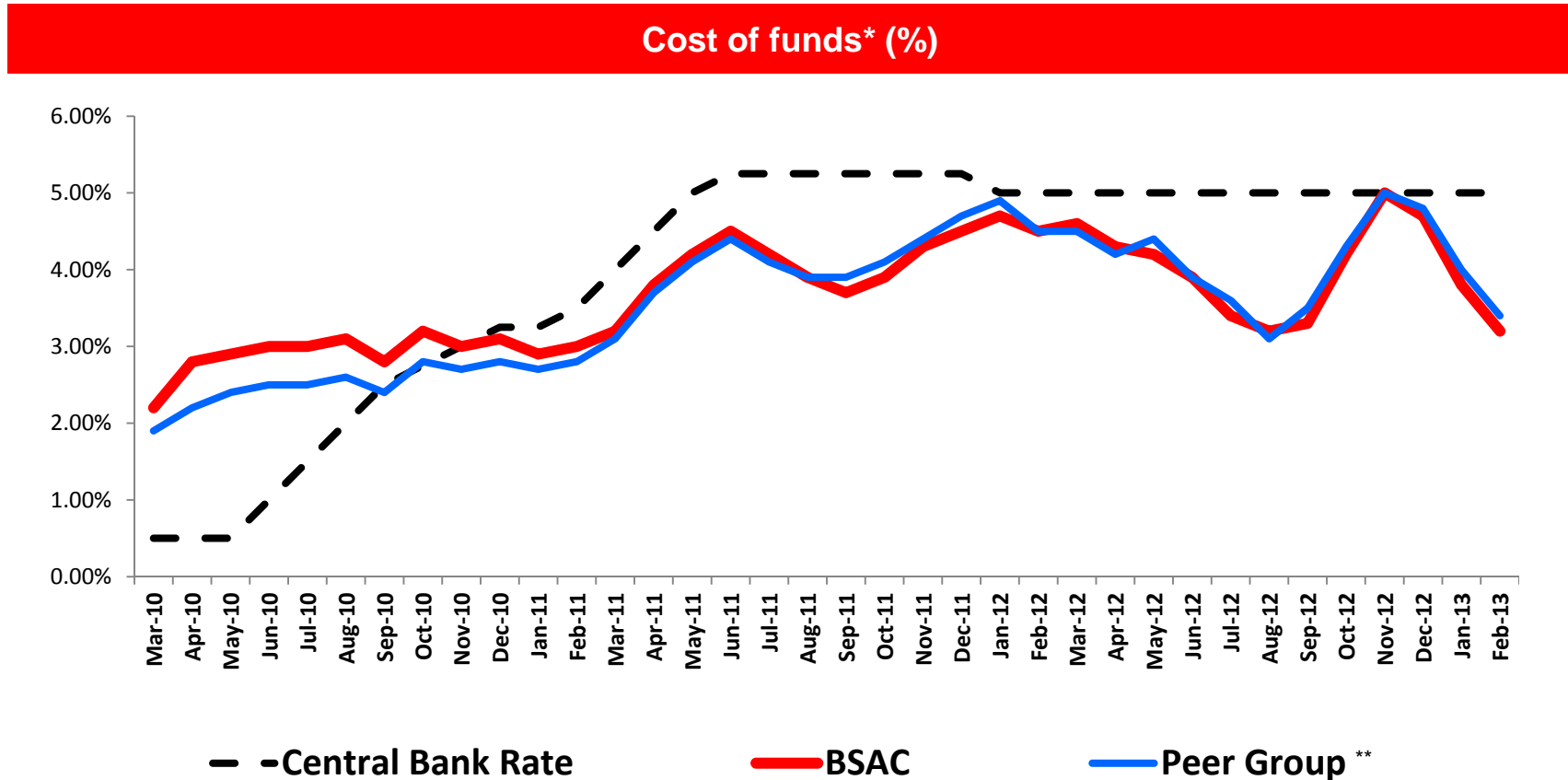
Healthy bond maturity profile

March 2013 – USD bn



2. Santander: Chile's leading bank

Improved funding mix results in better funding costs



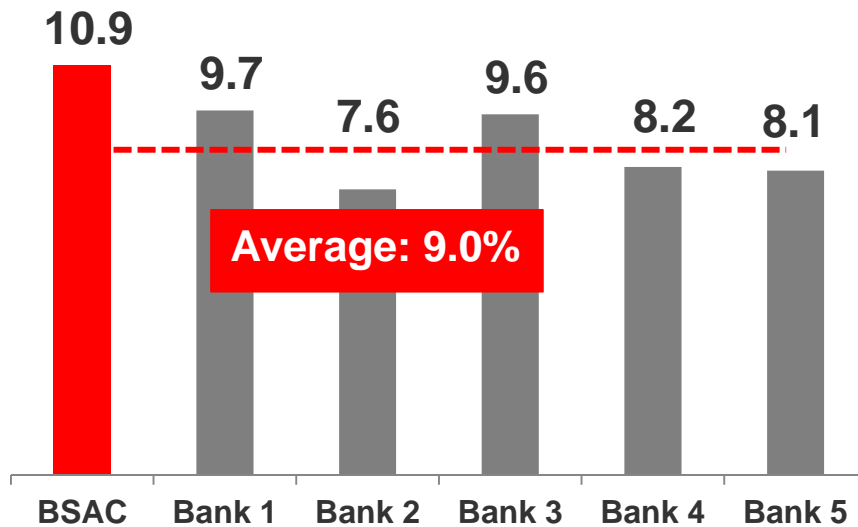
Core deposits growing >10% per year

* 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.

