

Banco Santander Chile:

Solid commercial and client profitability trends sustained in 3Q14. Positive medium-term outlook

January 2015

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 and is presented in Chilean Bank GAAP which is similar to IFRS, but there are some differences. Please refer to our 2013 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.

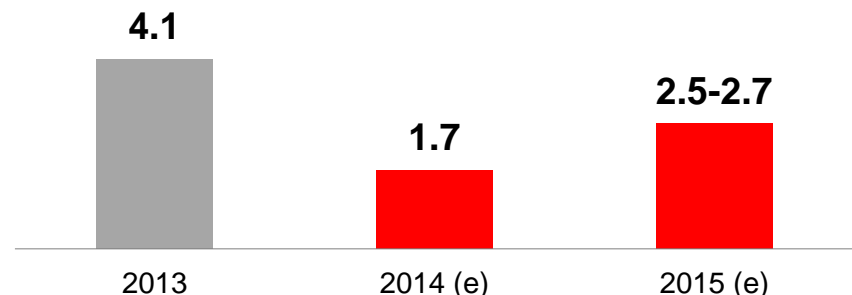
Agenda

- **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**

Economy is expected to rebound in 2015...

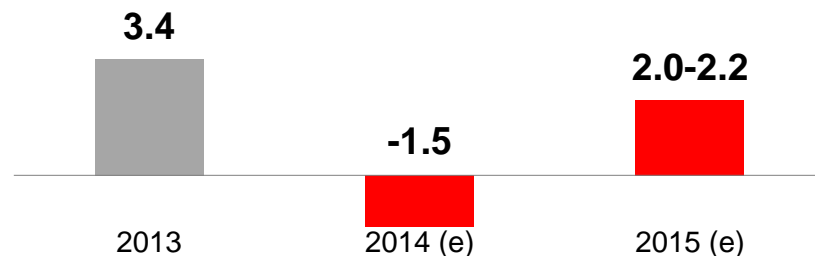
GDP

YoY real growth, %



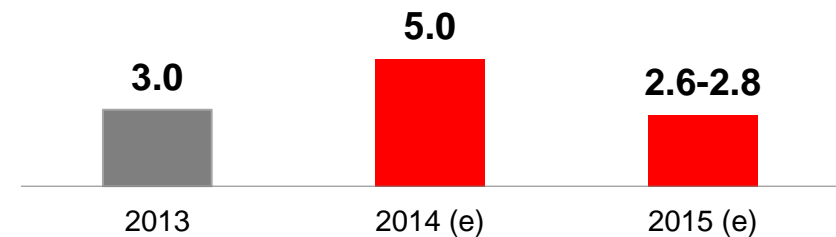
Internal Demand

YoY real growth, %



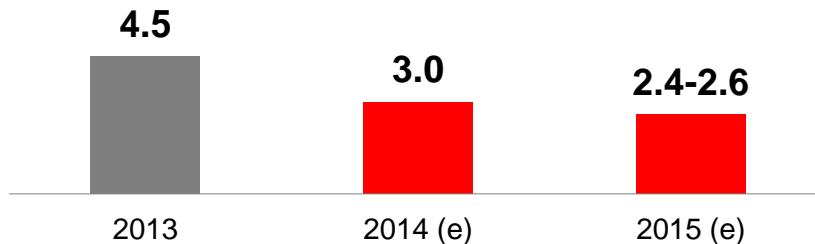
Inflation

Annual change in inflation, %



Central Bank Reference rate

%

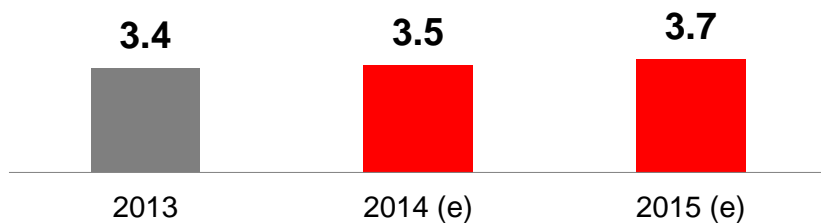


Source: Banco Central de Chile. (e): Estimates Santander Chile

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

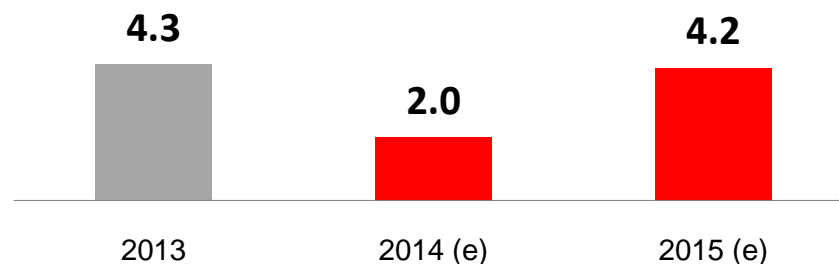
Higher GDP growth of Chile's main trade partners ...

YoY real growth of Chile's main trade partners¹, %



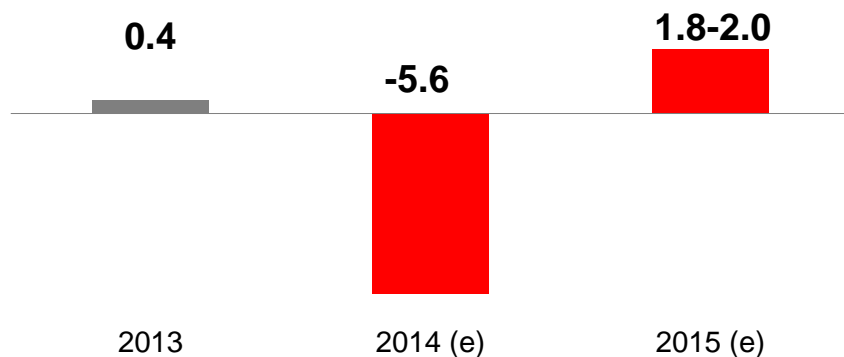
... and weaker Ch\$ should boost export growth

Exports YoY real growth, %



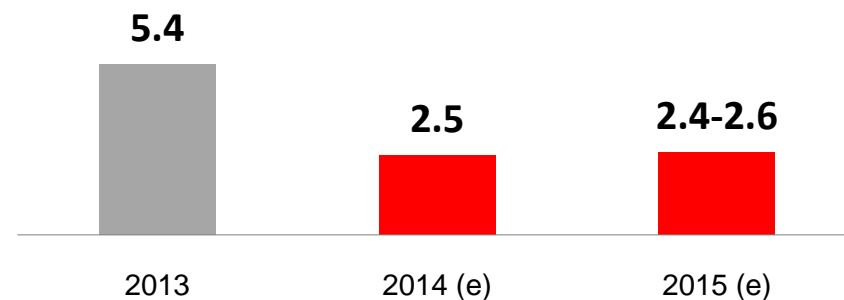
Investment expected to rebound, led by the energy and infrastructure sectors

