

# Banco Santander Chile: 1Q 2010 Results

*High profitability /  
Retail growth gaining momentum*

April 30, 2010

# Important information

Banco Santander Chile cautions 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

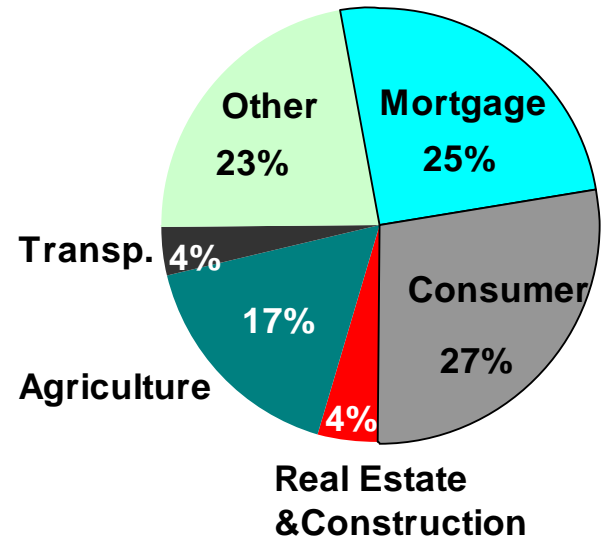
- **Positive outlook for the economy. Earthquake impacts are manageable**
- **Santander Chile's 1Q10 results: high profitability / retail growth gaining momentum**

## Earthquake impacts are manageable



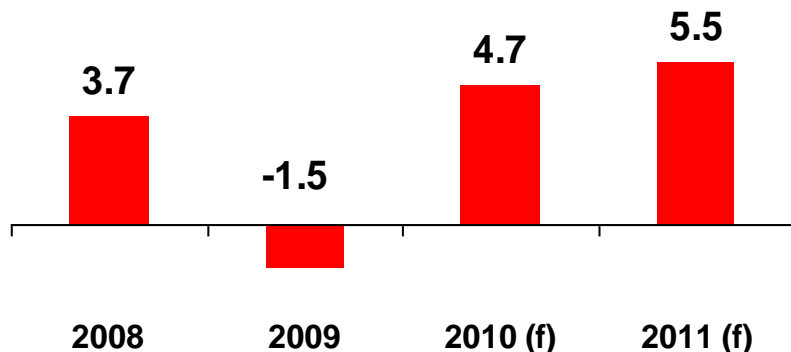
- Central Zone of Chile was impacted by 5th biggest earthquake ever registered (8.8 Richter Scale). Most affected Regions (VI-VIII) represent 15% of GDP
- Earthquake could lower the growth of the economy in 1H10. Reconstruction effort should compensate this impact in 12-18 months period
- Government launched comprehensive reconstruction plan
- 12% of our loans in VI-VIII regions
- Low real estate exposure
- Mortgage loans
  - ⇒ 8% houses with reparable damage
  - ⇒ >95% with insurance
- Launched “Plan Terremoto” to lower impact in affected zones