A high capital base and a balanced risk-return relation

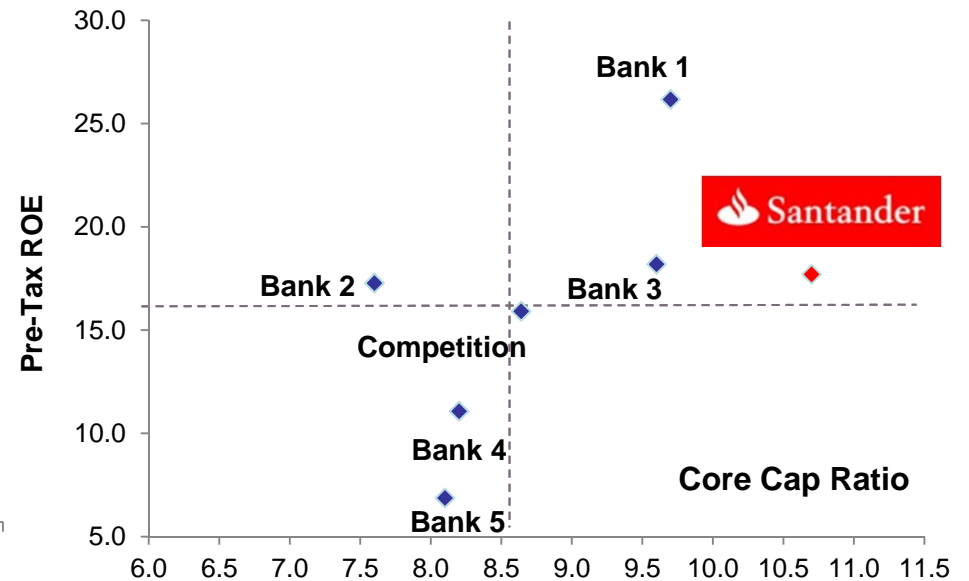
High capital base

Core Capital ratios, %



Best risk-return ratio in Chile

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



BIS ratio as of March 2013 = 13.9% (12.7% including market risk and 12.0% with market & operational risk to be probably introduced after 2014)