Investment, YoY real growth, %



Consumption should remain strong

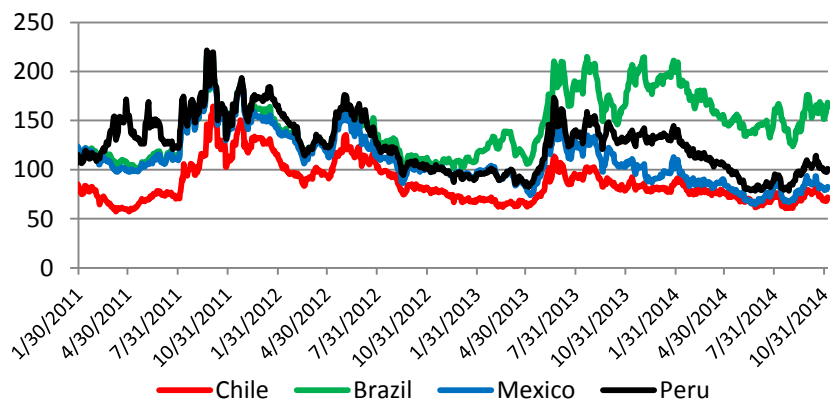
Consumption², YoY real growth, %



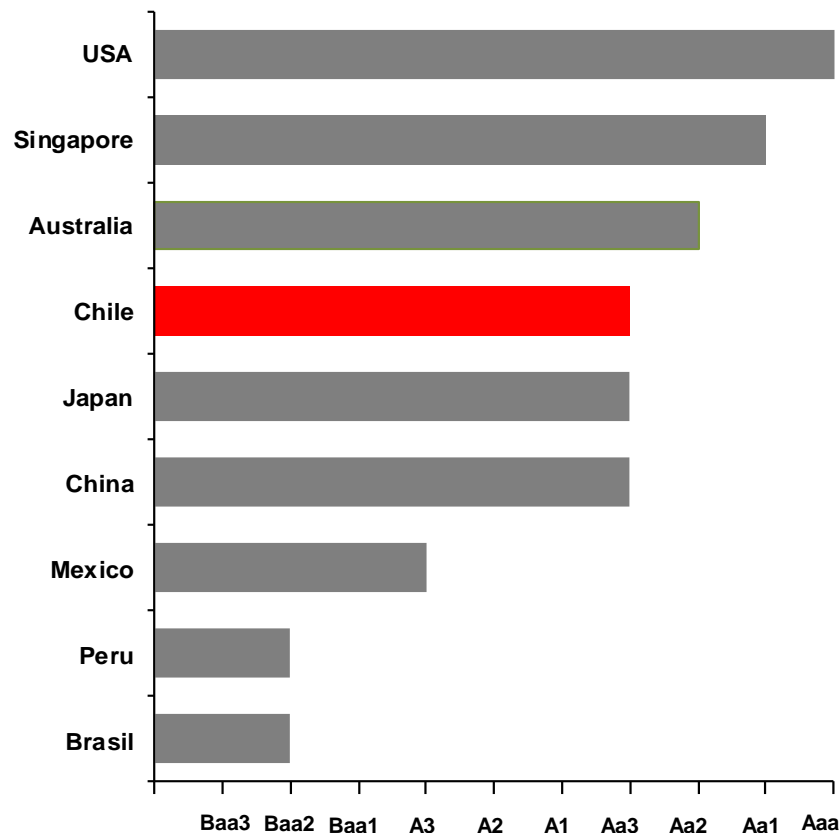
Source: Banco Central de Chile. (e): Estimates Santander Chile. 1. Trade-weighted GDP growth. 2. Includes private and government consumption

...in a relatively low-risk environment

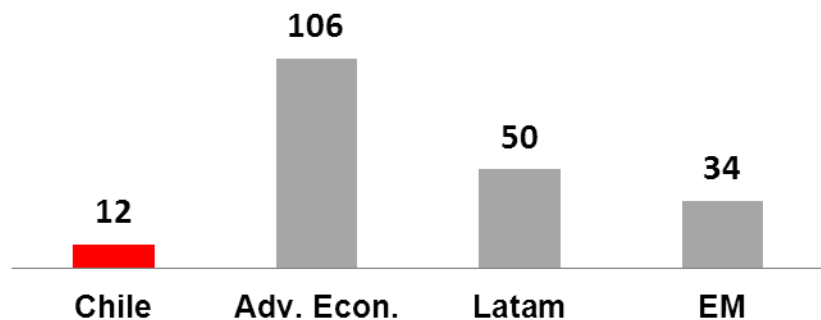
Falling CDS spreads...(1)



... and high Sovereign rating(2)



Low gross public debt (% of GDP)³

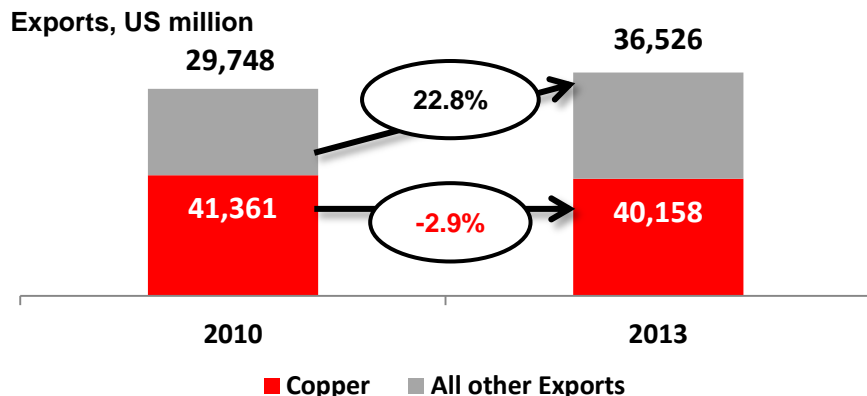


Including the sovereign wealth fund, Chile's net public debt is -7% of GDP

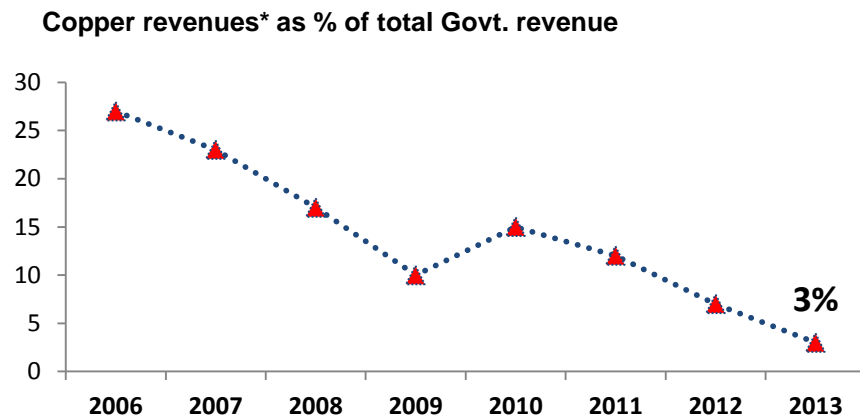
1. Source Bloomberg. 2. Source: Moody's, latest ratings. 3. Source: IMF, figures for 2013

Chile's reliance on copper has diminished

Copper exports have been flat...

