

***Banco Santander Chile:
Solid results in 2Q14.
Sound outlook for 2015***

September 2014

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.

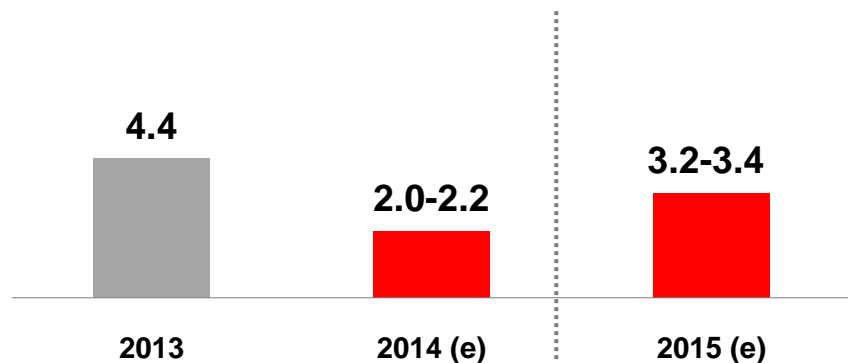
Note: the information contained in this presentation is not audited. Nevertheless, the consolidated accounts are prepared on the basis of generally accepted accounting principles. All figures presented are in nominal terms. Historical figures are not adjusted by inflation. Historical figures have been 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.

Agenda

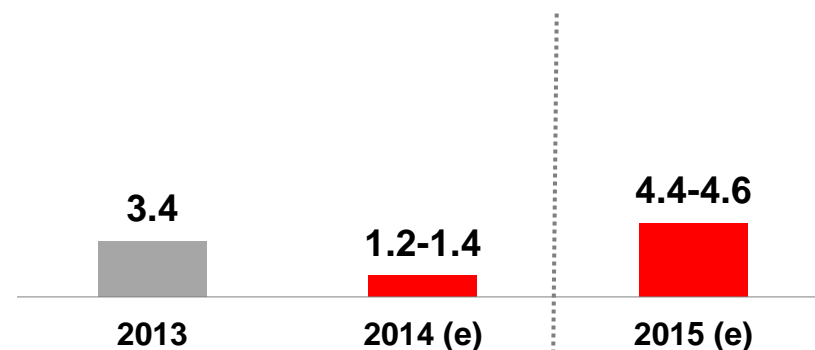
- **Despite recent deceleration, economy expected to rebound in 2015. Financial system with stable growth trends**
- **Santander Chile has adjusted its medium-term strategy to sustain profitable growth in a more challenging environment...**
- **... and is starting to benefit from stronger client activity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

Despite recent deceleration, economy expected to rebound in 2015...

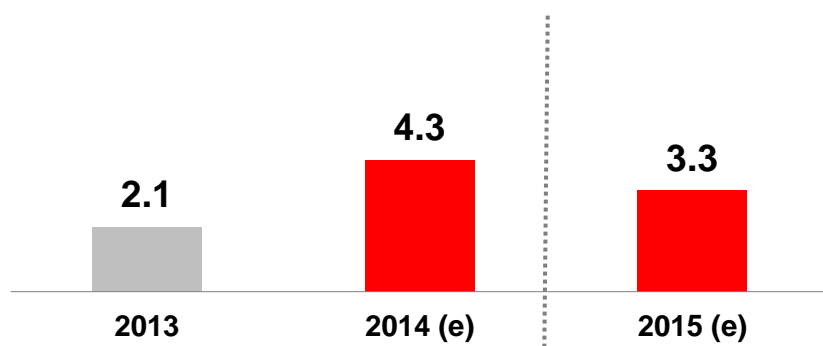
GDP (YoY growth, %)



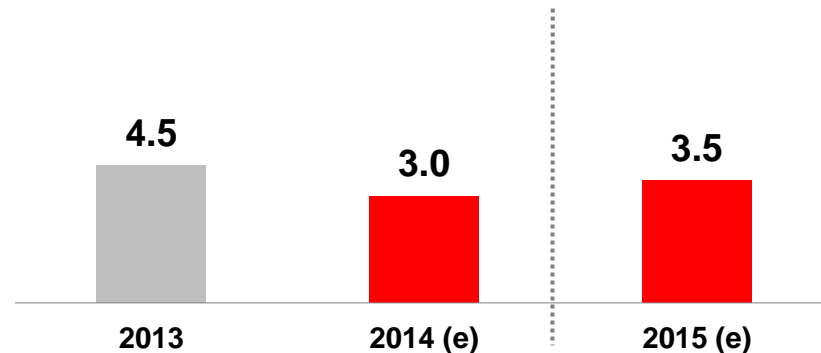
Internal Demand (YoY growth, %)



Inflation (YoY var. of UF, %)*



Central Bank Reference rate (%)

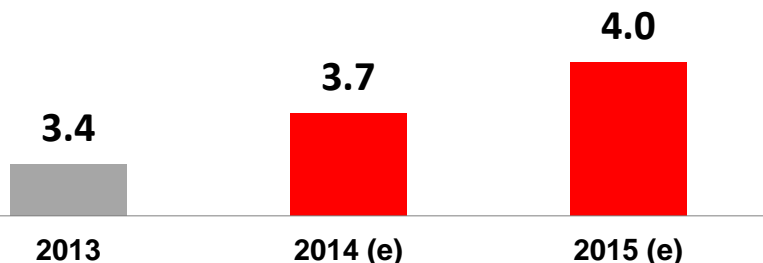


* Inflation measured by the annual change in the Unidad de Fomento (UF). Source: Banco Central de Chile. (e): Estimates Santander Chile

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

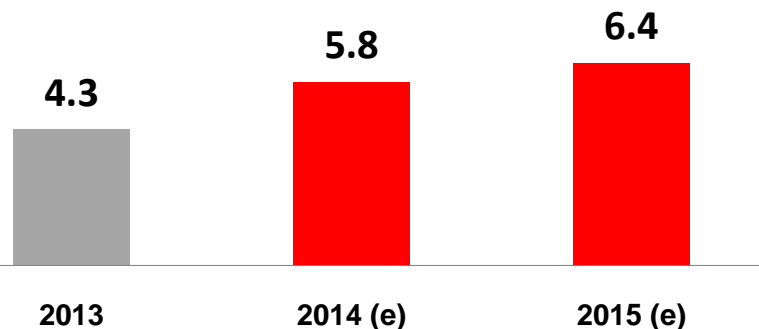
Higher GDP growth of Chile's main trade partners* ...

YoY real growth, %



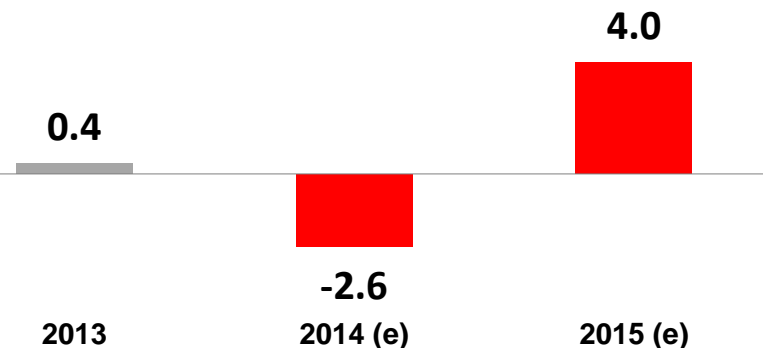
... and weaker Ch\$ should boost export growth

YoY real growth, %



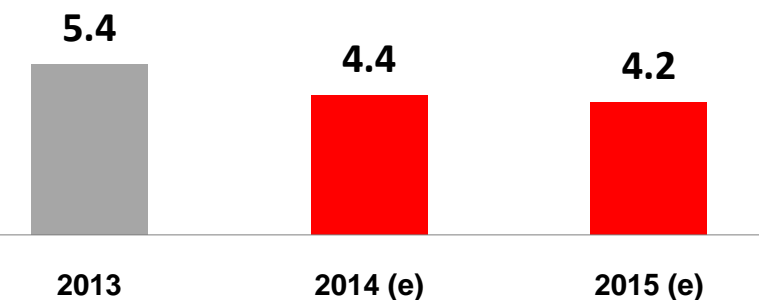
Investment expected to rebound, led by the energy and infrastructure sectors

YoY real growth, %



Consumption** should remain strong

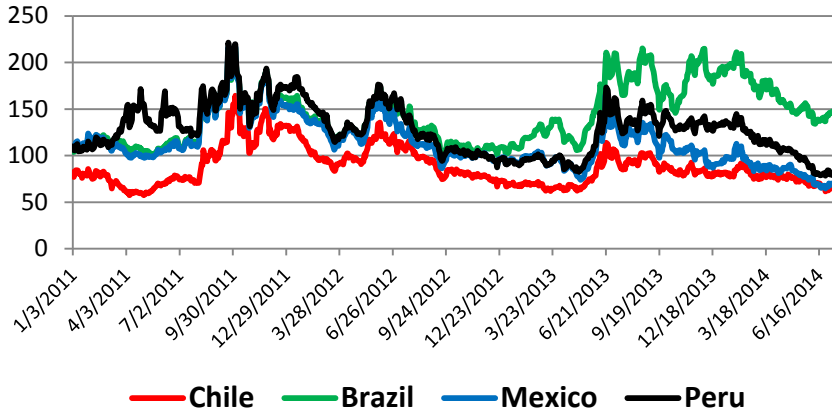
YoY real growth, %



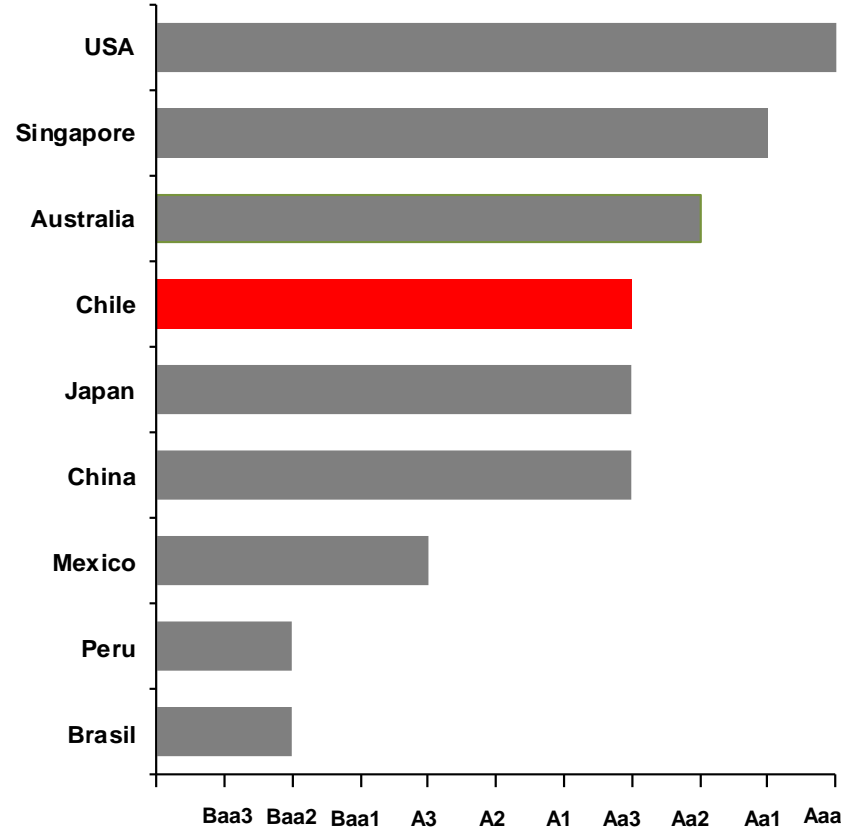
Source: Banco Central de Chile. (e): Estimates Santander Chile. * Trade-weighted GDP growth. ** Includes private and government consumption