**Santander: Loan breakdown in Regions affected, %**

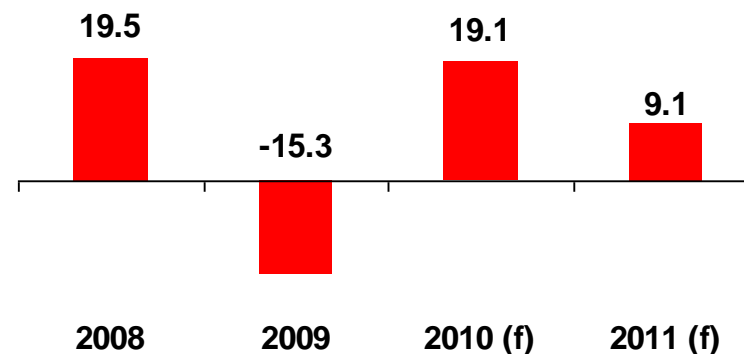


**Improving macro outlook:  
GDP should expand 4.7% in 2010 with higher inflation**

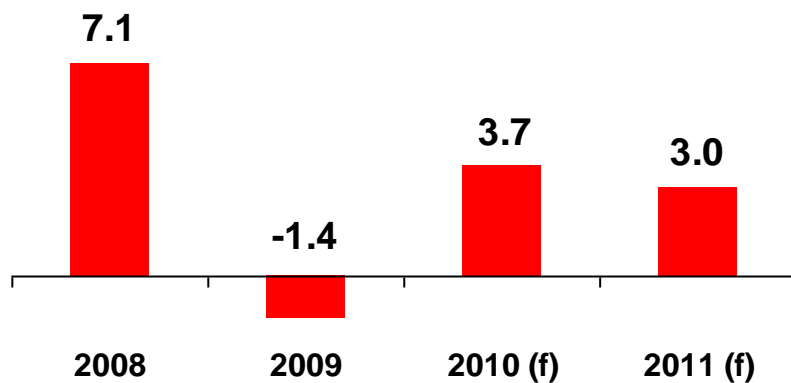
**GDP (YoY real growth, %)**



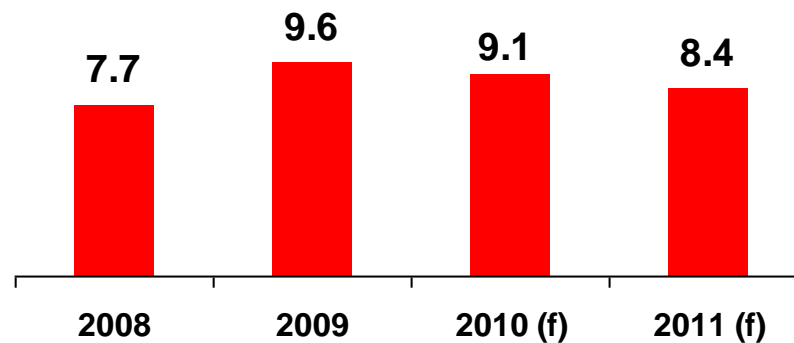
**Investment\* YoY real growth, %**



**Inflation ( Chg. CPI, %)**



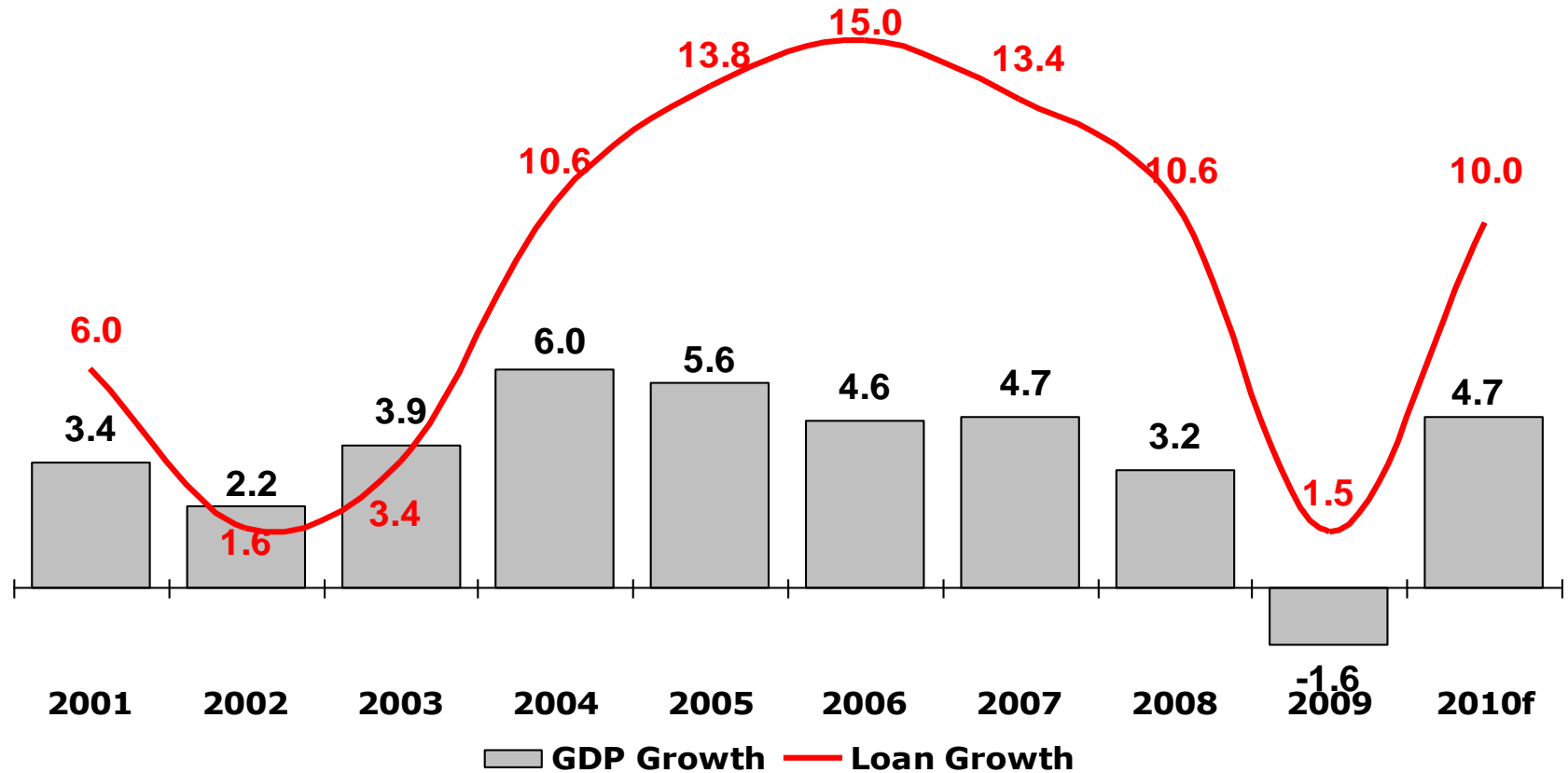