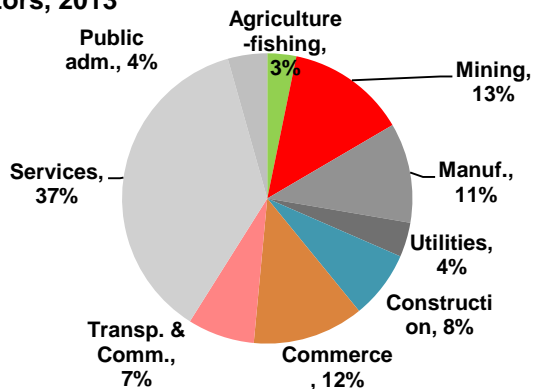


... decreasing weight of copper revenue



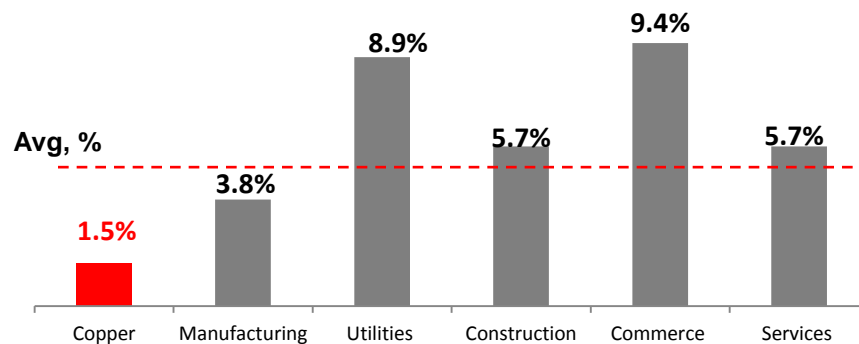
Chile has a diversified economy...

GDP by sectors, 2013



... and copper contribution to GDP is low

Avg. GDP growth by sector (2010-2013)

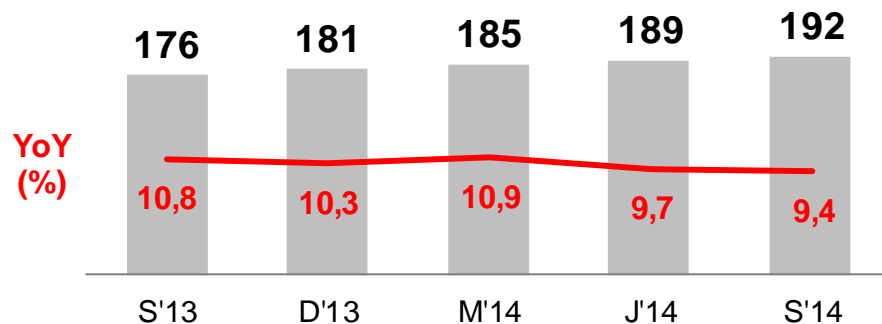


Source: Banco Central de Chile, Ministry of Finance, Moody's and IMF. *Corresponds to Codelco