...in a relatively low-risk environment

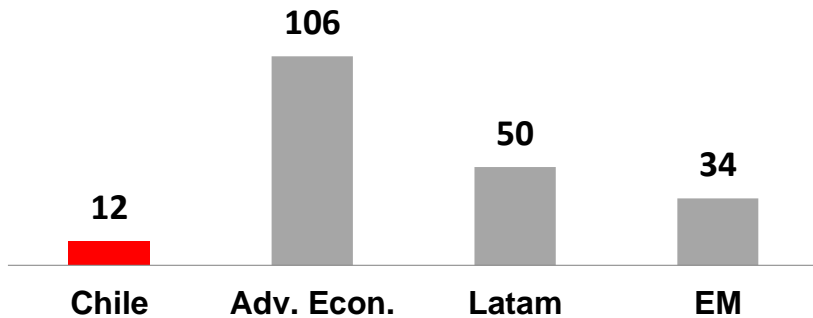
Falling CDS spreads...⁽¹⁾



... and high Sovereign rating⁽²⁾



Low gross public debt (% of GDP)³

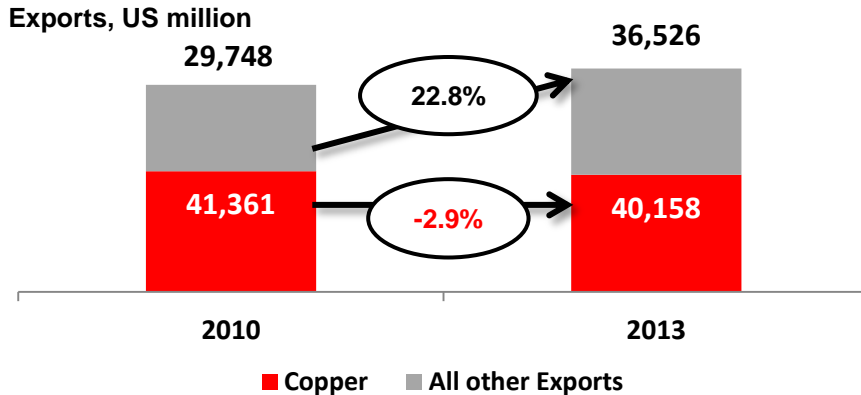


Including the sovereign wealth fund, Chile's net public debt is -7% of GDP

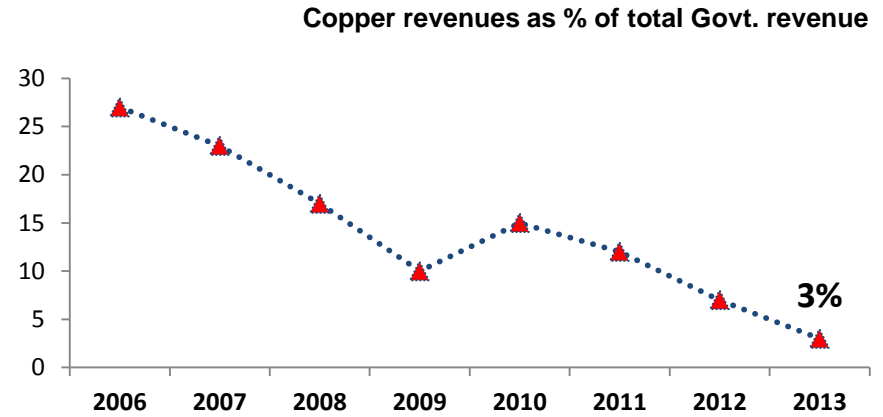
1. Source Bloomberg. 2. Source: Moody's, latest ratings. 3. Source: IMF, figures for 2013

Chile's reliance on copper has diminished

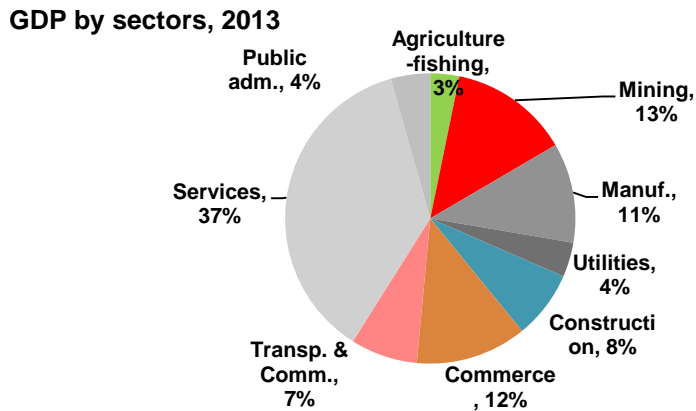
Copper exports have been flat...



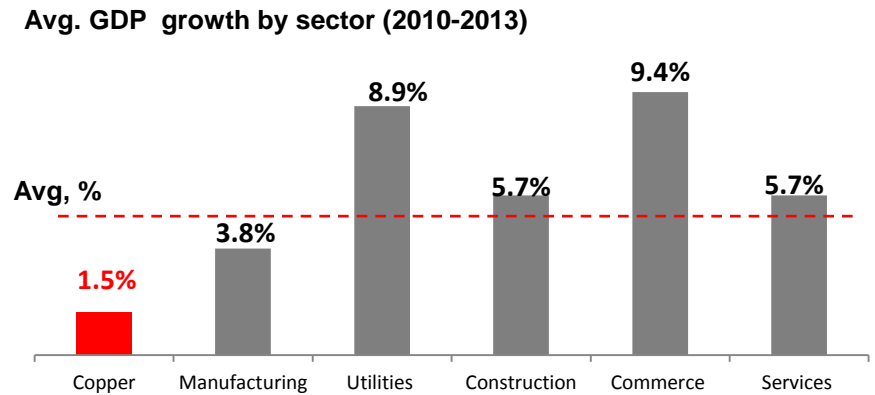
... decreasing weight of copper revenue



Chile has a diversified economy...



... and copper contribution to GDP is low



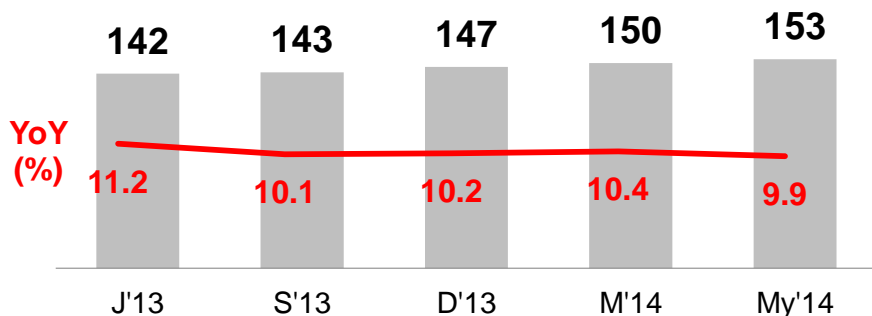
Source: Banco Central de Chile, Ministry of Finance, Moody's and IMF