**Unemployment (Avg., % of workforce)**



Source: Banco Central de Chile. (f): Forecast Santander Chile

## Loan growth expected to grow 13-14% in nominal terms in 2010

Total loans and GDP growth in real terms, %



**Higher investment to reconstruct should positively affect loan growth**

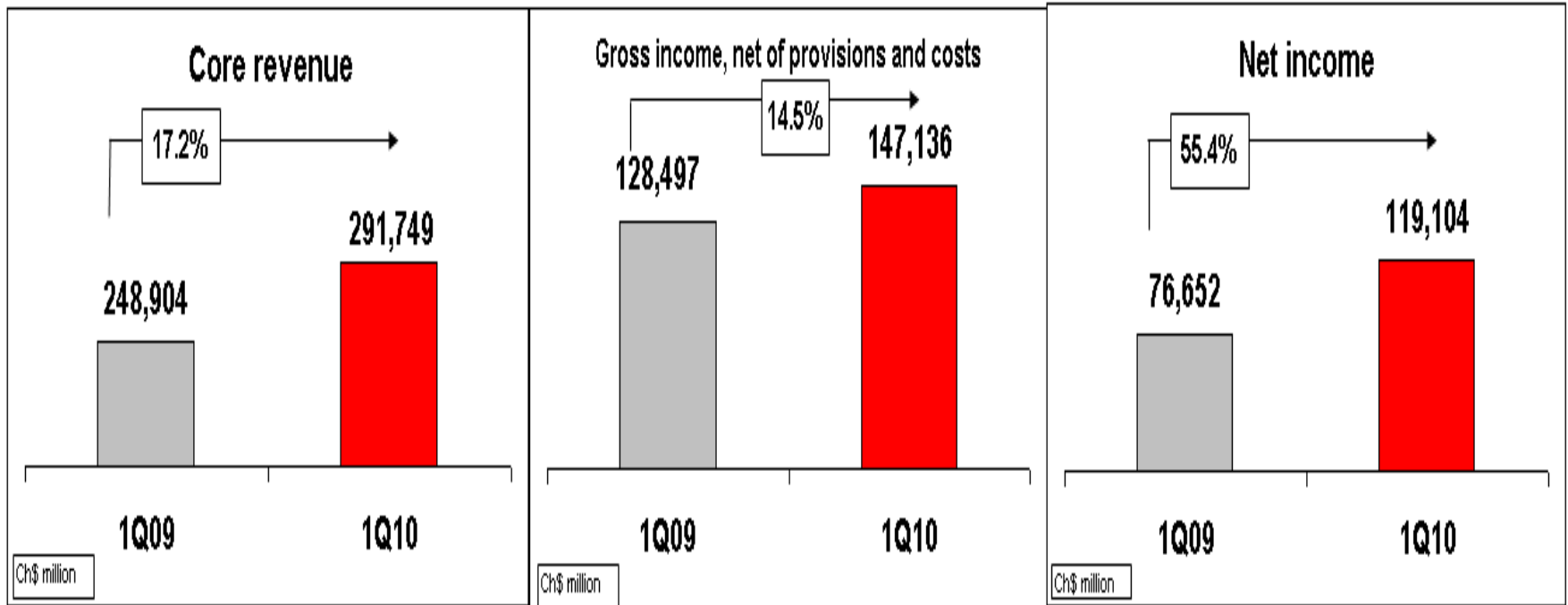
Source: Central Bank and Superintendency of Banks of Chile; Santander Chile's forecasts