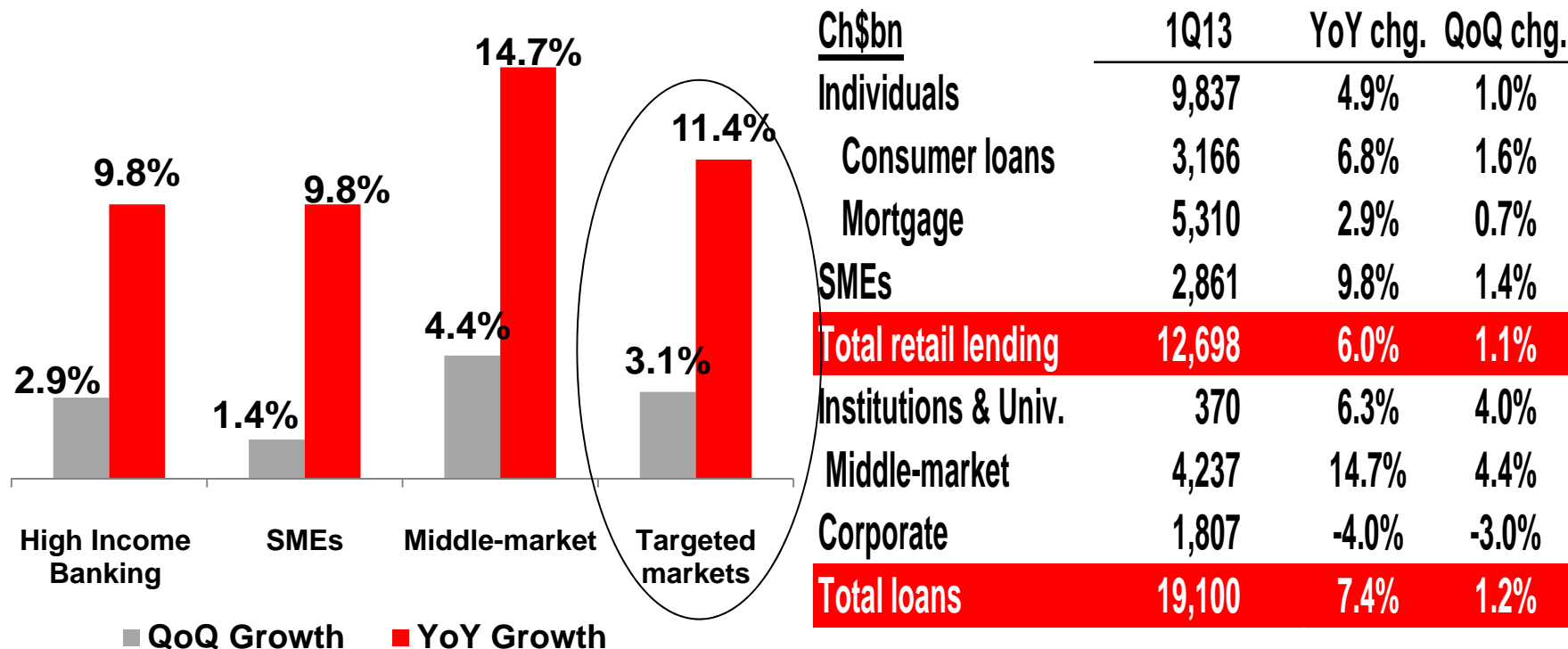
(1) Tier I is as of Dec. 2012. (2) Pre-Tax ROE annualized as per March 2013. (3) Competition = System minus Santander Chile. Source: Superintendence of Banks of Chile. Santander Chile figures as of March 2013

2. Santander: Chile's leading bank

17

Solid loan growth in the markets the Bank is targeting

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



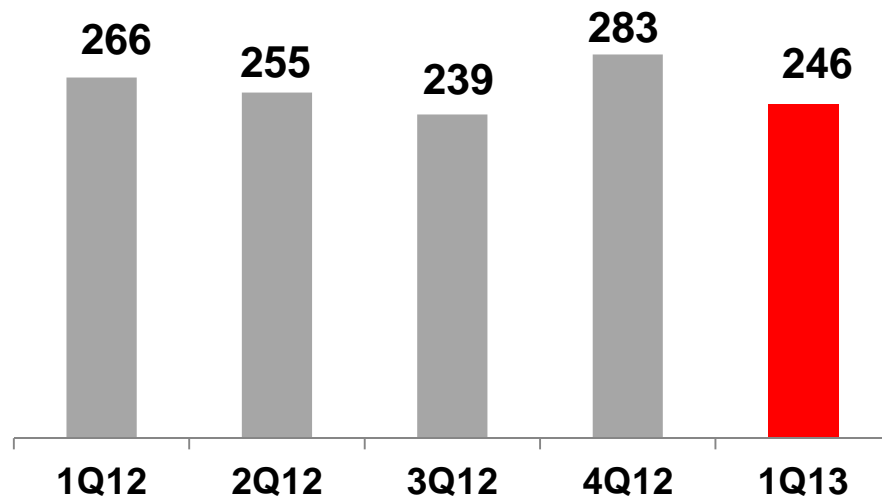
Our main strategic focus continues to be profitability over market share