Financial system with stable growth trends

Figures for the Financial system

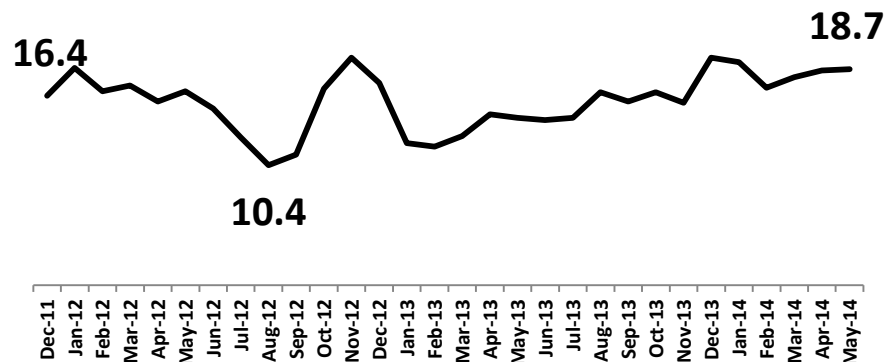
Total Loans

US\$bn*



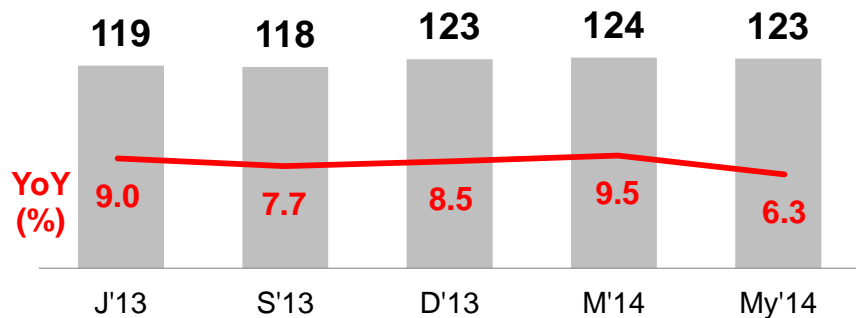
ROE

Quarterly avg, %



Total Deposits**

US\$bn*



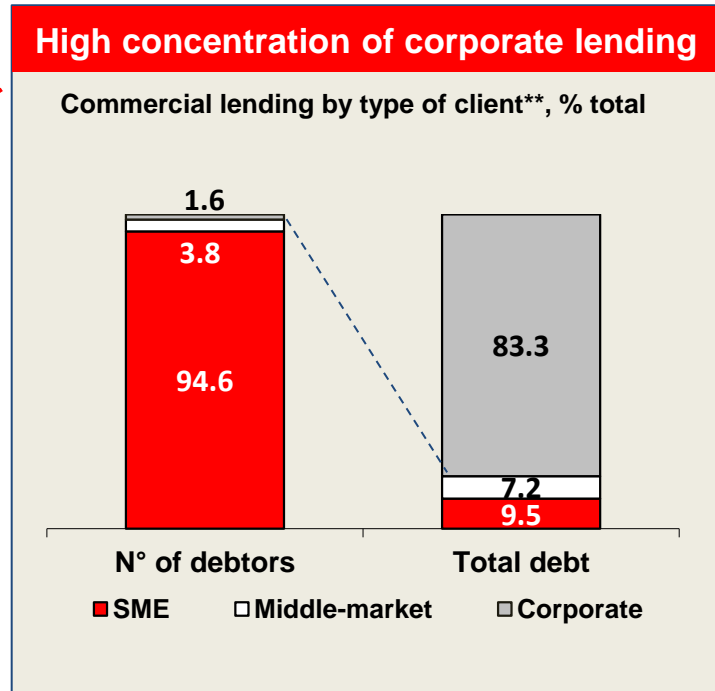
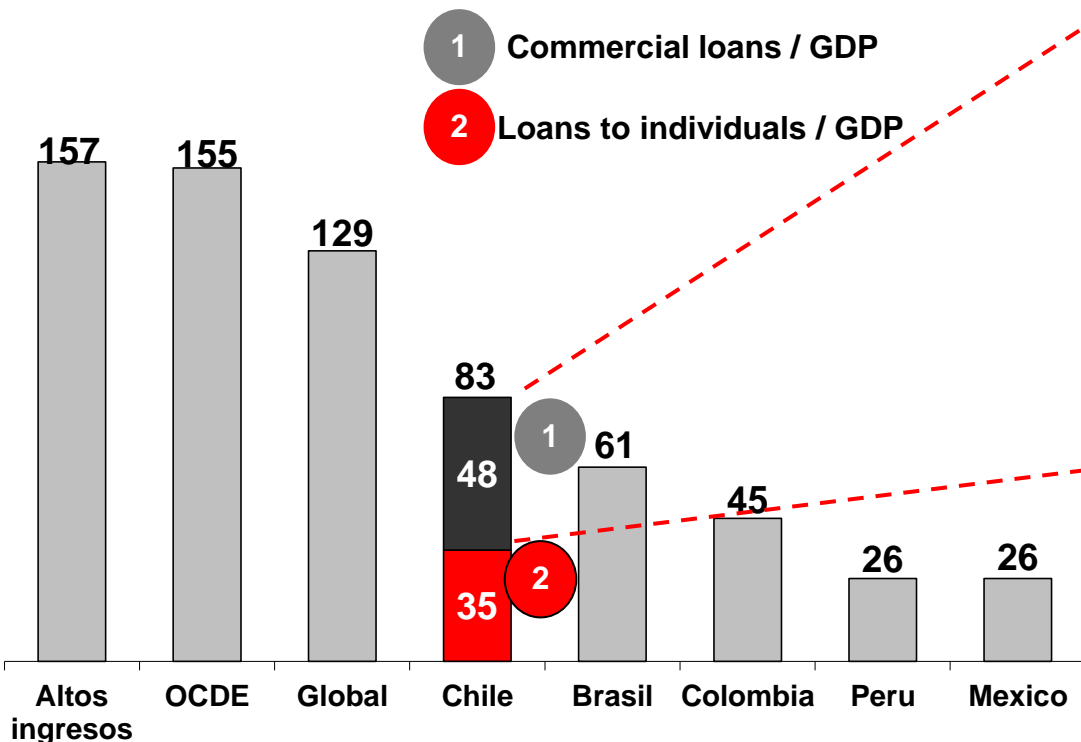
- Loan growth less affected by lower investment as slowdown concentrated in reconstruction / large mining projects with little bank financing
- Deposit growth remains healthy
- Financial system gross operating income up 54.4% YoY as of May 2014

* Converted using constant exchange rate as of June 2014. Source: Superintendency of Banks, SBIF. Excludes Corpbanca Colombia

** Demand and time deposits

The market has good growth potential in **1** SMEs & Middle-market

Loans / GDP as of Dec. 2013*, %

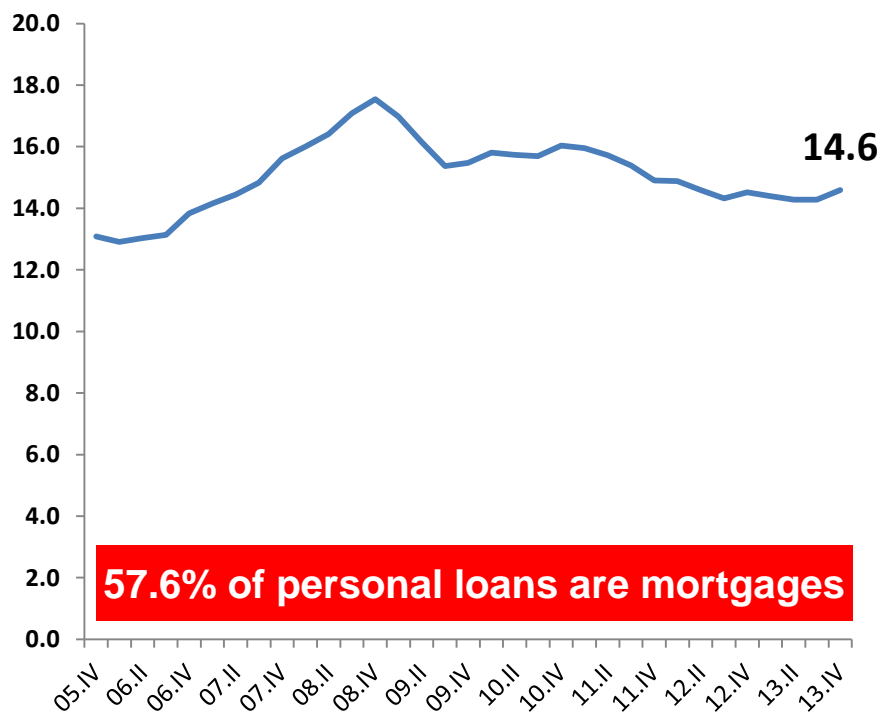


Solid trends in entrepreneurship and creation of companies

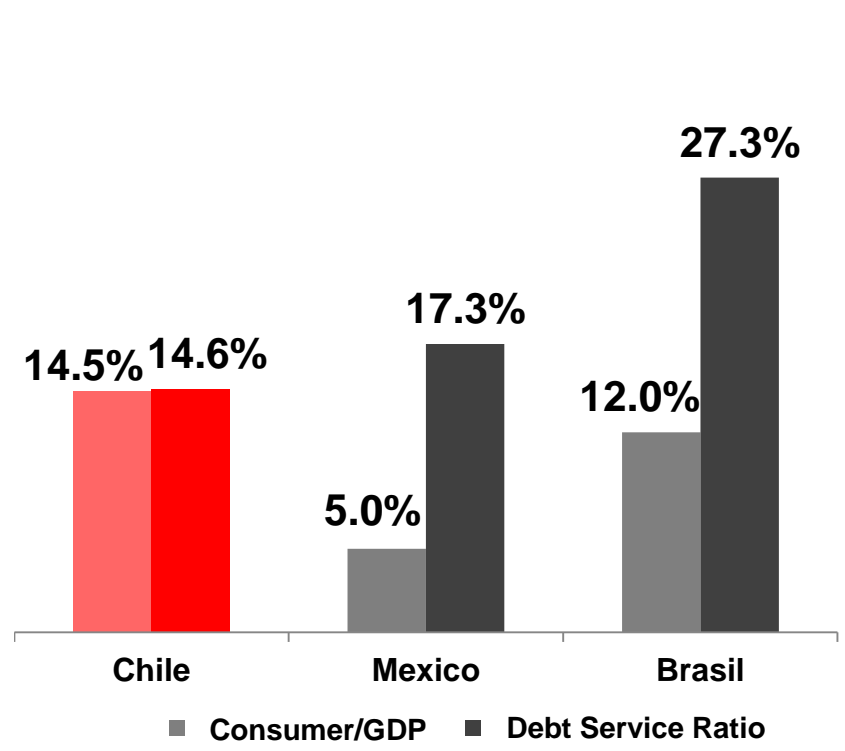
* Or latest available information. Source: World Bank, weighted by size of world economies. **Source Chile: Santander Chile based on information from Superintendencia of Banks (SBIF), Central Bank and www.cajasdechile.cl

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. 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



US\$bn

Jun'14

Business and Results

Loans	US\$39.6
Deposits	US\$ 27.1
Equity	US\$ 4.4
Net income	US\$ 545

Network and Customers

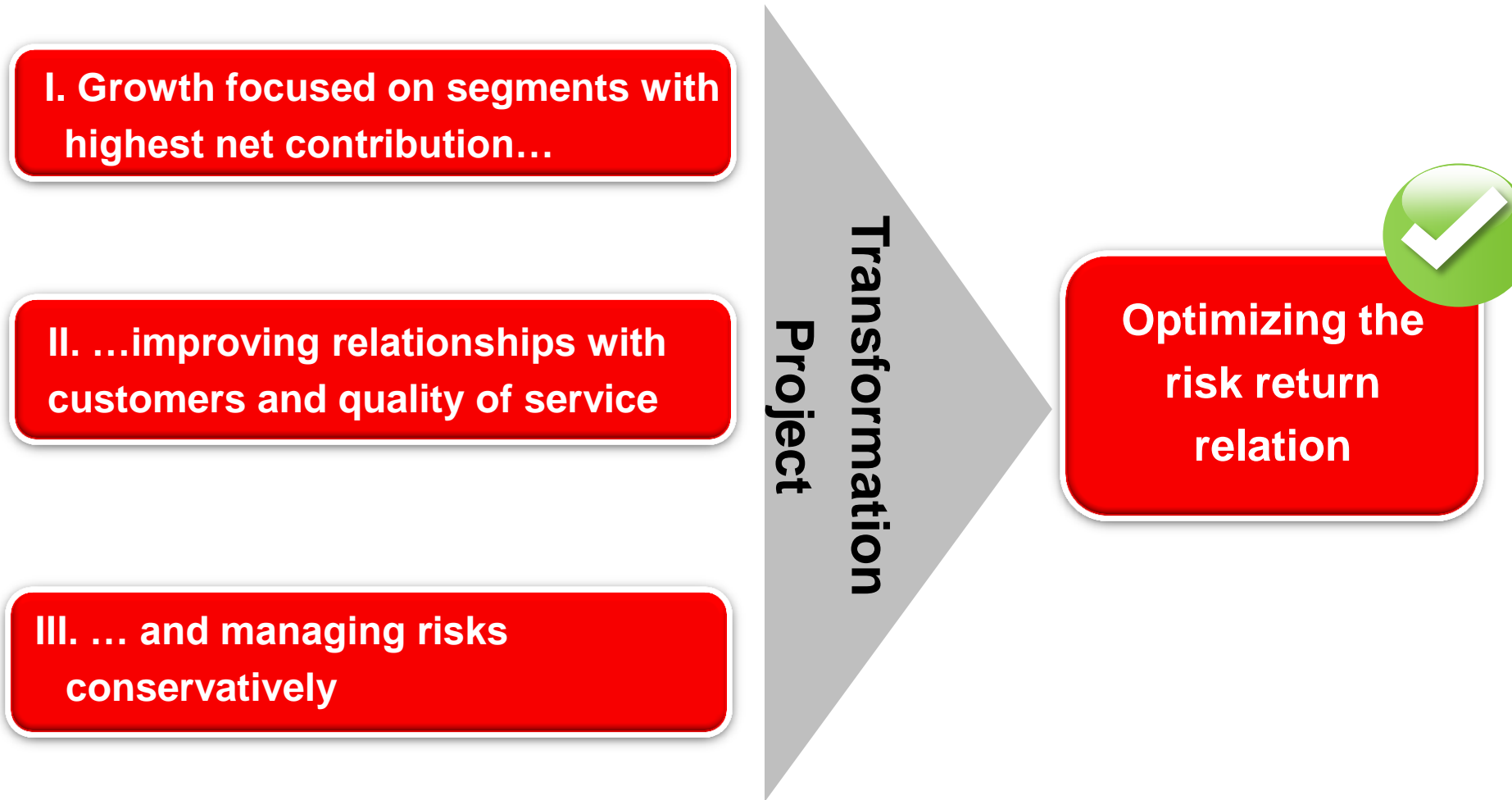
	Jun'14	Mkt. share
Clients	3.5 mn	26.2% ²
Branches	479	18.9%
ATMs	1,753	24.6%