# Highlights

- **Positive outlook for the economy. Earthquake impacts are manageable**
- **Santander Chile's 1Q10 results: high profitability / loan growth gaining momentum**

## Solid performance in 1Q 2010

Results, Ch\$ million

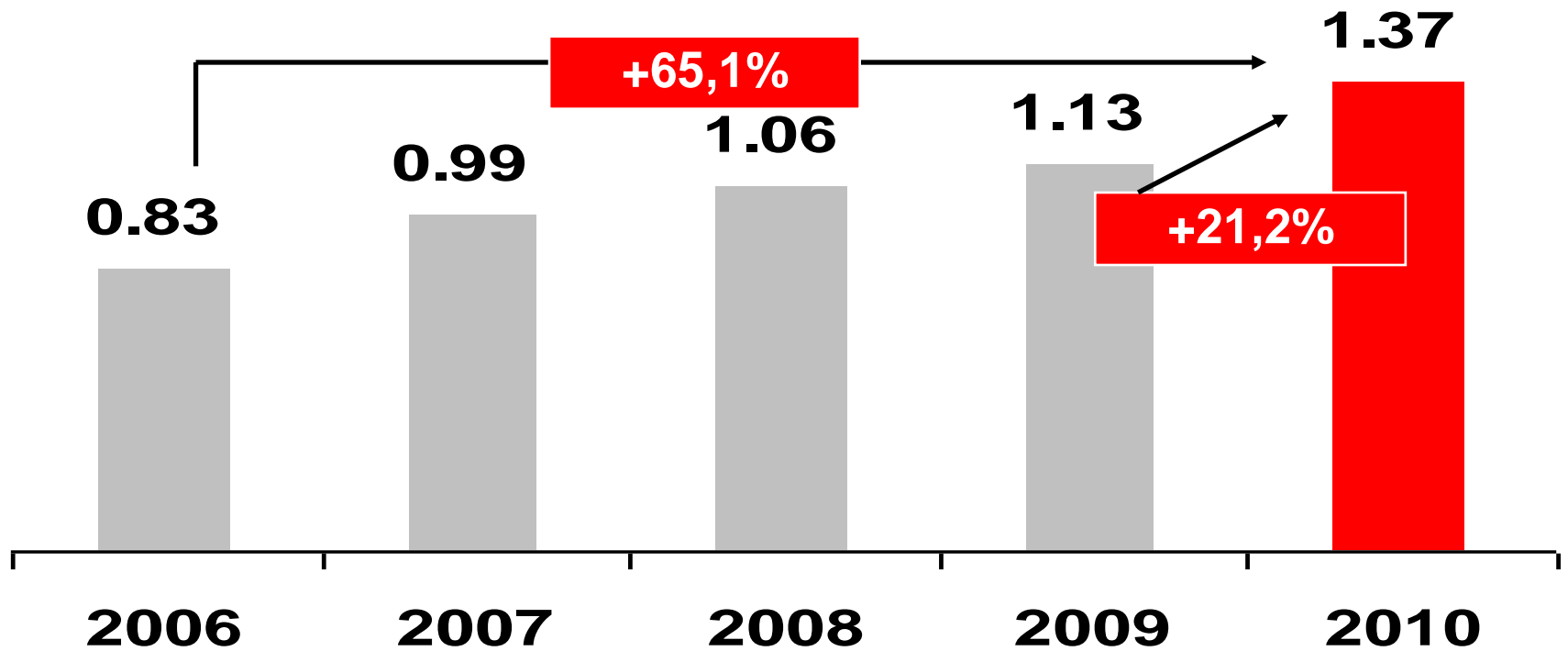


**ROAE improves to 28.6% in 1Q10 from 20.2% in 1Q09**



## Record dividend

Ch\$ / share



## Strong core capital and capitalization ratios

BIS Ratio

	<u>March 2010</u>
<b>BIS RATIO</b>	<b>14.7%</b>
<b>CORE CAPITAL</b>	<b>10.8%</b>
<b>TIER II</b>	<b>3.9%</b>

- Tier I capital is 100% Core Capital (voting shareholders' equity)
- Record dividend of Ch\$1.37 paid in April. Dividend yield of 4%
- Highest risks rating in the Region / increased or maintained in last 2 years