Chile

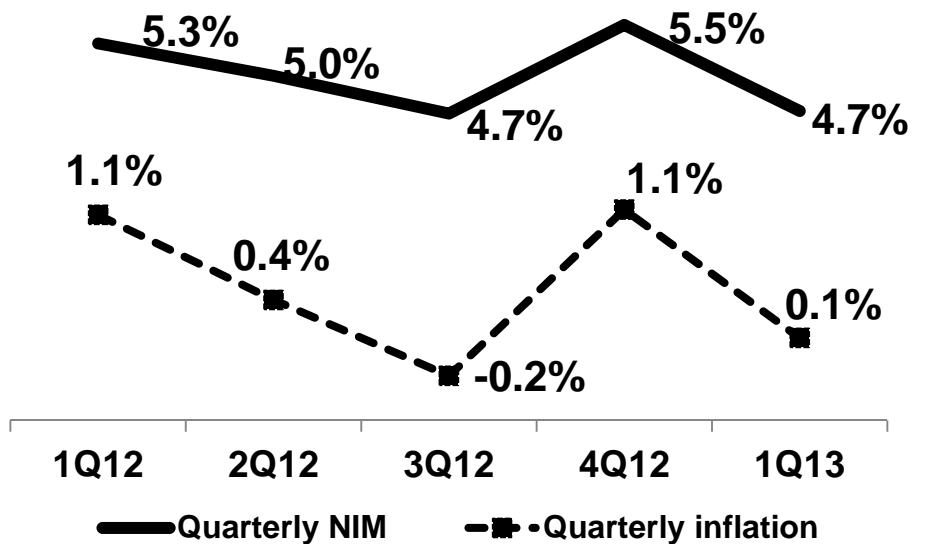


NIMs temporally impacted by lower inflation

Quarterly Net interest income (Ch\$bn)

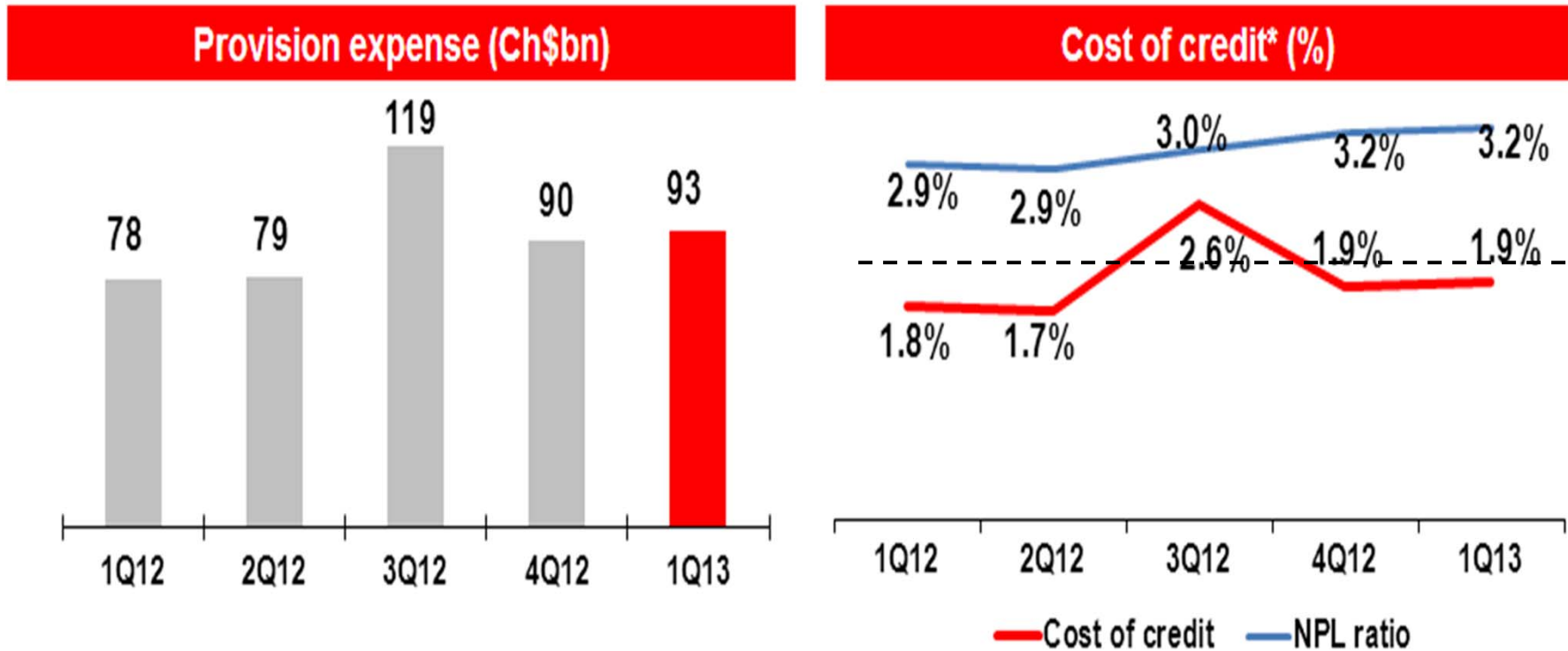


Quarterly NIM & inflation (%)