Financial system with relatively stable growth trends

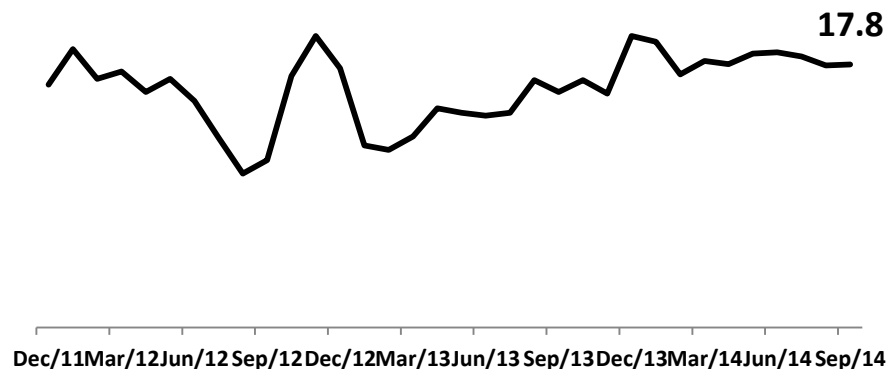
Total Loans

US\$bn*



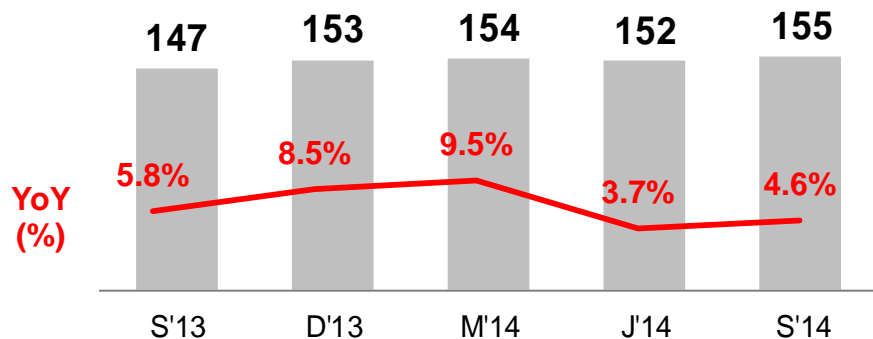
ROE

Quarterly avg, %



Total Deposits**

US\$bn*

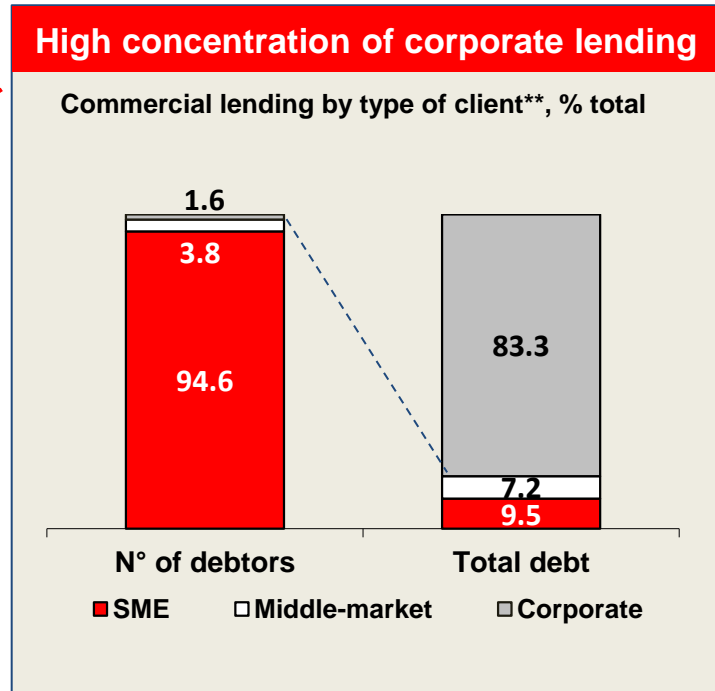
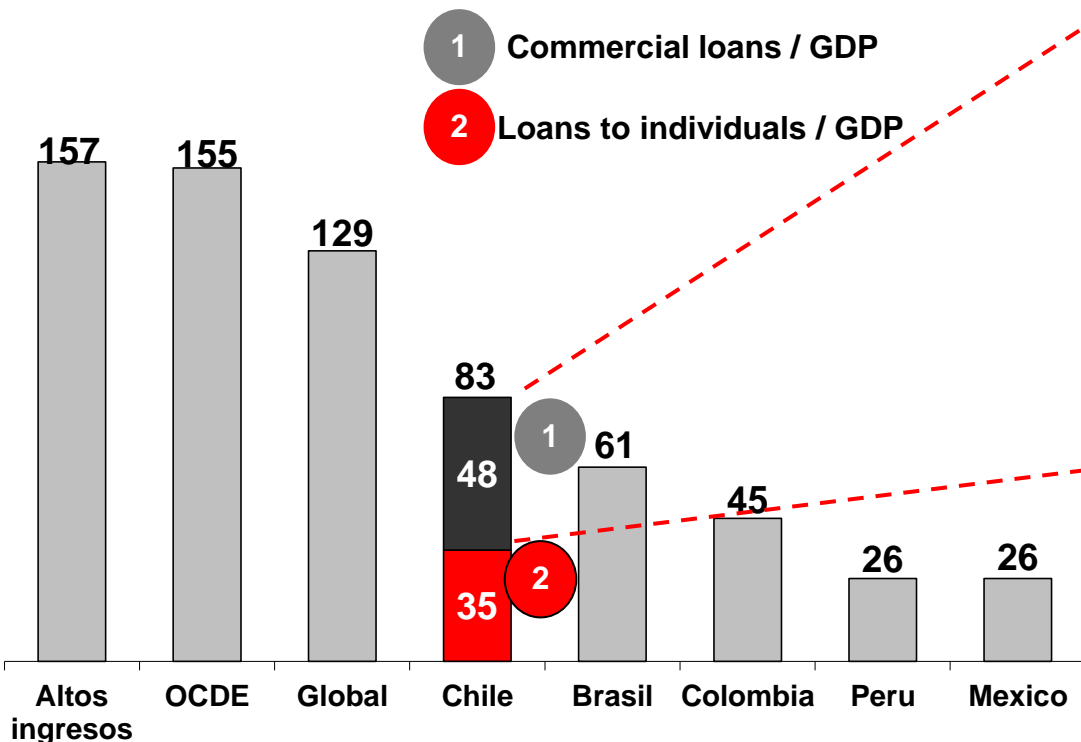


- Loan growth less affected by lower investment as slowdown concentrated in reconstruction / large mining projects with little bank financing
- Deposit growth remains healthy, with some flow of funds away from time deposits to money market funds
- Financial system gross operating income up 30.8% YoY as of August 2014

* Converted using constant exchange rate as of September 2014. ** Demand and time deposits. Source: Superintendency of Banks of Chile. Excludes Corpbanca Colombia

The market has good growth potential in **1** mid-sized companies

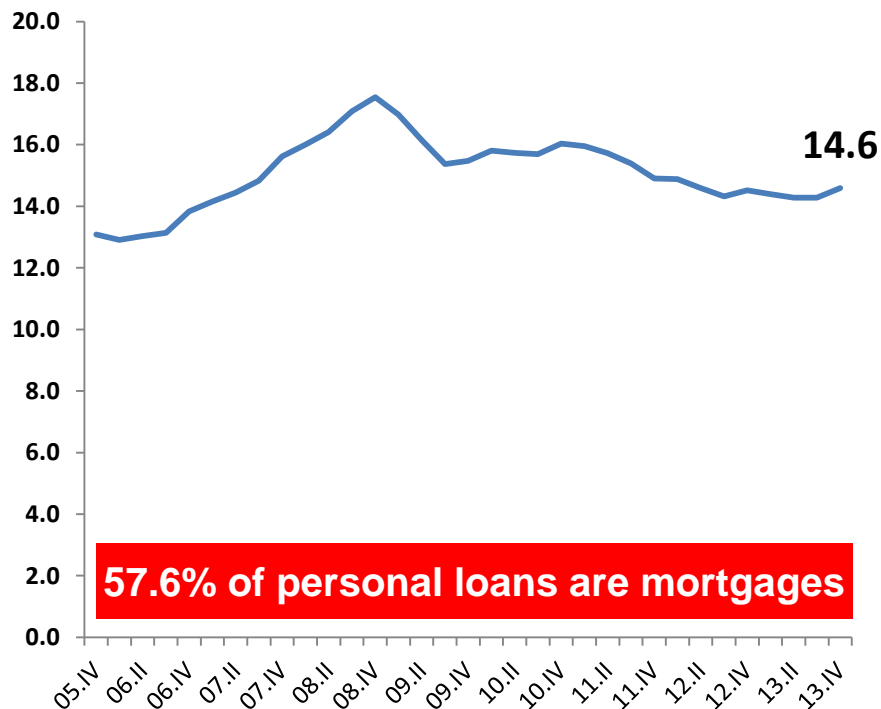
Loans / GDP as of Dec. 2013*, %



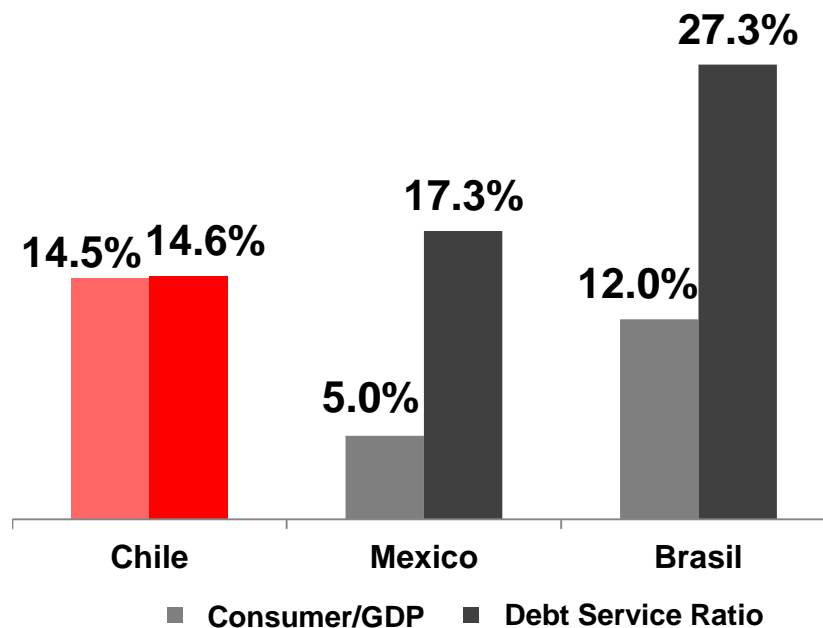
* Or latest available information. Source: World Bank, weighted by size of world economies. **Source Chile: Santander Chile based on information from Superintendencia of Banks, Central Bank and www.cajasdechile.cl