	Deposits:	Senior bonds:	Sub-bonds:
⇒ S&P:	A+	A+	A
⇒ Moody's:	A1	Aa3	A1
⇒ Fitch:	A+		

**Bank has strong capital base to support future growth**

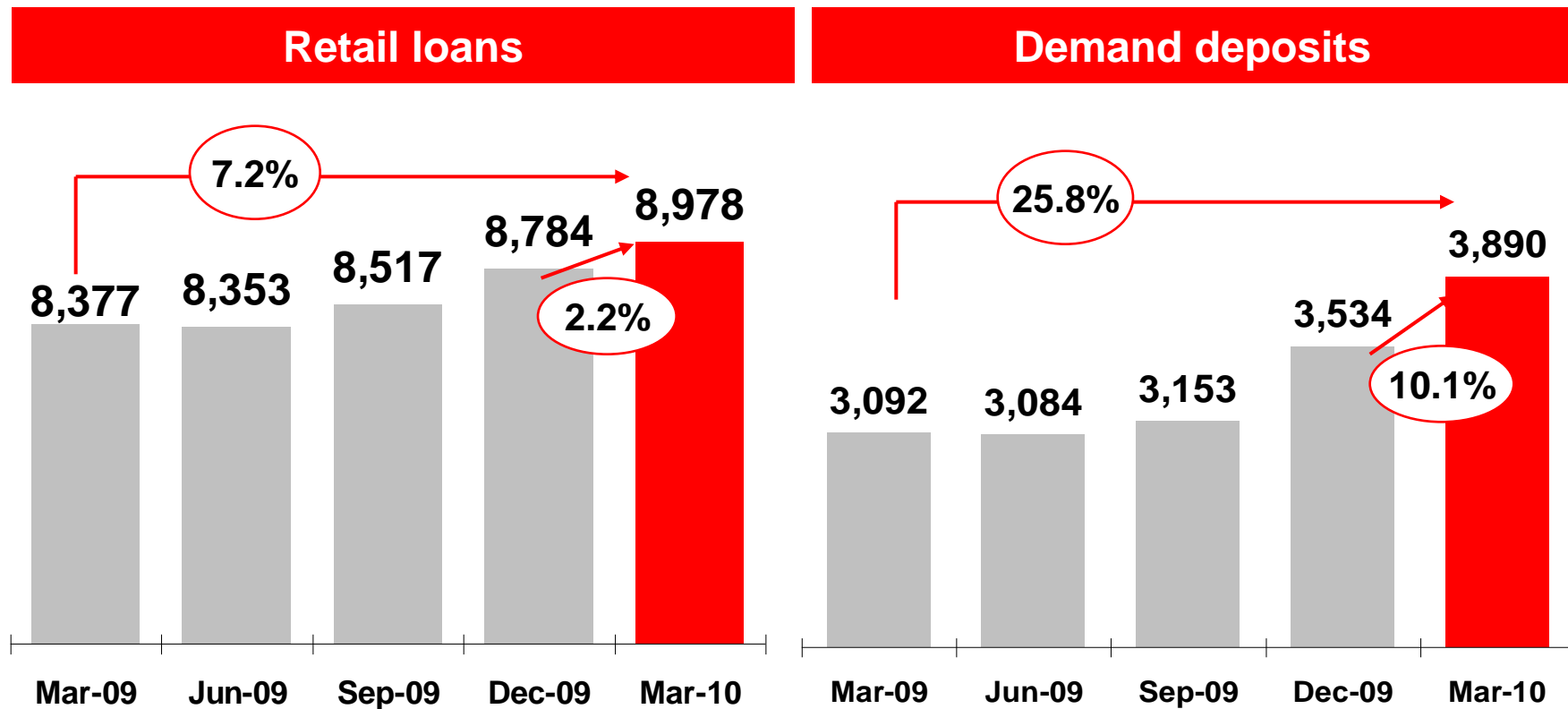
## 2010-2012: Strategy centered on 4 objectives

### Santander Chile: Strategic drivers

1. High retail growth and increased banking penetration to boost revenues in an expanding economy
2. Improved client relationship processes and alliance-based client growth to improve product use and cross-selling
3. Consolidate improvements in credit risk management to support healthy growth of retail banking
4. Solid efficiency management: capacity expansion “funded” through productivity gains and efficiencies in delivery processes