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

Stable asset quality indicators

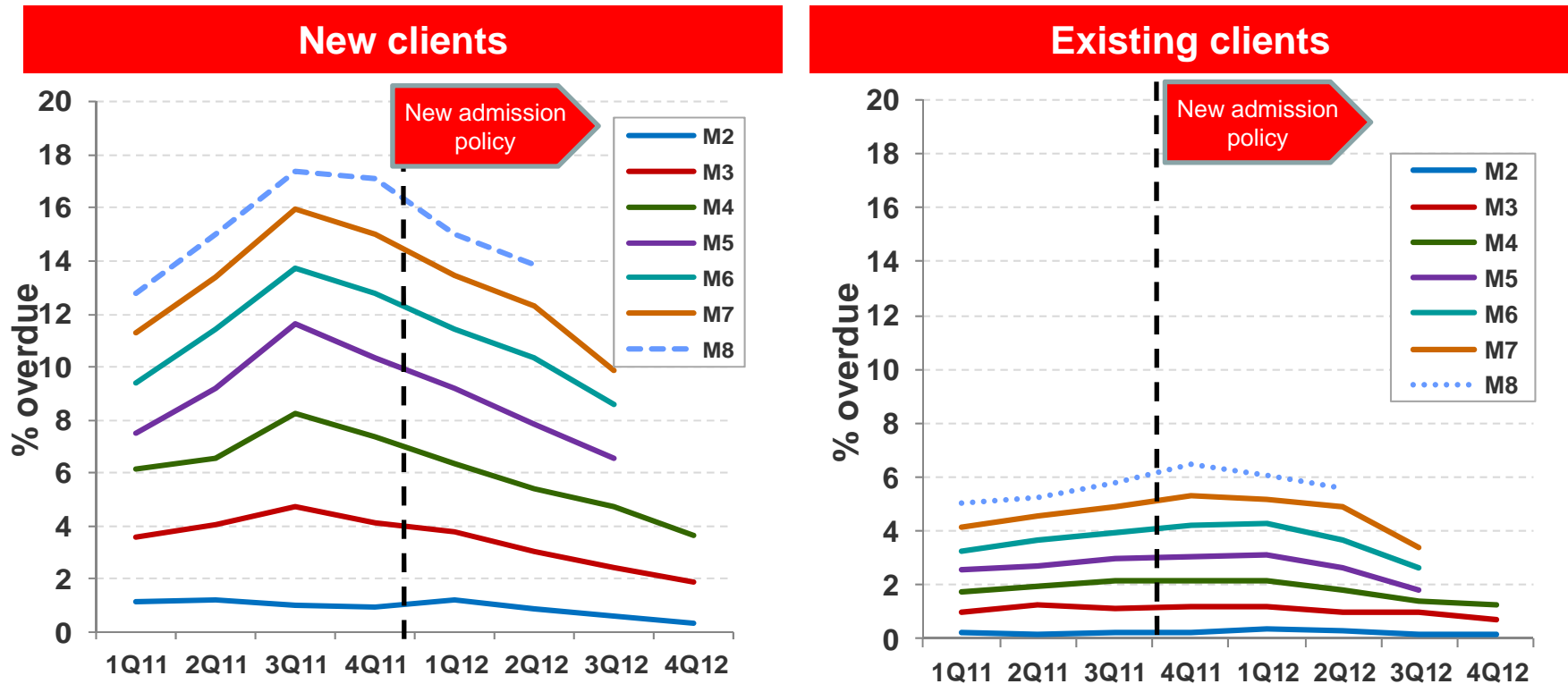


- Admission policies improved
- Greater focus on pre-approved sales
- Consumer, mortgage and SME provisioning models strengthened