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

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Santander Chile is the nation's leading bank



Item	Amount	Mkt. share ¹	YTD Var.
Loans	US\$ 37.2bn	19.1%	-10bp
Loans to individuals	US\$ 19.0bn	22.1%	+0bp
Consumer installment loans	US\$ 3.8bn	21.3%	+10bp
Credit card loans	US\$ 2.2bn	22.6% ²	+30bp
Residential mortgage loans	US\$ 10.5bn	20.8%	+10bp
Loans to companies	US\$ 17.7Bn	17.2%	-30bp
Net income	US\$ 688	22.5%	+210bp
Clients	3.6mn	22.9% ²	n/a
Deposits	US\$ 27.2bn	17.2%	+60bp
Checking accounts (\$)	US\$ 9.6bn	21.1%	+40p
Credit card transactions (\$)	US\$ 13.5bn	22.5% ³	+130bp
ATMs	1,692	20.9%	-10bp
Branches	475	19.9%	-18

1. As of Sept.'14 or latest available figures. Excludes Corpbanca Colombia. 2. Includes non-banks. 3. Core deposits are all checking accounts plus time deposits from Retail and BEI. Institutional deposits are all time deposits from GBM and institutional investors. Source: SBIF, DCV and Santander Chile estimates

3 objectives for healthy growth / higher profitability

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

II. ...improving relationships with clients and quality of service

III. ... and managing risks and capital conservatively

Transformation
Project

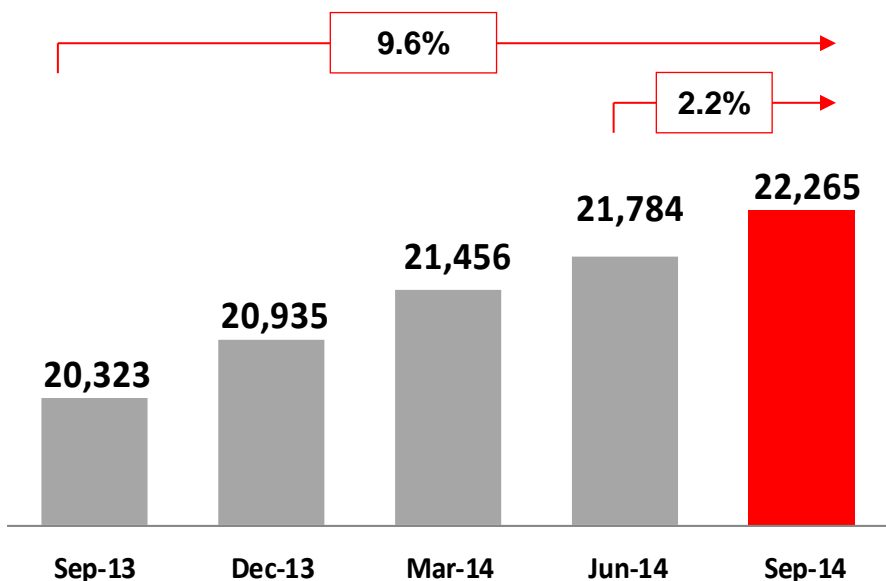
Optimizing the
risk return
relation



Positive loan growth in segments with higher risk-adjusted contribution

Total Loans

Ch\$bn



	Sep14	YoY (%)	QoQ (%)
Individuals¹	11,342	12.0%	2.7%
Mortgage	6,300	15.3%	3.3%
Consumer credit	3,819	11.5%	2.2%
SMEs	3,316	4.5%	0.7%
Middle Market	5,386	9.8%	4.1%
Corporates	2,289	3.9%	-1.1%
Total²	22,265	9.6%	2.2%

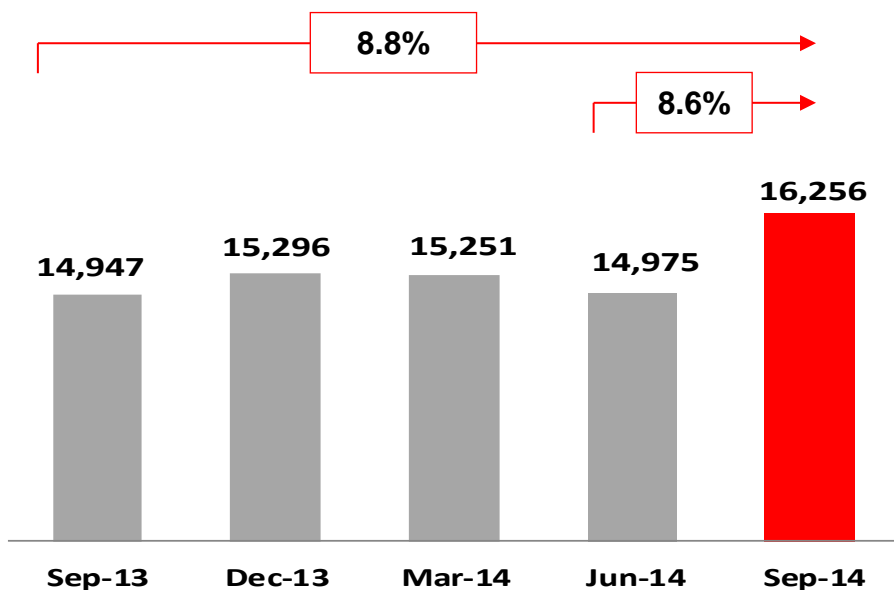
Improved Individuals loan mix: High-income: +17.1% YoY / Low-income: +3.6% YoY