Market Share

Loans	19.7%
Deposits	16.7%
Checking Accounts	23.3%
Credit Cards	27.5% ³

1. As of April 14 or latest available figures using the period-end exchange rate. Excludes Corpbanca Colombia. 2. Market share of clients with checking accounts and credit cards. 3. Market share is over total monetary transactions using a credit card and includes department stores. Source: SBIF

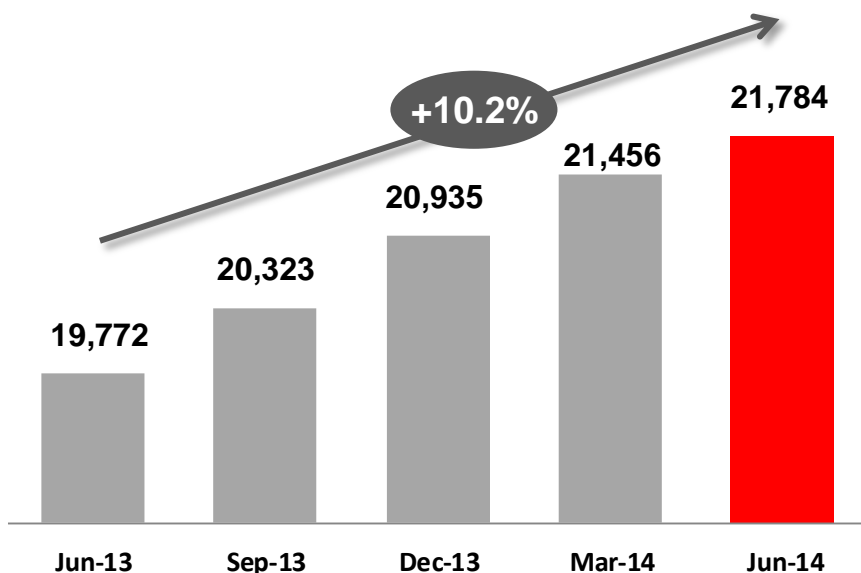
3 objectives for healthy growth / higher profitability



Positive loan growth in segments with higher risk-adjusted contribution...

Total Loans

Ch\$bn



Ch\$bn

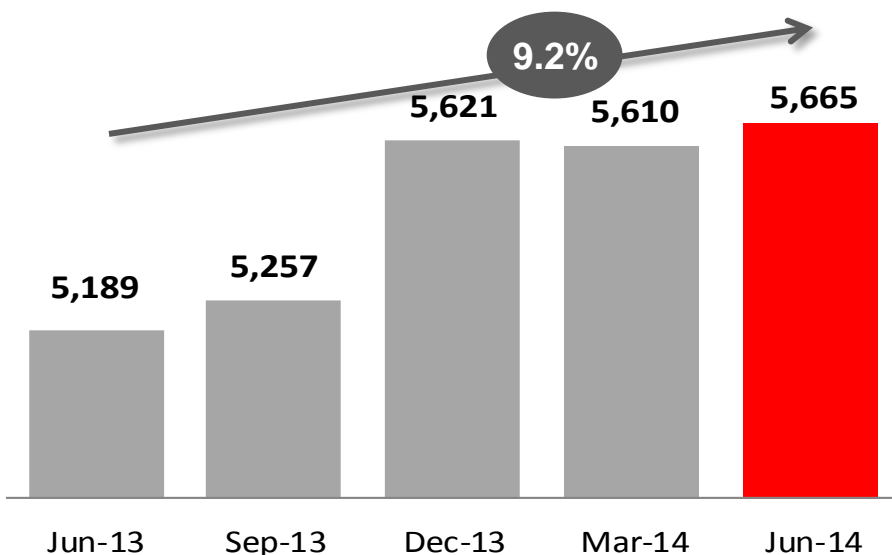
	6M'14	YoY	QoQ
Individuals	11,049	11.7%	2.0%
– Consumer	3,737	14.4%	1.1%
– Mortgage	6,096	13.8%	4.4%
SMEs	3,294	7.4%	0.1%
Middle-Market	4,784	7.6%	0.6%
Corporate	2,315	16.2%	6.7%
Total loans	21,784	10.2%	1.5%

Transformation Project is boosting commercial activity

... with solid growth of demand deposits

Demand Deposits

Ch\$bn

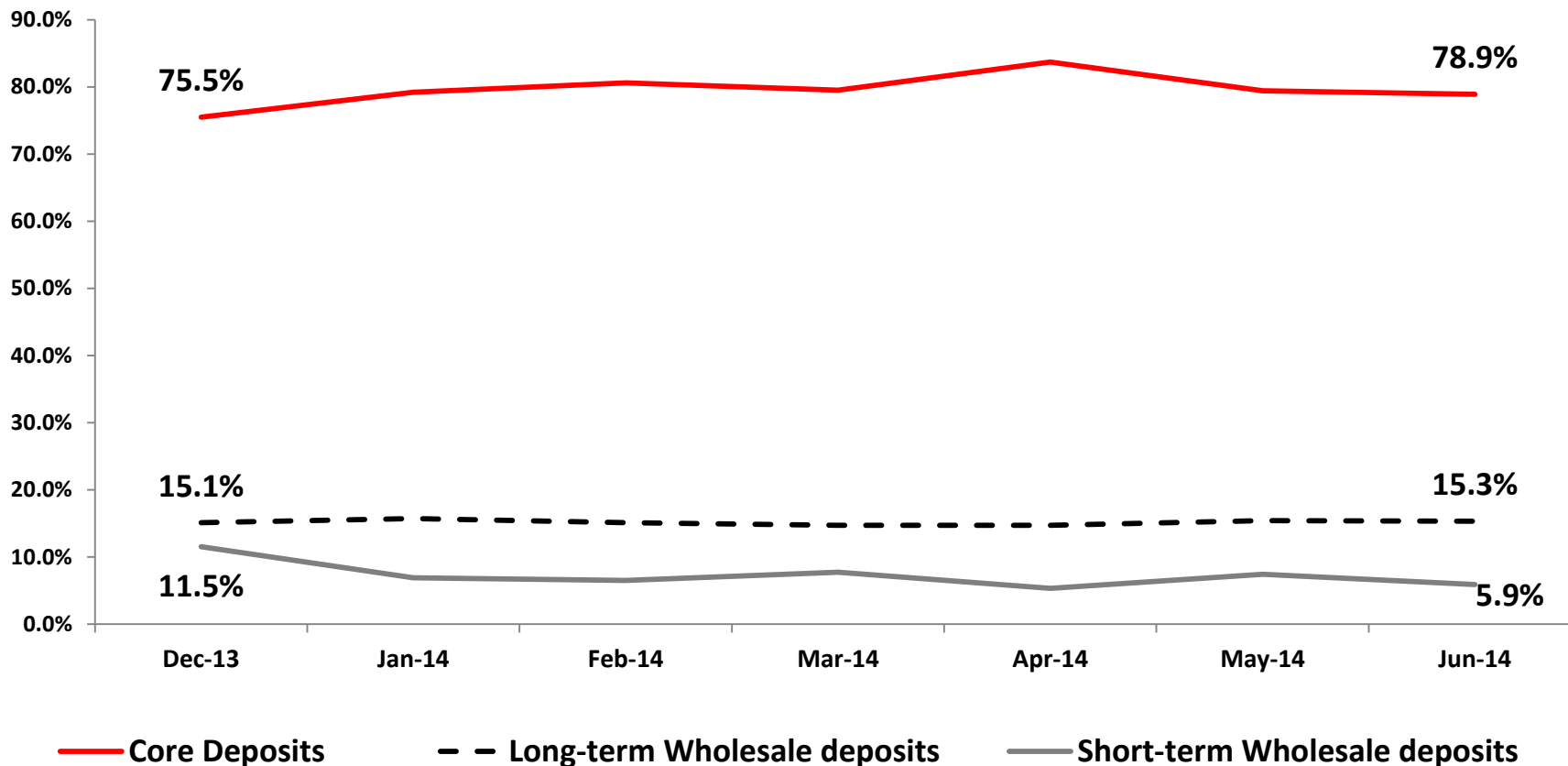


Ch\$bn

	6M'14	YoY	QoQ
Demand	5,665	9.2%	1.0%
Time	9,311	-1.2%	-3.4%
Total deposits	14,975	2.5%	-1.8%