* Annualized quarterly provision expense / total loans

Consumer loan vintages improving

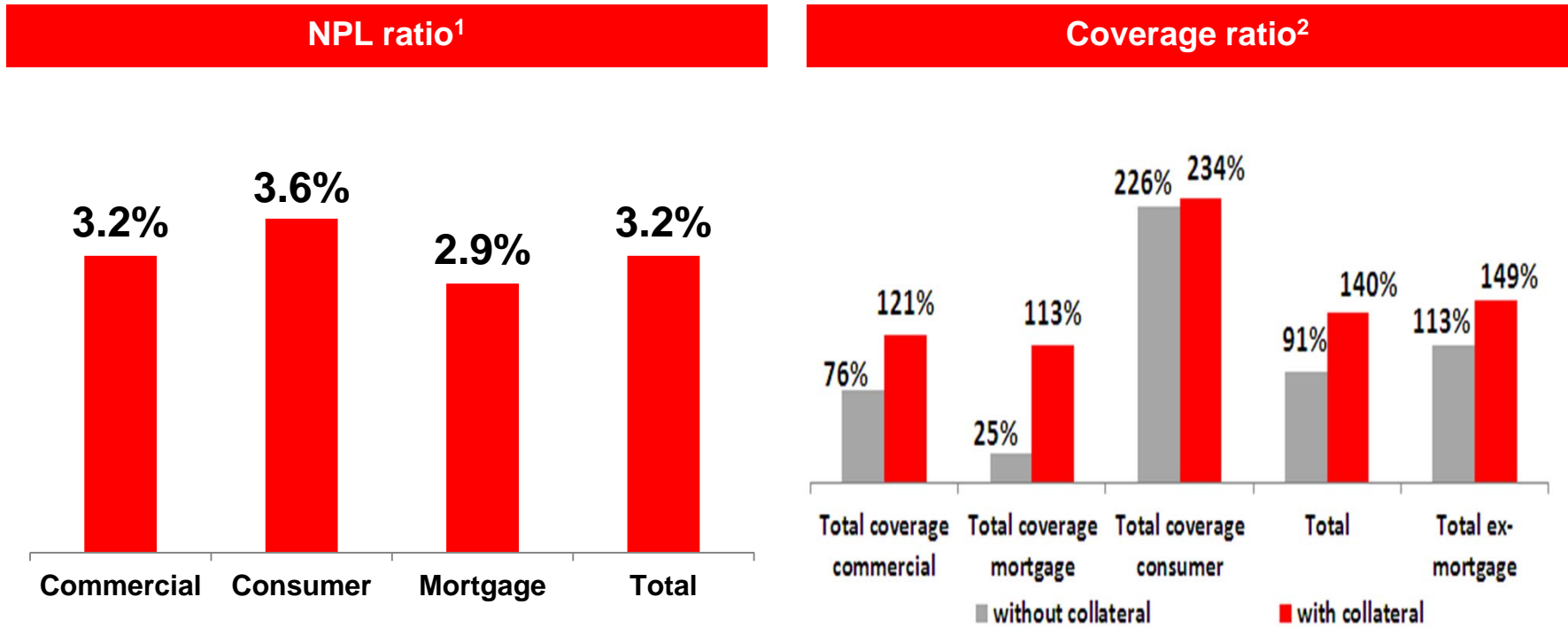
30 days or more overdue *, %



* Loans with at least one installment 30 days or more overdue over total loans originated in the same period

Comfortable coverage levels

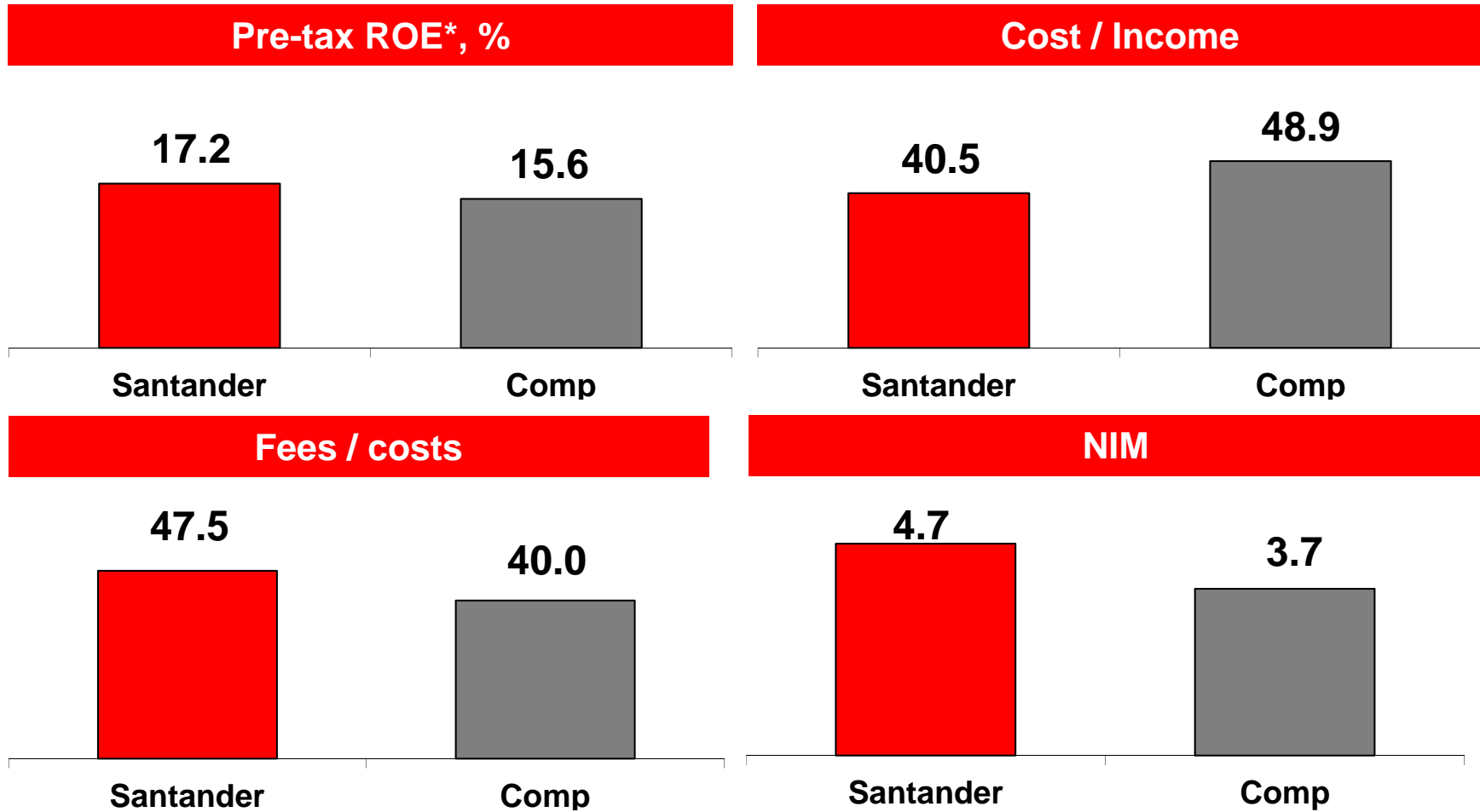
NPL ratio and coverage (%) as of March 2013