1. Includes consumer, mortgage and commercial loans granted to individuals. 2. Includes other non-segmented loans

High levels of liquidity in the local market pushes strong deposit growth

Total Deposits

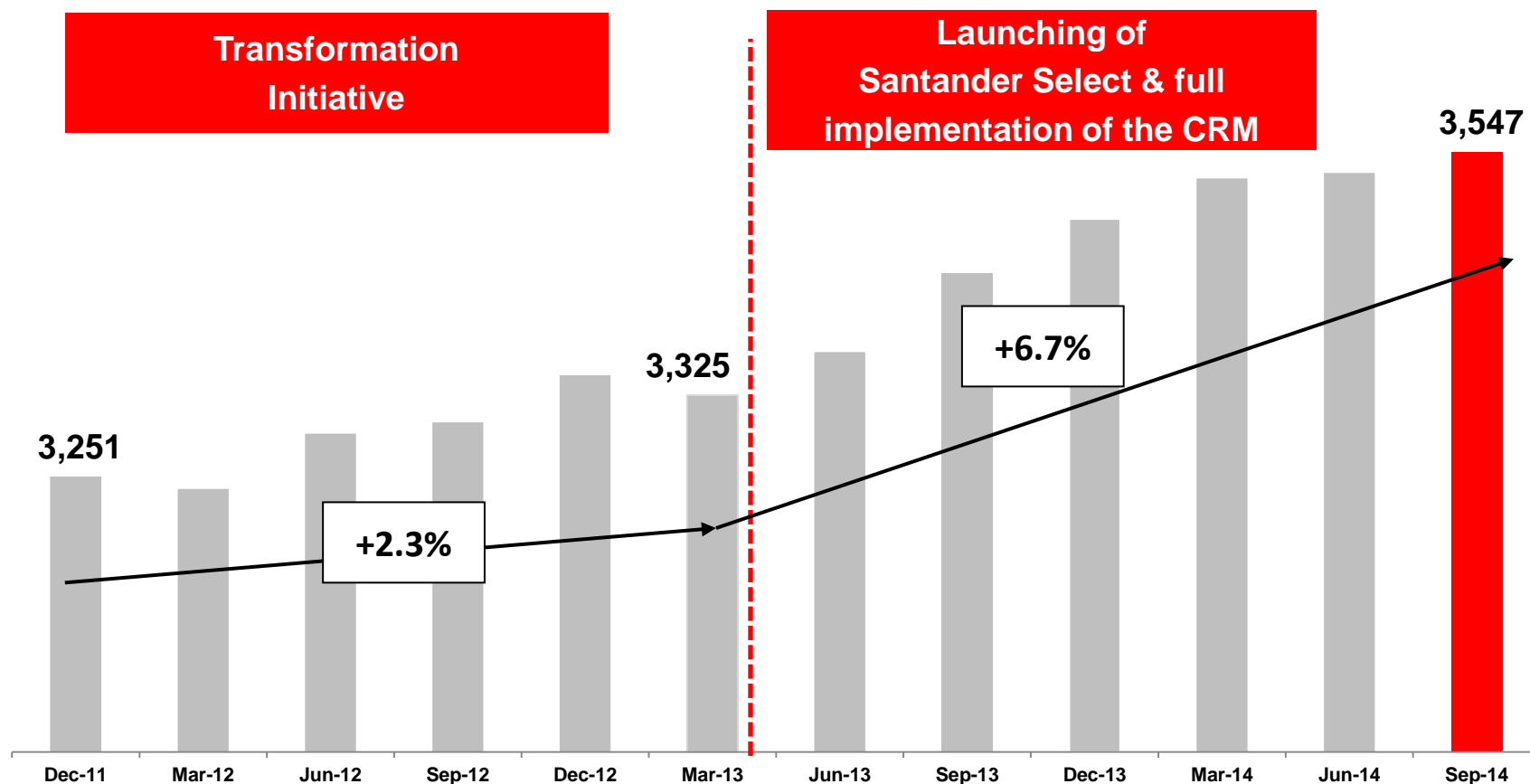
Ch\$bn



Ch\$bn	9M'14	YoY	QoQ
Demand	5,725	8.9%	1.1%
Time	10,531	8.7%	13.1%
Total deposits	16,256	8.8%	8.6%

Six consecutive quarters of positive net client growth

Total Clients (ths.)



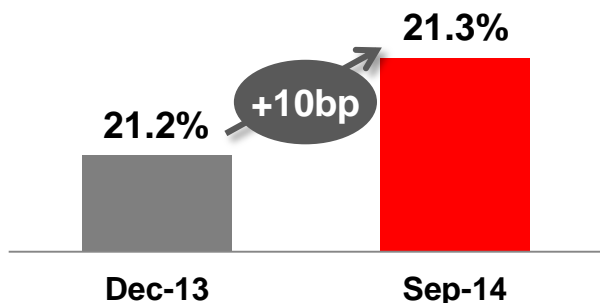
Santander Select clients* increased 17% YoY as of sept. 2014

* Middle-high and high income clients

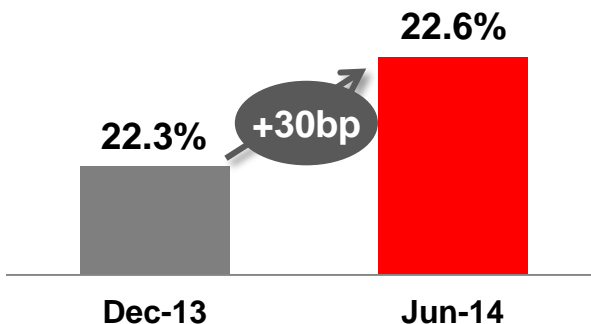
Outpacing our main competitors in various products YTD