...and an improved funding mix*

Composition of total deposits, %

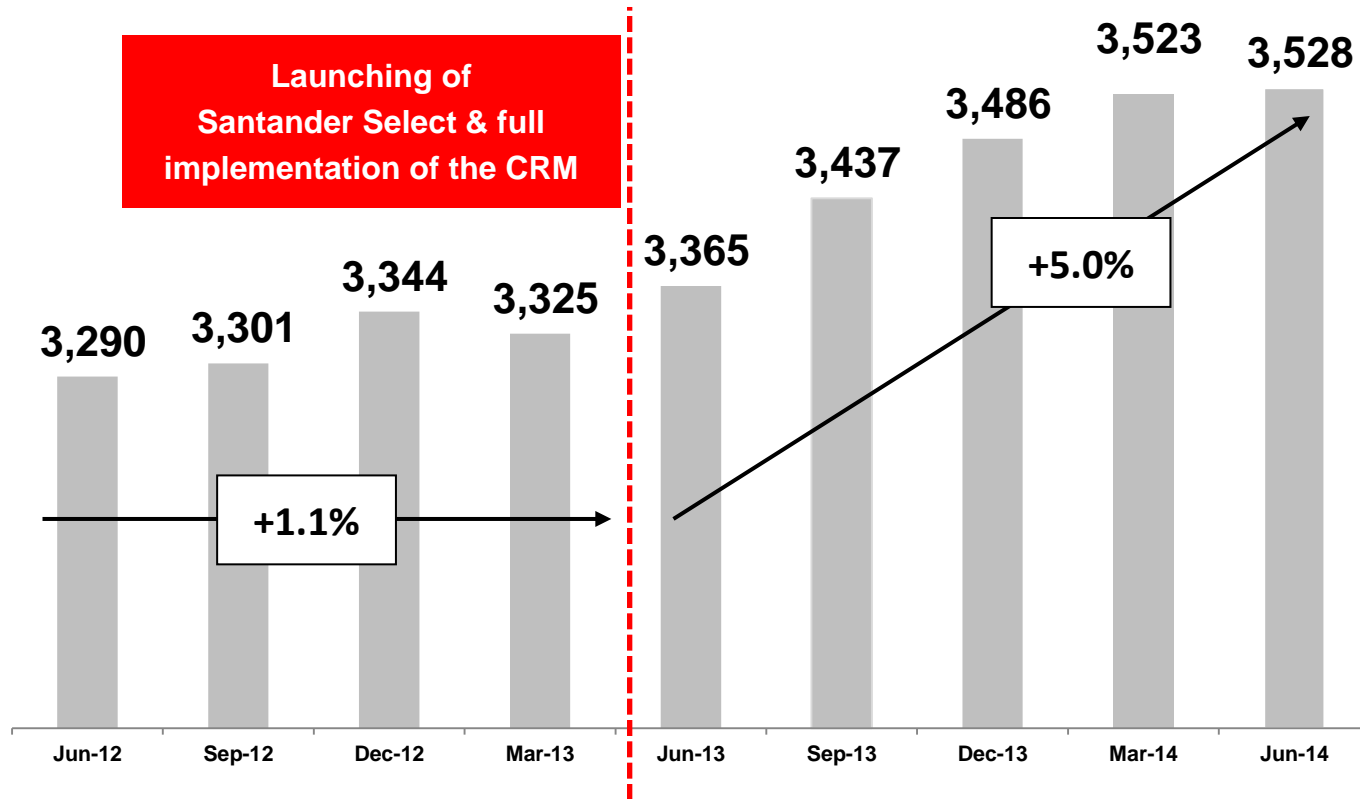


The Bank is increasing core deposits and reducing ST wholesale deposits

* Core deposits: checking accounts plus retail and middle-market time deposits. LT wholesale deposits: time deposits from institutional sources and corporate clients with an average maturity greater than 120 days. ST wholesale deposits: time deposits from institutional sources and the corporate segment with an average maturity of less than 120 days

The CRM & improvements in quality of service are pushing client growth

Total Clients (ths.)

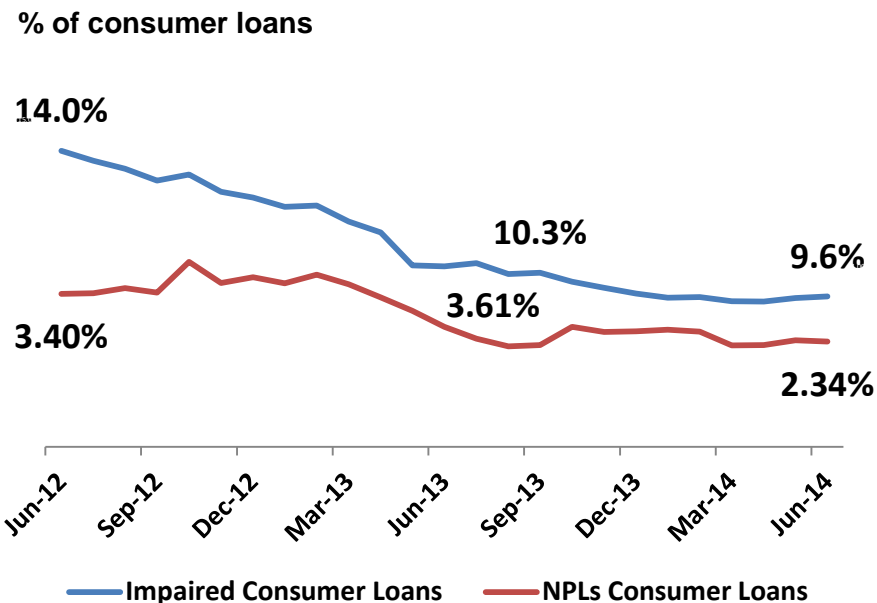


Santander Select* clients increased 9.0% YoY

* Middle-upper and upper income segment

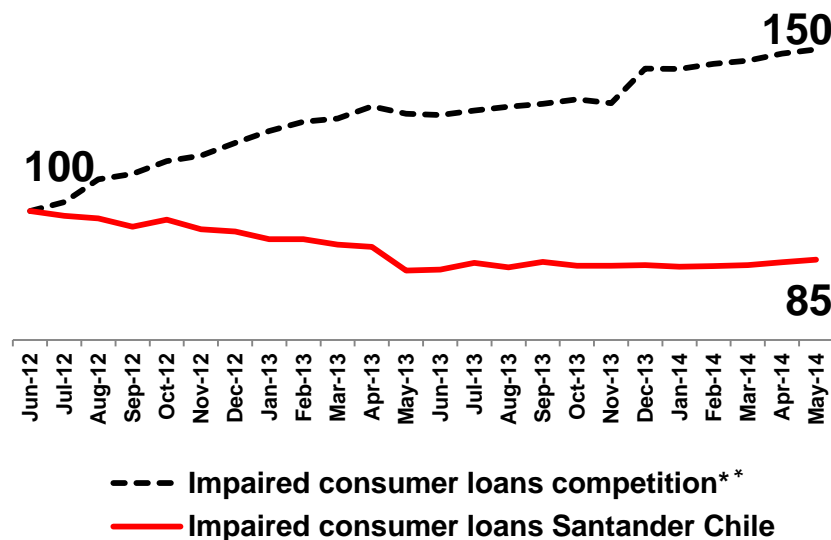
Steady improvement in consumer asset quality indicators

Impaired* + NP consumer loans



Evolution of impaired consumer loans

Base 100 = 06/2012



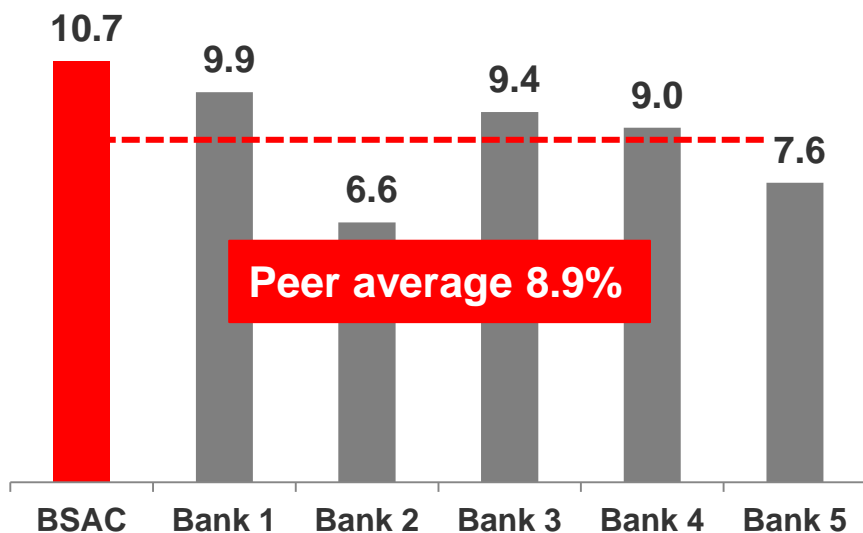
Risk reduction in consumer loans also reflects: (i) the portfolio mix change, (ii) improvements in risk models, (iii) origination focusing on pre-approved loans, and (iv) improvements in collection efforts

* Impaired consumer loans include NPLs and renegotiated loans. ** Competition is all banks excluding Santander Chile. Source: SBIF

Optimizing the risk-return relation

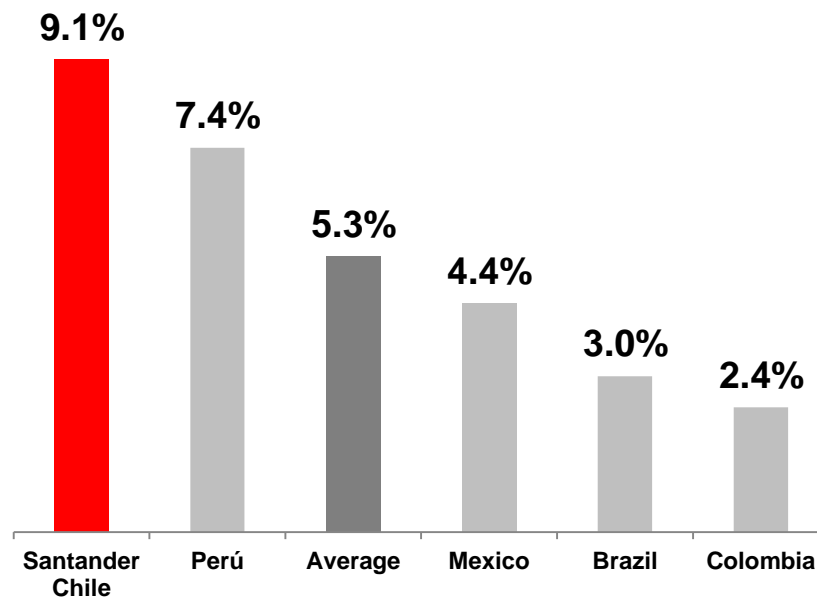
High capital base*

Core Capital ratios, %



Positive ROE vs Cost of Equity relationship

ROE minus Cost of Equity, %



One of the highest credit risk ratings in the banking world

Leader in value creation for shareholders

* As of May 2014 for competitors and as of June 2014 for Santander Chile.
Source: SBIF