## Improved loan and funding mix...

Retail loans\* and demand deposits, Ch\$ billion and growth rates, %

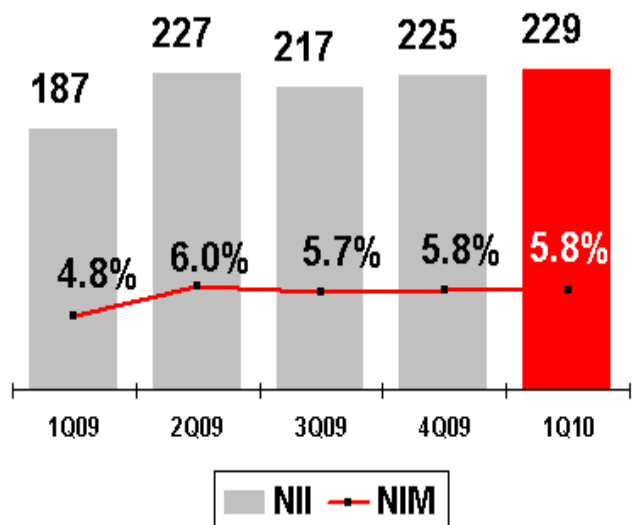


\* Individuals, SMES and Institutional

...and higher inflations boosts NIM

Net interest income, Ch\$ million; Net Interest Margin (NIM), %

Net interest income



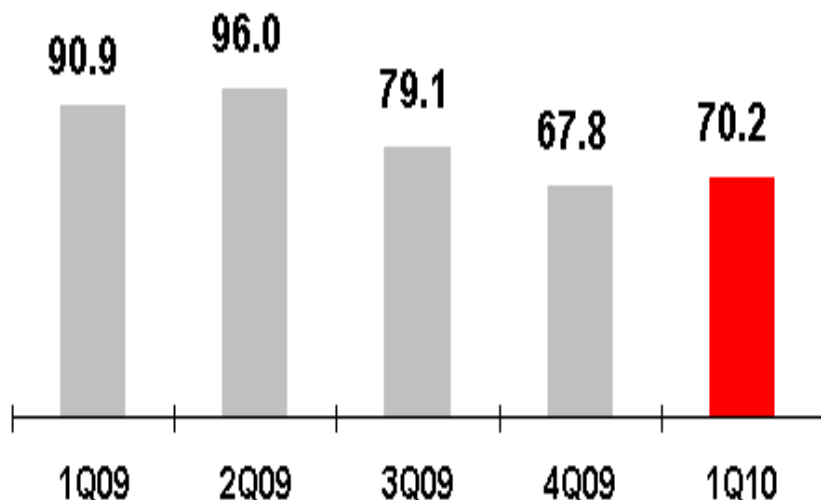
Quarterly inflation rate				
-2.30%	-0.13%	-0.47%	0.52%	0.27%

Ch\$bn	1Q10	YoY Chg. %	QoQ Chg. %
<b>Net interest income</b>	<b>229</b>	<b>22.5%</b>	<b>1.8%</b>
Av. Int.earning assets	15,776	0.2%	1.4%
Net interest margin	5.8%	+100bp	+10bp