Santander Chile's Market share (%)*

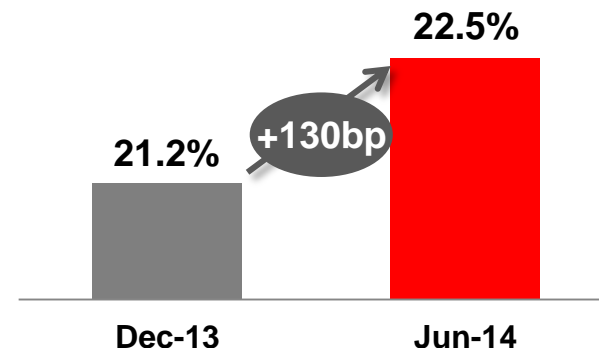
Consumer installment loans



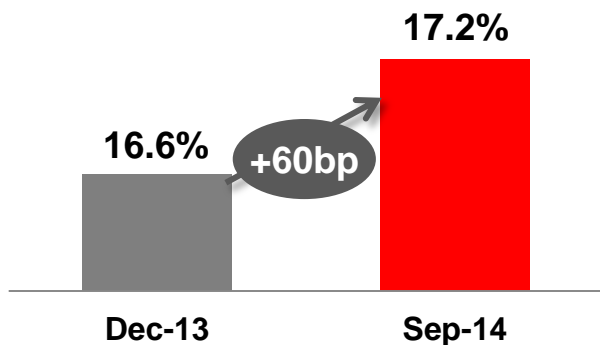
Credit card loans



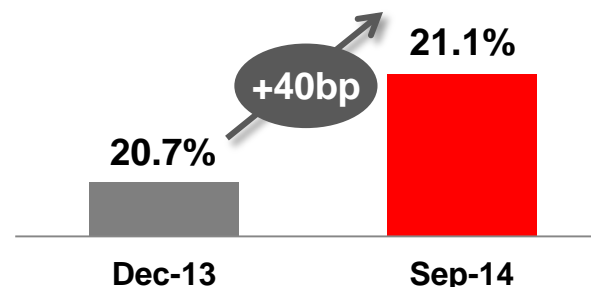
Credit card transactions**



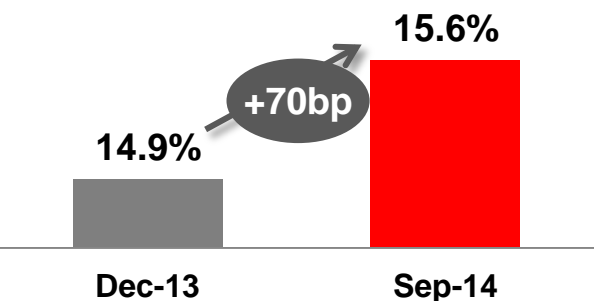
Deposits



Demand deposits



Time deposits

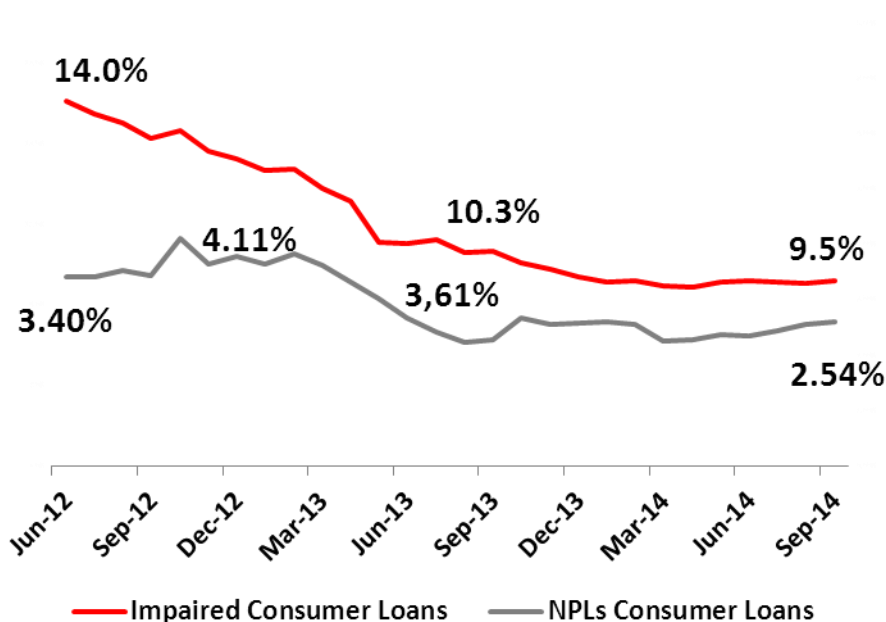


*As of Sept.. 2014 or the latest date available. ** Corresponds to the market share of all monetary transactions with a credit card and includes the major non banks. Source: Superintendency of Banks of Chile

Steady improvement in consumer asset quality indicators

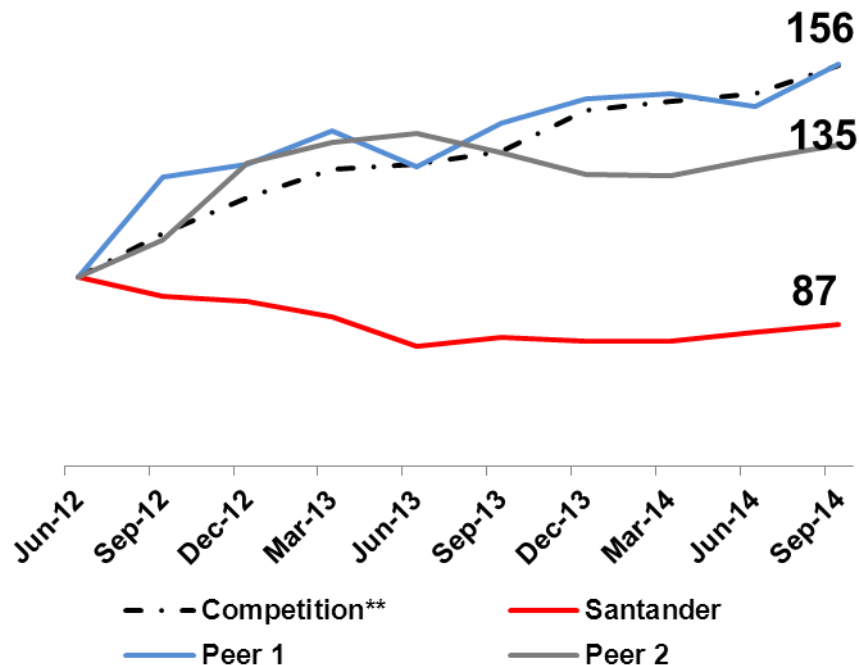
Impaired* & NP consumer loans

% of consumer loans



Evolution of impaired consumer loans

Base 100 = 06/2012



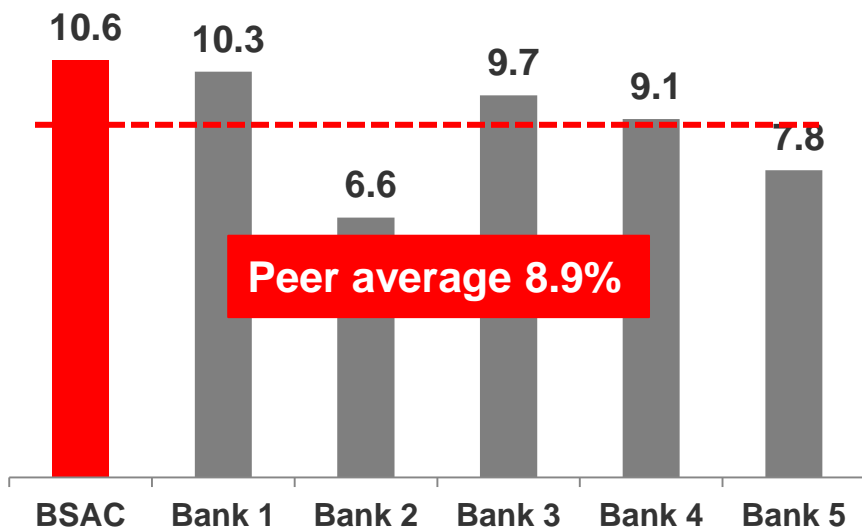
* Impaired include non-performing and renegotiated consumer loans. ** Competition in the Financial System excluding Santander.

Source: Superintendency of Banks of Chile as of Sept. 2014. Competition is all banks excluding Santander Chile

Optimizing the risk-return relation

High capital base*

Core Capital ratios, %

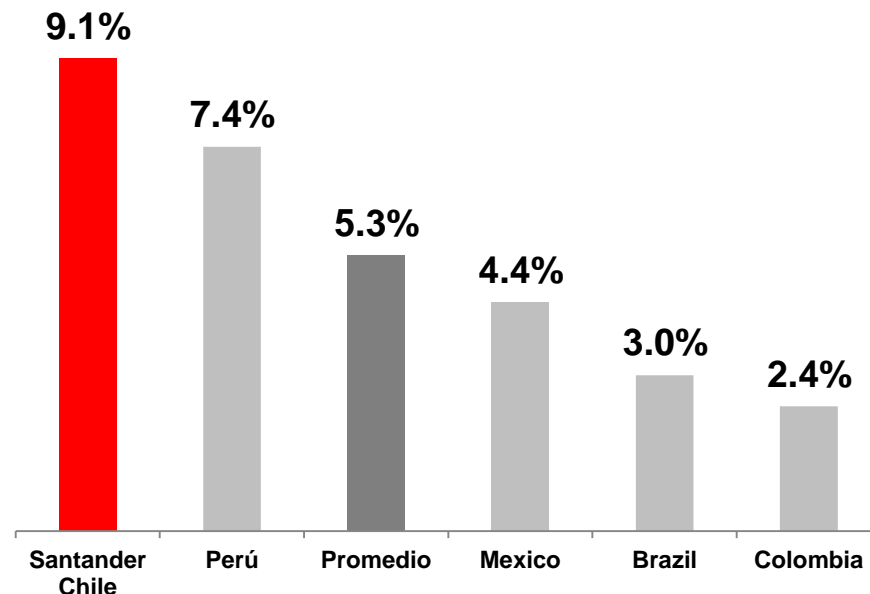


Peer average 8.9%

Tier 1 = core capital

Positive ROE vs Cost of Capital**

ROE minus cost of equity**, %



Good potential for value creation for shareholders

* Source: Superintendency of Banks as of July 2014, the latest date available.