1. NPL: Non-performing loans, full balance of loans with one installment 90 days or more overdue. 2. Coverage ratio = Loan loss reserves over NPLs. 3. Coverage w/ collateral = loan loss reserves + collateral / NPLs

Stronger financial indicators compared to competition

Figures as of March 2013



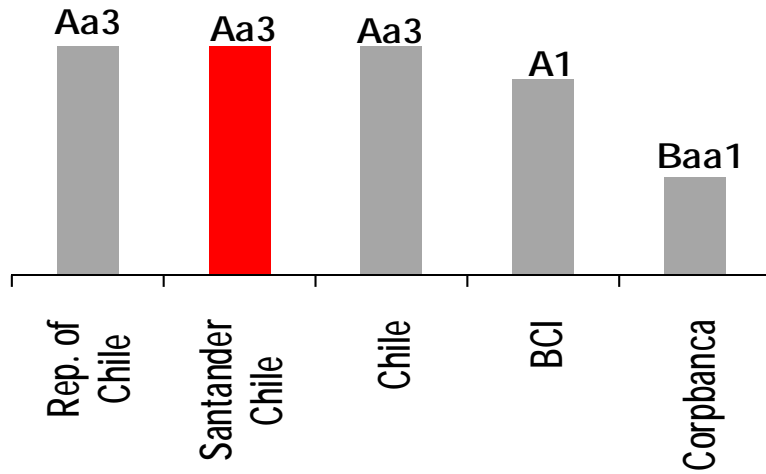
Source: SBIF