* Source: UBS, 2014, except Santander Chile where ROE used is 20%

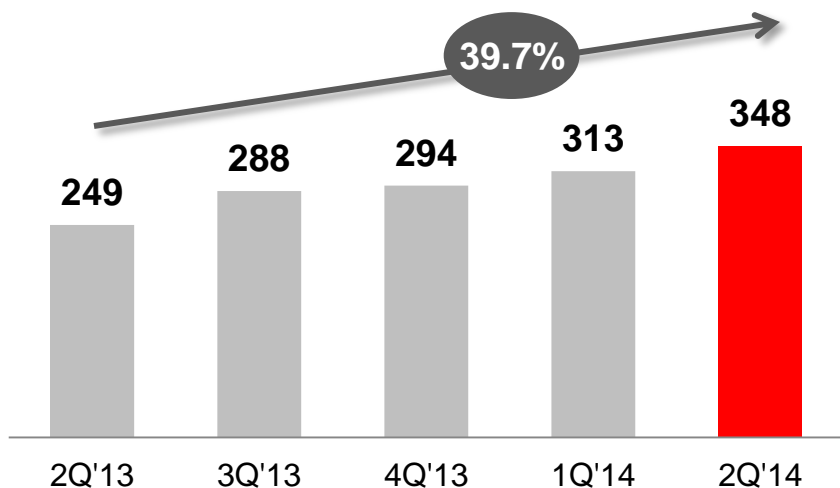
Agenda

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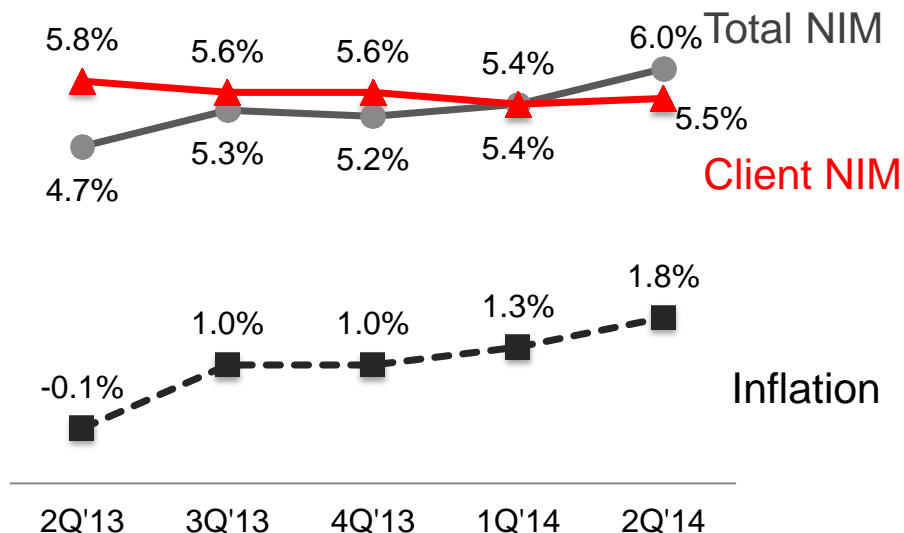
NII trending up due to loan growth and higher inflation...

Net interest income

Ch\$bn



NIM, client NIM* and inflation

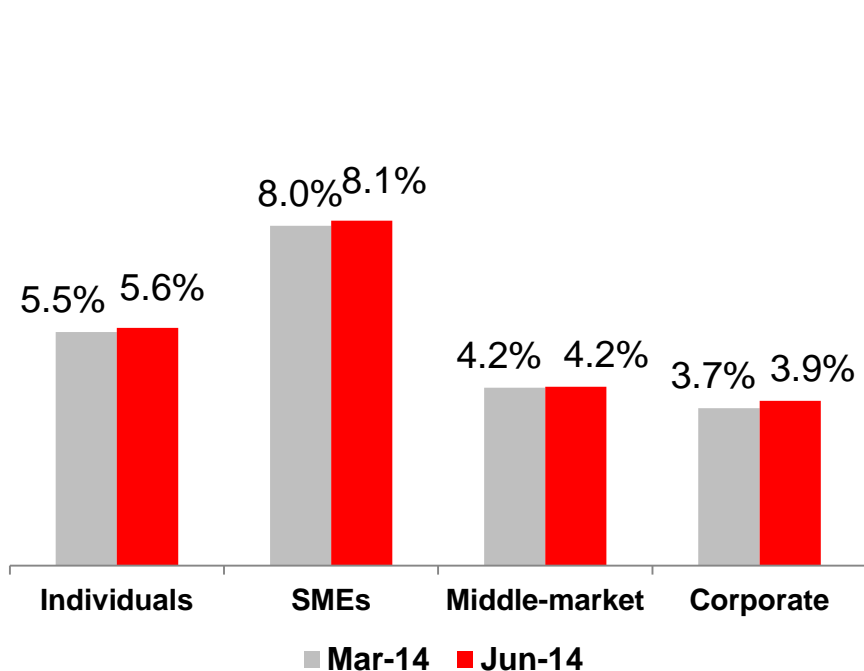


Client NII up 5.8% YoY and 3.8% QoQ (15.2% annualized) in 2Q14

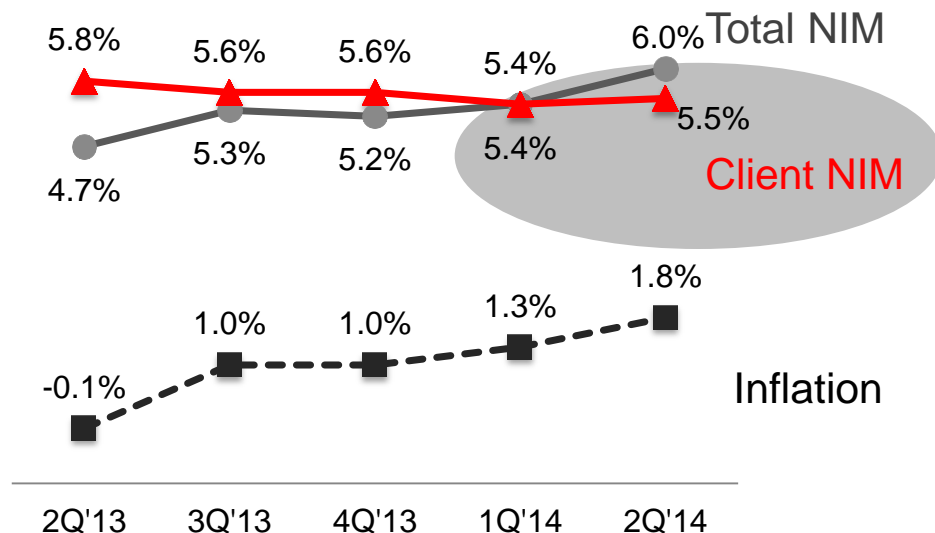
* Client NIM: Client net interest income /average loans. Excludes the impact on margins of Financial Management and the UF gap

... and expanding Client NIMs

Client NIMs by segment



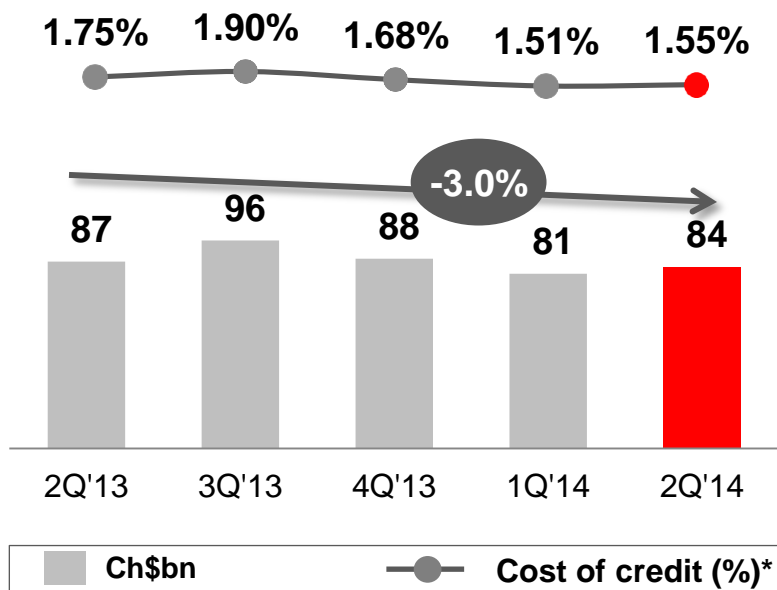
NIM, client NIM and inflation



Proactively increasing spreads and improving the funding mix

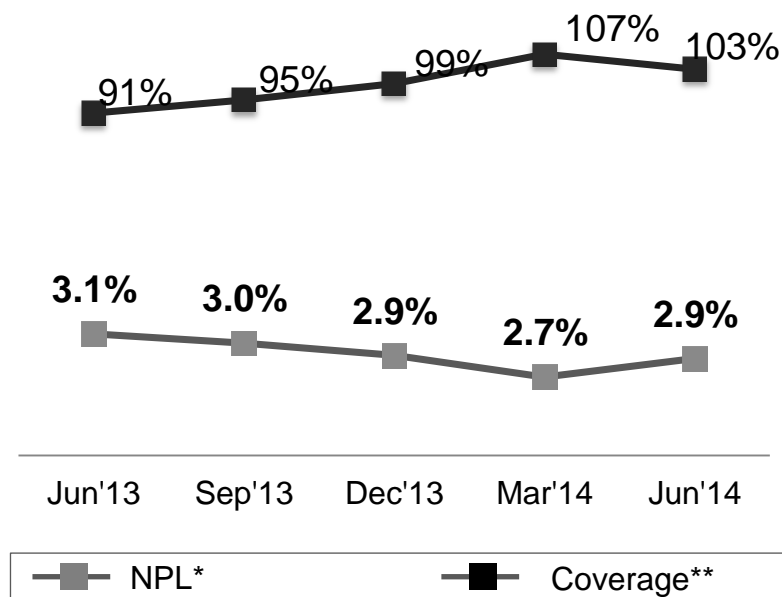
Sustained improvement of most asset quality metrics