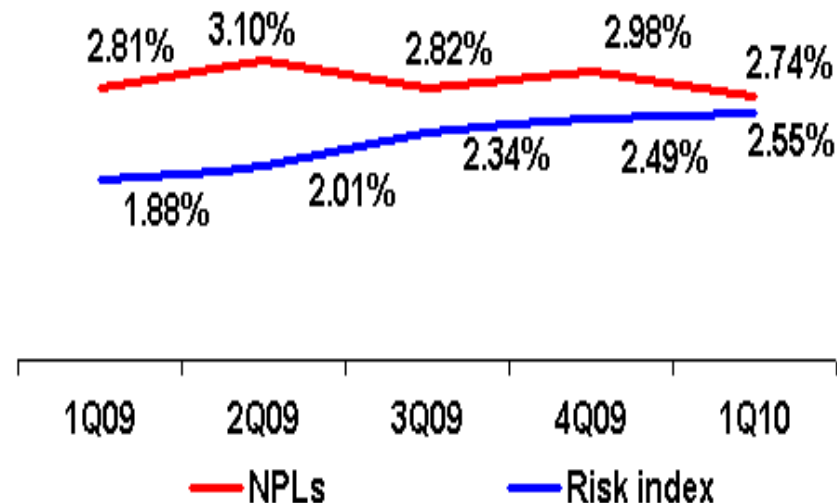
## Asset quality is stabilizing

Provision expense, nominal Ch\$ million and asset quality indicators\*, %

### Provision expense



### Asset quality

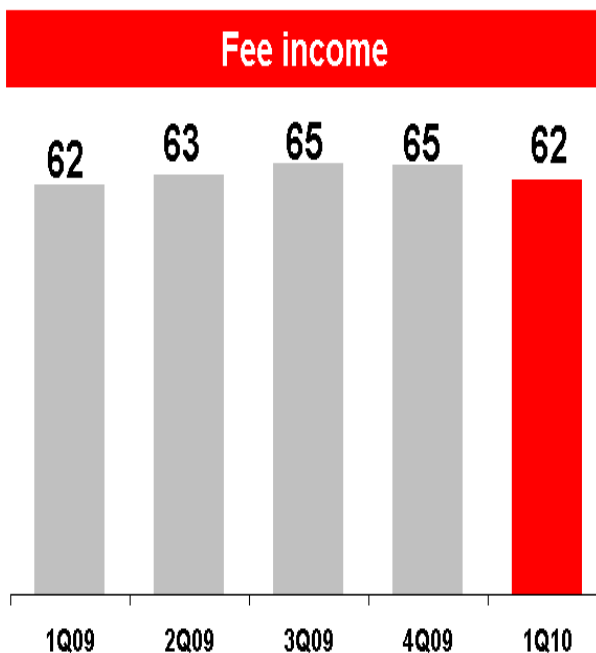


## Earthquake could have an impact on asset quality in 2Q-3Q 2010

\* NPLs: Non performing loans and Risk index: Percentage of loan portfolio the Bank expects to loose according to internal models and Superintendency of Banks guidelines.

## Cross-selling and product usage drives fee income

Fee income, Ch\$ million



**Main items**

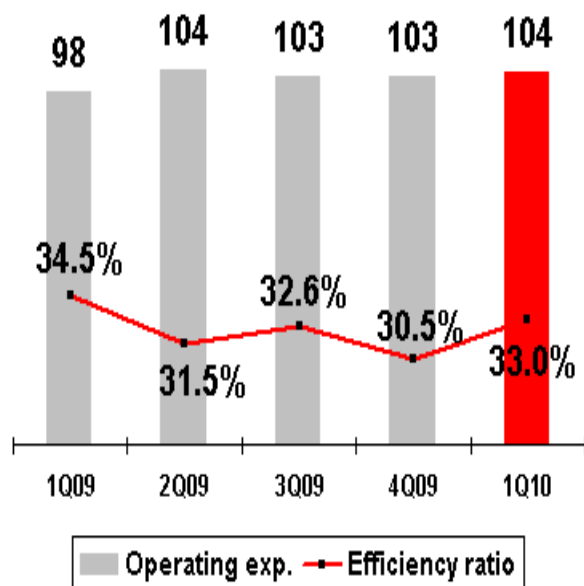
Ch\$bn	1Q10	YoY Chg. %	QoQ Chg. %
Credit, debit & ATM card fees	14.4	19.5%	2.5%
Collection fees	13.8	-10.1%	-17.3%
Checking accounts & lines of credit	11.3	-29.6%	-6.1%
Asset management	9.4	52.8%	6.4%
Guarantees, and other contingent op.	5.8	-6.2%	-5.4%
Insurance brokerage	5.1	53.4%	26.4%
Brokerage fees	1.9	50.9%	9.5%
Other Fees	0.7	-47.1%	-39.6%
<b>Total fees</b>	<b>62.4</b>	<b>4.5%</b>	<b>-3.5%</b>

**Solid growth of credit card, asset management and other usage-linked fees**

## High efficiency achieved after further productivity gains

Operating expenses, Ch\$ million; Efficiency ratio\*, %

### Operating costs



Ch\$bn	1Q10	YoY Chg. %	QoQ Chg. %
Personnel expenses	-56	2.2%	-1.9%
Adm. & other expenses	-36	7.8%	5.9%
Depreciation & amort.	-12	18.1%	3.1%
Impairment	0	--%	--%
<b>Operating costs</b>	<b>-104</b>	<b>5.8%</b>	<b>1.2%</b>
<b>Efficiency ratio</b>	<b>33.0%</b>	<b>-150bp</b>	<b>+250bp</b>