2. Santander: Chile's leading bank

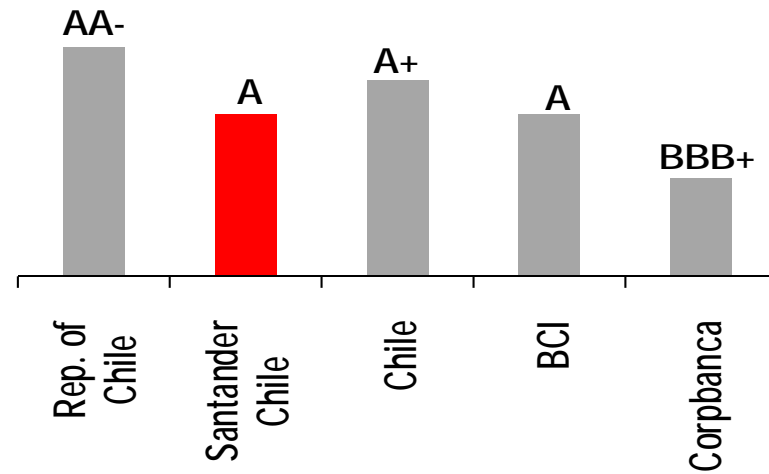
23

One of the highest credit ratings in the region

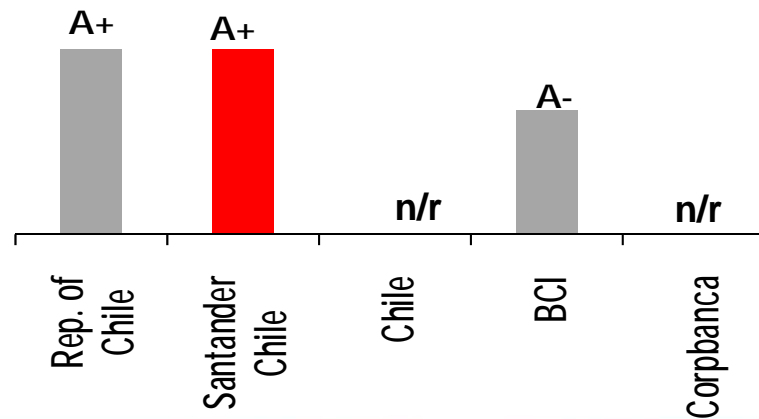
Moody's



Standard & Poor's



Fitch



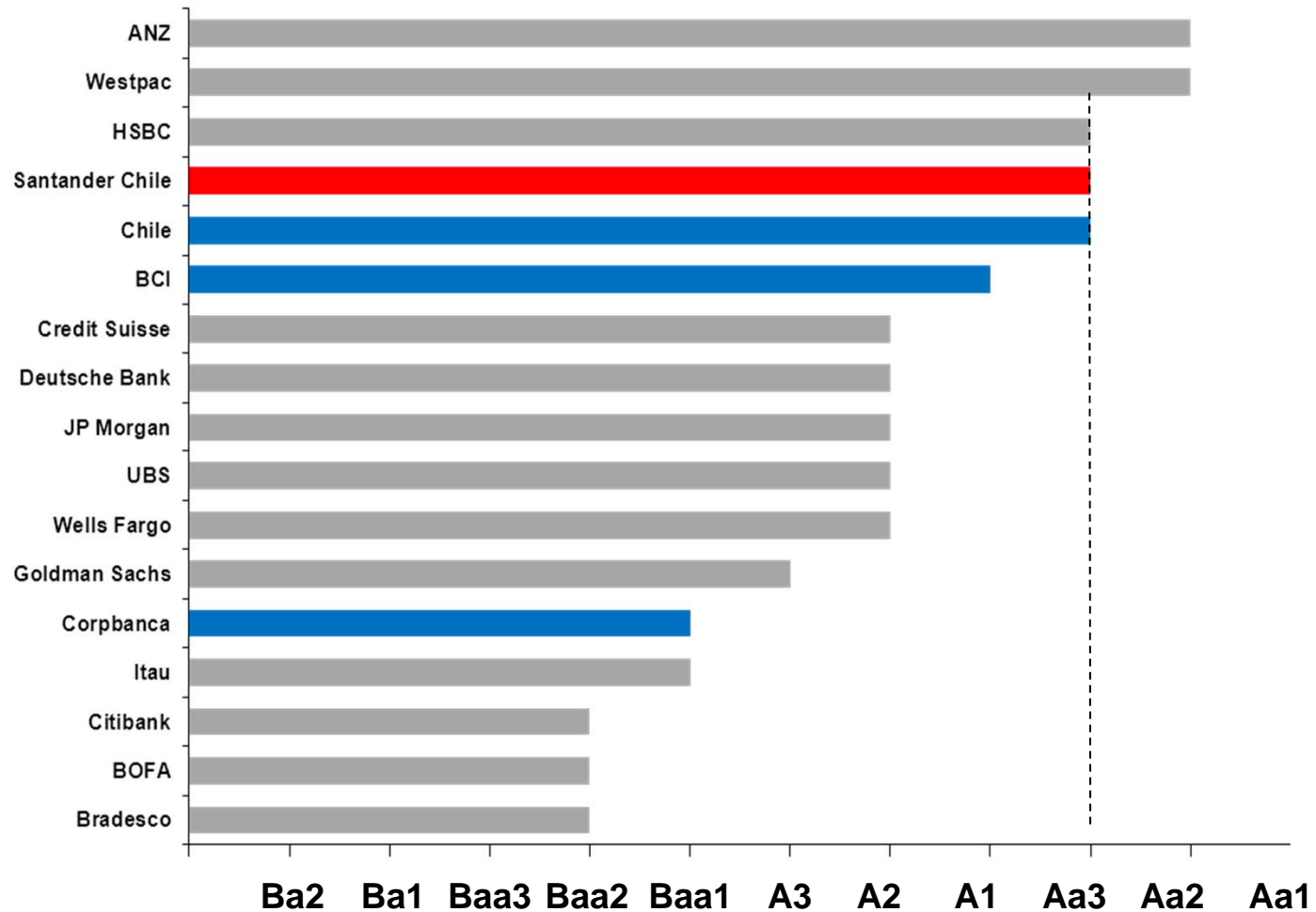
Chile



2. Santander: Chile's leading bank

One of the highest credit ratings in the region

Risk Rating: Moody's scale





Chile