Provision expense & cost of credit



NPL and coverage ratio

% of loans



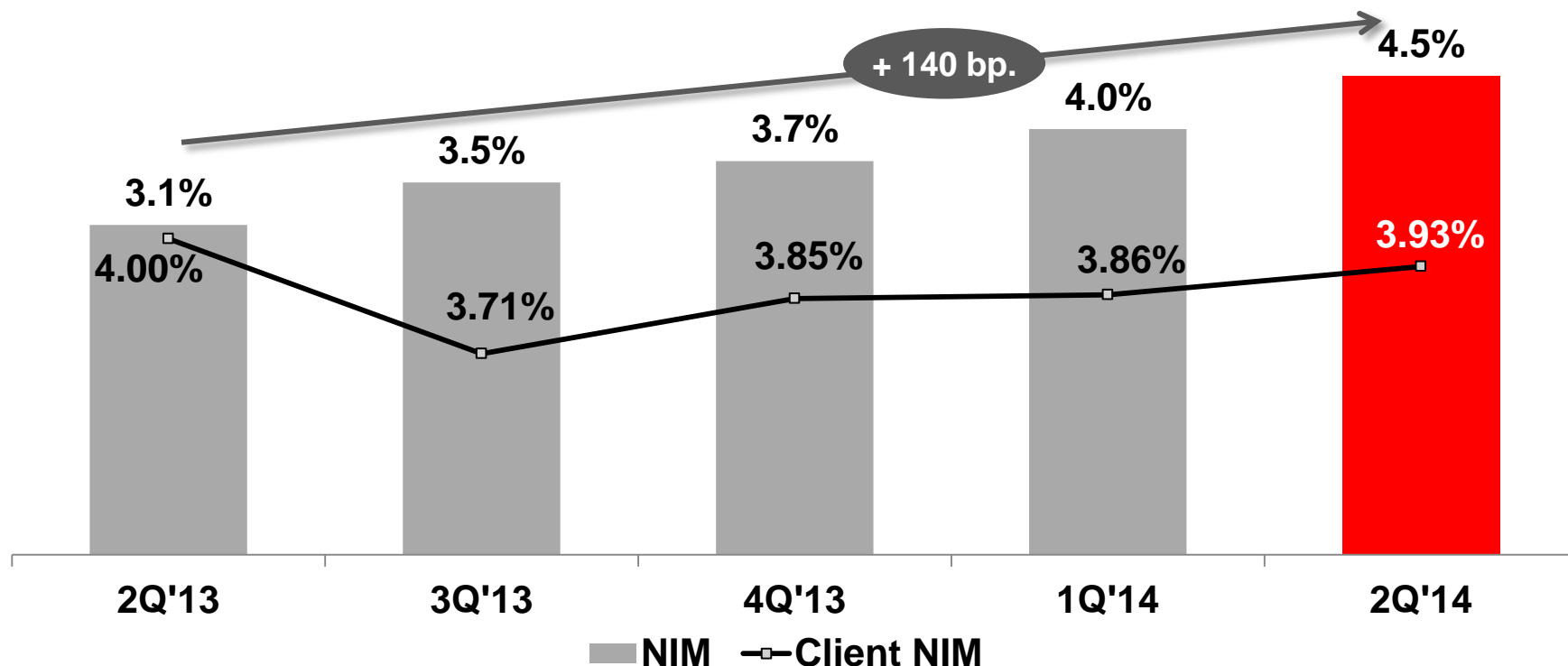
Change in loan mix has improved asset quality

* Annualized quarterly provision expense / total loans

* 90 days or more NPLs. ** Loan loss reserves over NPLs

NIM & Client NIM, net of provisions, are steadily rising

NIM and Client NIM, net of provisions

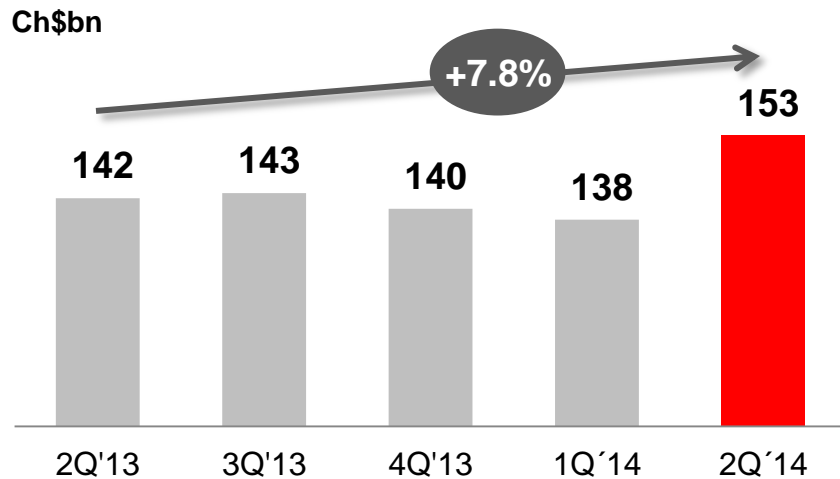


The Bank's focus is to maximize spreads net of provisions, gaining market share in segments with higher risk-adjusted contribution

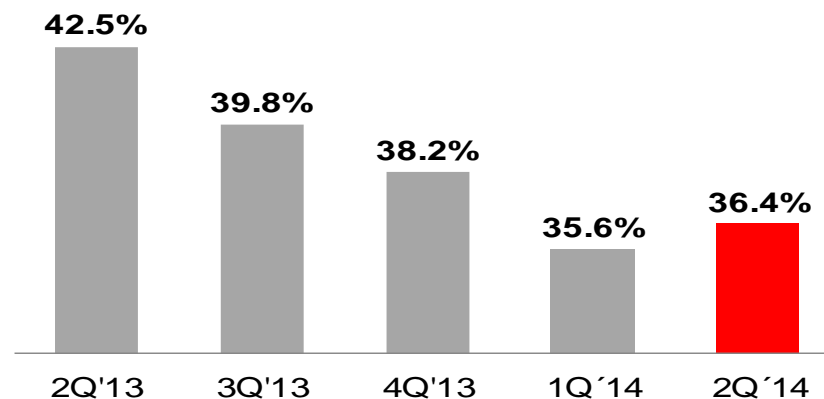
* Client NIM: Client net interest income / average loans. Excludes the impact on margins of Financial Management and the UF gap

Transformation Project enhancing productivity: efficiency reaches 36.4% in 2Q14

Operating expenses



Efficiency ratio



Network

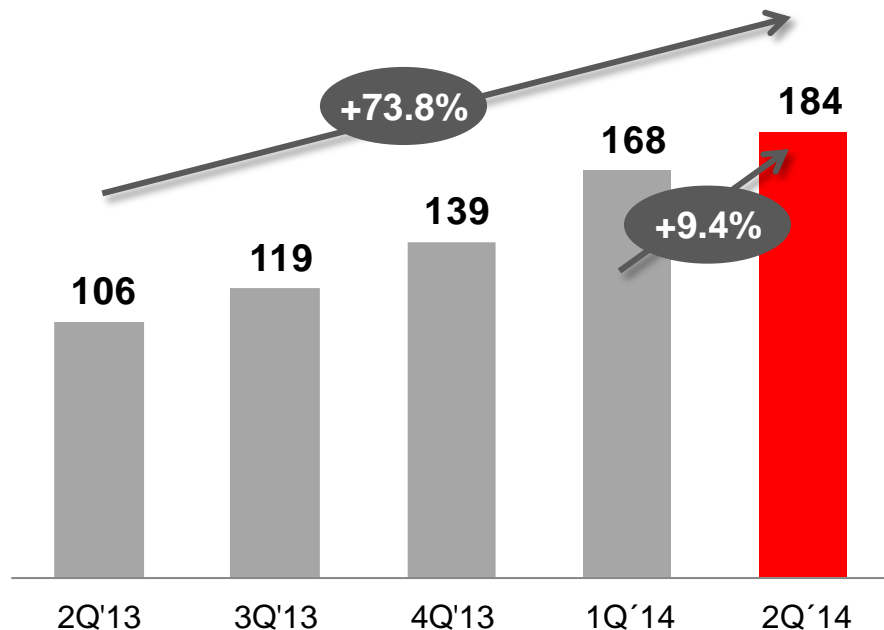
	2Q'14	2Q'13	%
▪ Branches	479	485	-2.6%
--Traditional	273	269	1.5%
--MM Centers	3	0	--%
--Select	44	44	0.0%
--Banefe	74	77	-3.9%
-- Others	85	95	-10.5%
▪ Employees	11,381	11,558	-1.5%

- QoQ increase in costs is mainly due to a seasonally low 1Q14 and a salary adjustment done in April due to higher inflation
- Productivity continues to rise with stable headcount and branch network and increasing usage of complementary channels

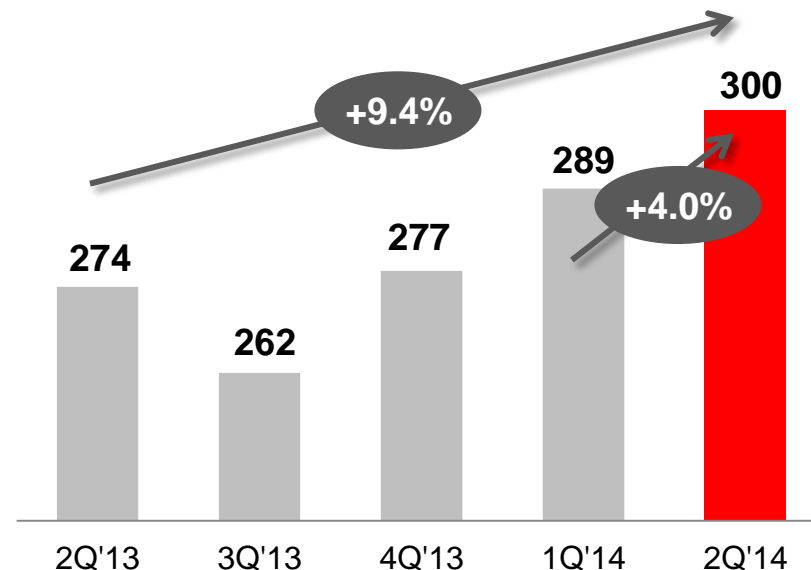
Solid operating trends in 2Q14

Operating income¹

Ch\$bn

Business segments Net operating profit²

Ch\$bn



1. Operating income: Net interest income + fee income + Financial transactions, net + Other operating income, net – provision expense – operating expense.

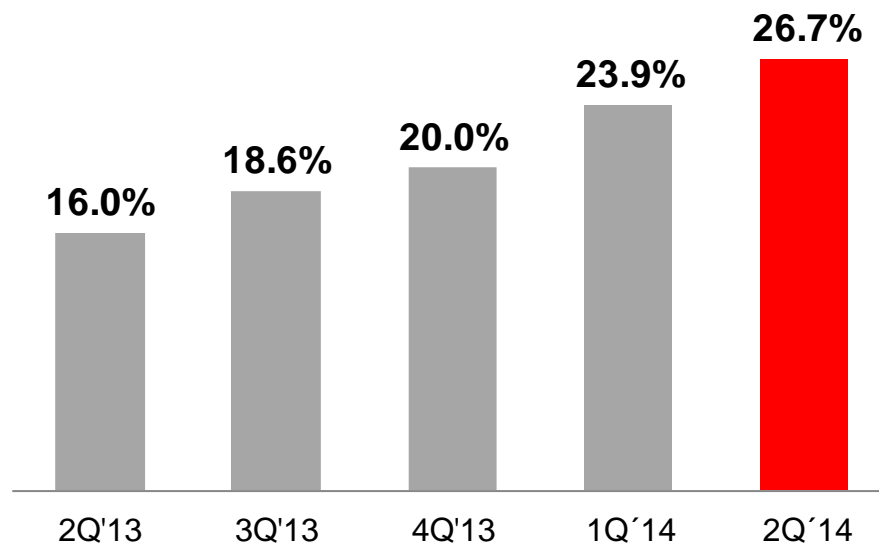
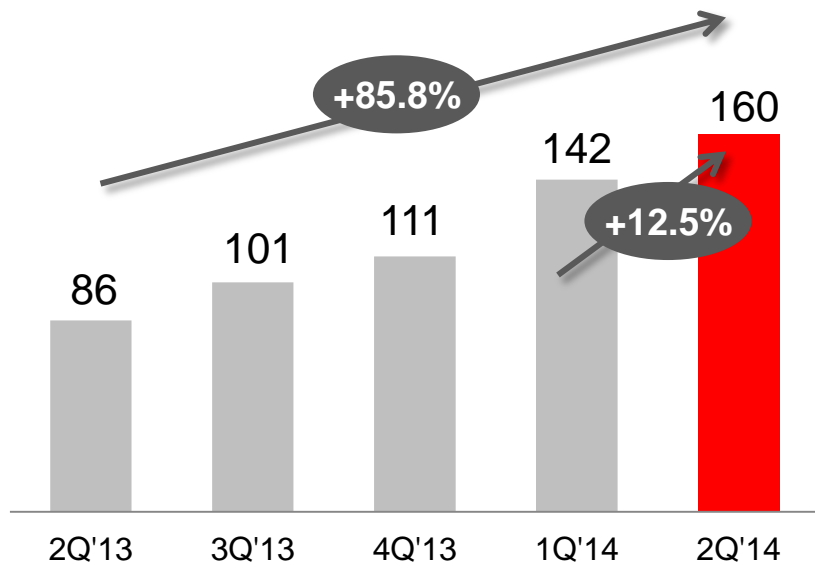
2. Net operating profit: Net interest income + fee income + Financial transactions, net – provision expense. Excludes the results from the Financial Management and the Corporate Center