**100% of Bank's systems functioning since working day 1 after earthquake. 98% of network is currently operating**

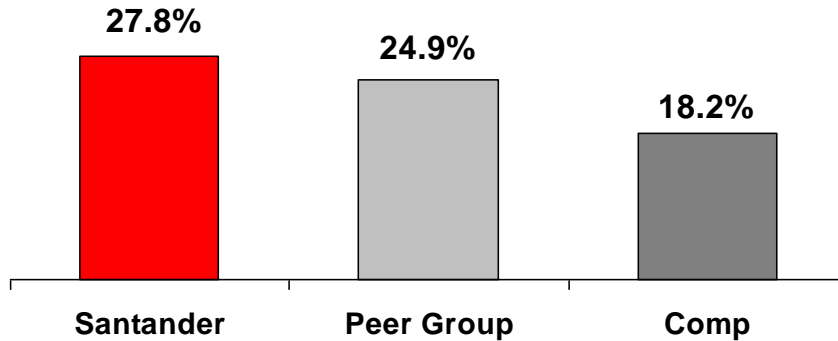
\* Operating income / operating expenses



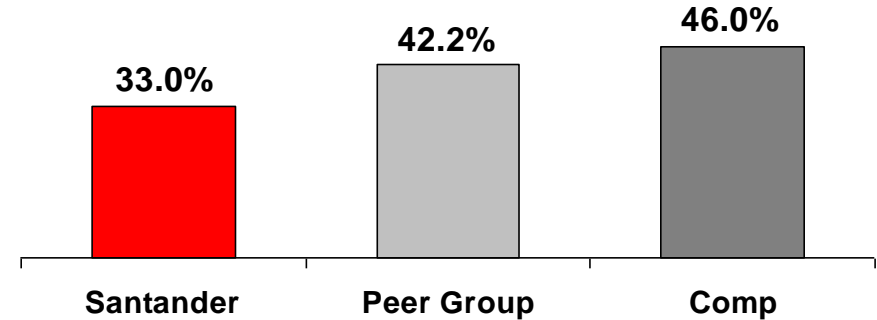
## Strong performance compared to competition

Figures for 2009, %

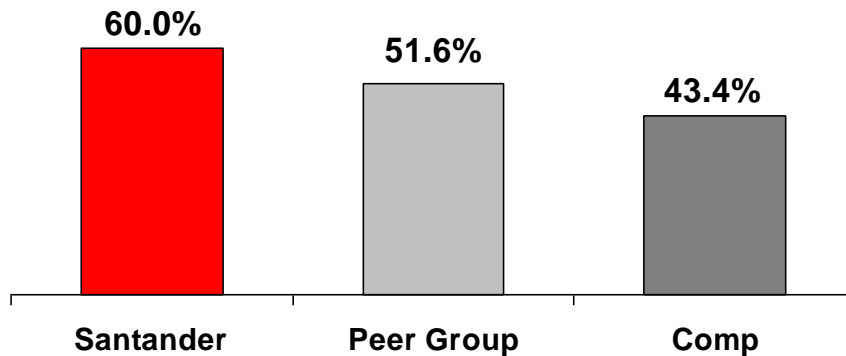
### Return on period end equity\*, %



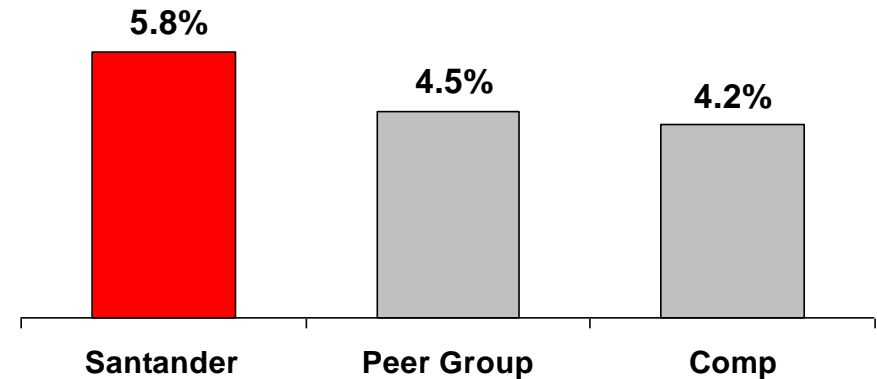
### Efficiency ratio



### Fees / costs



### NIM



\* As defined by the Superintendency of Banks of Chile, Comp. = is our competition, i.e. the financial system minus Santander. Peer group includes Banco de Chile, BCI, Corpbanca and BBVA. Source: Superintendency of Banks of Chile



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