Net income up 12.5% QoQ and 85.8% YoY. ROE reaches 26.7%

Net income*

ROE*

Ch\$bn



At current trends, normalized ROE with a 3% annual inflation: 19-20%**

* Excludes gain from the sale of Santander Asset Management in 4Q13. ** 8 quarters moving average

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 - **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**

- **Chile: despite slight deceleration, economy expected to rebound in 2015**
- **Financial system with stable growth trends**
- **Santander Chile: 2Q14 Net income up 12.5% QoQ and 85.8% YoY. ROE at 26.7%**
 - **Transformation Project is boosting commercial activity:**
 - **Loan growth up 10.2% YoY, especially in segments with higher risk-adjusted contribution**
 - **Improving funding mix: 9.2% YoY growth of demand deposits**
 - **High Core Capital ratio: 10.7%**
 - **NIM, net of provisions, rises to 4.5% (+140 bp YoY) due to higher inflation. Client NIMs rising as spreads increase and the funding mix improves**
 - **Cost of credit stable**
 - **Fees still affected by regulatory changes. Client base continues to grow steadily**
 - **Transformation Project also enhancing productivity: efficiency ratio at 36.4%**



Sound outlook for 2015

Annexes

- Balance Sheet
- Income Statement
- Quarterly Income Statement

Balance Sheet: Assets

Unaudited Balance Sheet	Jun-14	Jun-14	Dec-13	June 14 / Dec. 13
Assets	US\$ths	Ch\$ million		% Chg.
Cash and balances from Central Bank	1,943,554	1,074,727	1,571,810	(31.6%)
Funds to be cleared	1,219,015	674,079	604,077	11.6%
Financial assets held for trading	1,161,157	642,085	287,567	123.3%
Investment collateral under agreements to repurchase	-	-	17,469	--%
Derivatives	3,427,951	1,895,554	1,494,018	26.9%
Interbank loans	176,798	97,764	125,395	(22.0%)
Loans, net of loan loss allowances	38,232,908	21,141,651	20,327,021	4.0%
Available-for-sale financial assets	2,400,134	1,327,202	1,700,993	(22.0%)
Held-to-maturity investments	-	-	-	--%
Investments in other companies	30,076	16,631	9,681	71.8%
Intangible assets	107,525	59,458	66,703	(10.9%)
Fixed assets	324,821	179,616	180,215	(0.3%)
Current tax assets	41,490	22,943	1,643	1296.4%
Deferred tax assets	353,990	195,746	230,215	(15.0%)
Other assets	566,861	313,457	400,025	(21.6%)
Total Assets	49,986,280	27,640,913	27,016,832	2.3%

Balance Sheet: Liabilities

	Jun-14 US\$ths	Jun-14 Ch\$ million	Dec-13	June 14 / Dec. 13 % Chg.
Liabilities and Equity				
Demand deposits	10,243,883	5,664,560	5,620,763	0.8%
Funds to be cleared	739,959	409,175	276,379	48.0%
Investments sold under agreements to repurchase	246,952	136,557	208,972	(34.7%)
Time deposits and savings accounts	16,837,552	9,310,661	9,675,272	(3.8%)
Derivatives	3,195,741	1,767,149	1,300,109	35.9%
Deposits from credit institutions	3,119,912	1,725,218	1,682,377	2.5%
Marketable debt securities	9,930,192	5,491,098	5,198,658	5.6%
Other obligations	343,476	189,932	189,781	0.1%
Current tax liabilities	0	0	50,242	(100.0%)
Deferred tax liability	36,248	20,044	25,088	(20.1%)
Provisions	352,301	194,812	236,232	(17.5%)
Other liabilities	517,751	286,301	198,777	44.0%
Total Liabilities	45,563,967	25,195,507	24,662,650	2.2%
Equity				
Capital	1,611,847	891,303	891,303	0.0%
Reserves	2,364,976	1,307,761	1,130,991	15.6%
Unrealized gain (loss) Available-for-sale financial assets	12,270	6,785	(5,964)	(213.8%)
Retained Earnings:	381,614	211,021	309,348	(31.8%)
Retained earnings previous periods	-	-	-	--%
Net income	545,163	301,459	441,926	(31.8%)
Provision for mandatory dividend	(163,550)	(90,438)	(132,578)	(31.8%)
Total Shareholders' Equity	4,370,707	2,416,870	2,325,678	3.9%
Minority Interest	51,605	28,536	28,504	0.1%
Total Equity	4,422,312	2,445,406	2,354,182	3.9%
Total Liabilities and Equity	49,986,280	27,640,913	27,016,832	2.3%

Income Statement

YTD Income Statement Unaudited	Jun-14 US\$ths.	Jun-14 Ch\$ million	Jun-13	June 14 / Dec. 13 % Chg.
Interest income	2,047,303	1,132,097	839,468	34.9%
Interest expense	(850,977)	(470,565)	(344,320)	36.7%
Net interest income	1,196,325	661,532	495,148	33.6%
Fee and commission income	324,497	179,437	173,536	3.4%
Fee and commission expense	(122,716)	(67,858)	(54,771)	23.9%
Net fee and commission income	201,781	111,579	118,765	(6.1%)
Net income from financial operations	(133,897)	(74,041)	(1,834)	3937.1%
Foreign exchange profit (loss), net	247,889	137,075	57,349	139.0%
Total financial transactions, net	113,992	63,034	55,515	13.5%
Other operating income	16,267	8,995	11,757	(23.5%)
Total operating income	1,528,365	845,140	681,185	24.1%
Provision for loan losses	(298,877)	(165,270)	(179,513)	(7.9%)
Net operating profit	1,229,488	679,870	501,672	35.5%
Personnel salaries and expenses	(292,088)	(161,516)	(151,327)	6.7%
Administrative expenses	(182,485)	(100,909)	(92,622)	8.9%
Depreciation and amortization	(51,694)	(28,585)	(30,914)	(7.5%)
Impairment	(52)	(29)	(173)	(83.2%)
Operating expenses	(526,320)	(291,039)	(275,036)	5.8%
Other operating expenses	(66,814)	(36,946)	(25,673)	43.9%
Total operating expenses	(593,133)	(327,985)	(300,709)	9.1%
Operating income	636,355	351,885	200,963	75.1%
Income from investments in other companies	1,517	839	1,149	(27.0%)
Income before taxes	637,872	352,724	202,112	74.5%
Income tax expense	(92,647)	(51,231)	(34,530)	48.4%
Net income from ordinary activities	545,225	301,493	167,582	79.9%
Net income discontinued operations	-	-	-	--%
Net income attributable to:				
Minority interest	61	34	811	(95.8%)
Net income attributable to shareholders	545,163	301,459	166,771	80.8%

Income Statement

Unaudited Quarterly Income Statement	2Q14	2Q14	1Q14	2Q13	2Q14 / 2Q13	2Q14 / 1Q14
	US\$ths.		Ch\$mnn		% Chg.	
Interest income	1,069,118	591,190	540,907	413,671	42.9%	9.3%
Interest expense	(439,718)	(243,151)	(227,414)	(165,004)	47.4%	6.9%
Net interest income	629,399	348,039	313,493	248,667	40.0%	11.0%
Fee and commission income	160,508	88,756	90,681	85,996	3.2%	(2.1%)
Fee and commission expense	(59,571)	(32,941)	(34,917)	(27,852)	18.3%	(5.7%)
Net fee and commission income	100,937	55,815	55,764	58,144	(4.0%)	0.1%
Net income from financial operations	(187,321)	(103,583)	29,542	15,039	-%	-%
Foreign exchange profit (loss), net	241,686	133,645	3,430	18,214	633.7%	3796.4%
Total financial transactions, net	54,365	30,062	32,972	33,253	(9.6%)	(8.8%)
Other operating income	6,302	3,485	5,510	7,188	(51.5%)	(36.8%)
Total operating income	791,003	437,401	407,739	347,252	26.0%	7.3%
Provision for loan losses	(151,972)	(84,036)	(81,234)	(86,655)	(3.0%)	3.4%
Net operating profit	639,031	353,365	326,505	260,597	35.6%	8.2%
Personnel salaries and expenses	(157,059)	(86,849)	(74,667)	(79,794)	8.8%	16.3%
Administrative expenses	(93,101)	(51,482)	(49,427)	(46,762)	10.1%	4.2%
Depreciation and amortization	(27,340)	(15,118)	(13,467)	(15,261)	(0.9%)	12.3%
Impairment	(29)	(16)	(13)	(146)	(89.0%)	23.1%
Operating expenses	(277,529)	(153,465)	(137,574)	(141,963)	8.1%	11.6%
Other operating expenses	(29,056)	(16,067)	(20,879)	(12,871)	24.8%	(23.0%)
Total operating expenses	(306,584)	(169,532)	(158,453)	(154,834)	9.5%	7.0%
Operating income	332,447	183,833	168,052	105,763	73.8%	9.4%
Income from investments in other companies	998	552	287	667	(17.2%)	92.3%
Income before taxes	333,445	184,385	168,339	106,430	73.2%	9.5%
Income tax expense	(45,353)	(25,079)	(26,152)	(20,293)	23.6%	(4.1%)
Net income from ordinary activities	288,092	159,306	142,187	86,137	84.9%	12.0%
Net income discontinued operations	-	-	-	-		
Net income attributable to:						
Minority interest	(561)	(310)	344	245	-226.5%	-190.1%
Net income attributable to shareholders	288,652	159,616	141,843	85,892	85.8%	12.5%



Chile