**Source: UBS, except Santander Chile in which a 20% ROE was used.

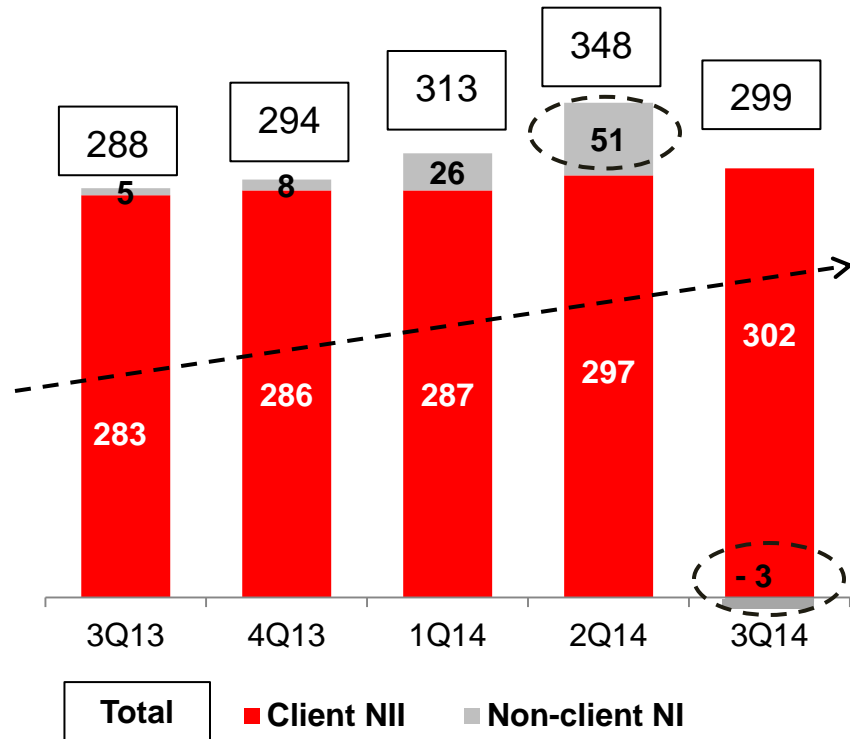
Agenda

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As expected, QoQ decline in net interest income due to lower inflation

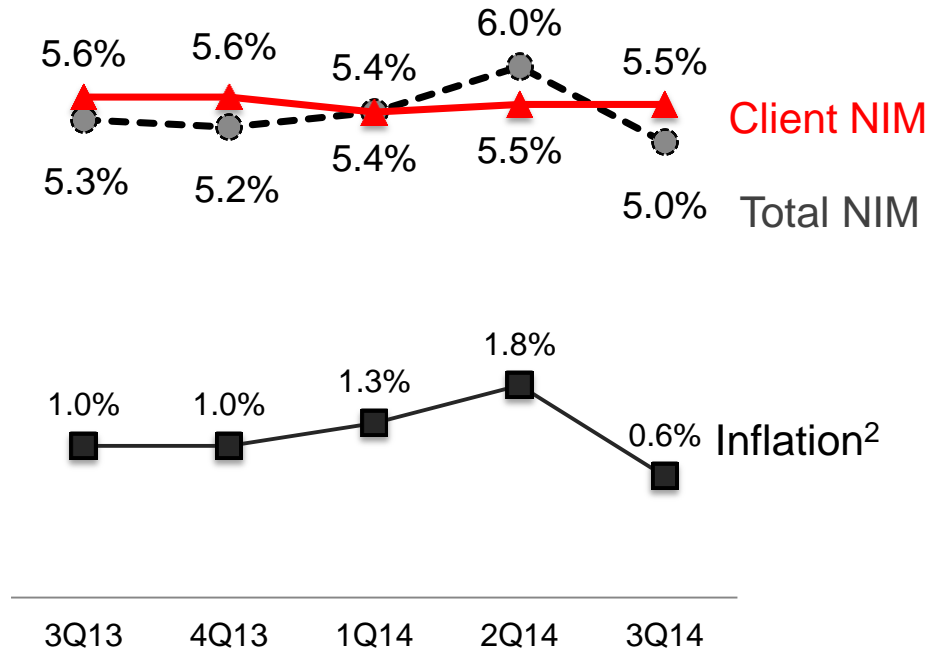
Client and total net interest income¹

Ch\$bn



NIM, client NIM and inflation

Net Interest Margin (NIM), %

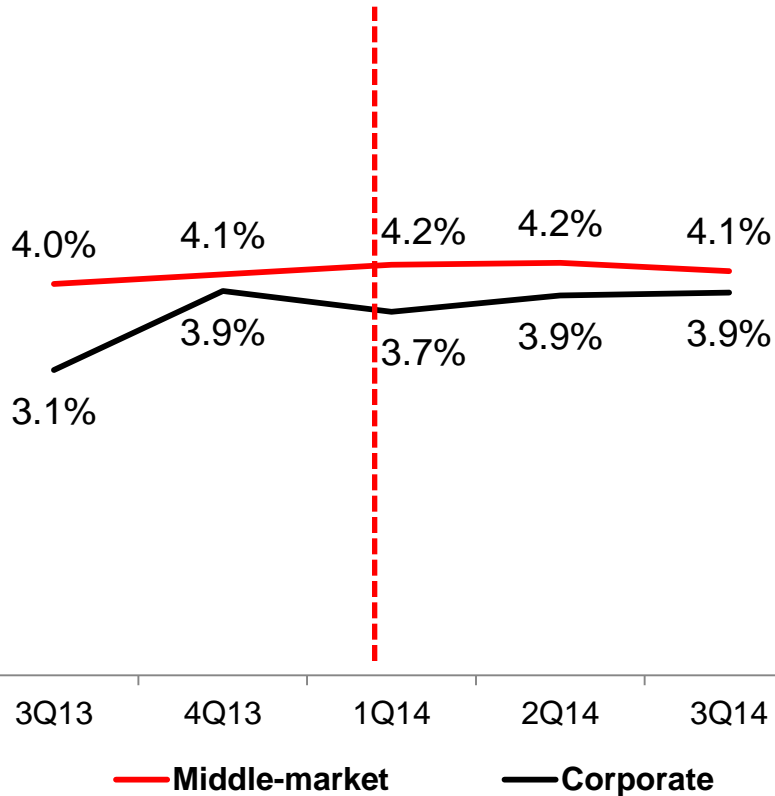


Client NII up 6.9% YoY in 3Q14

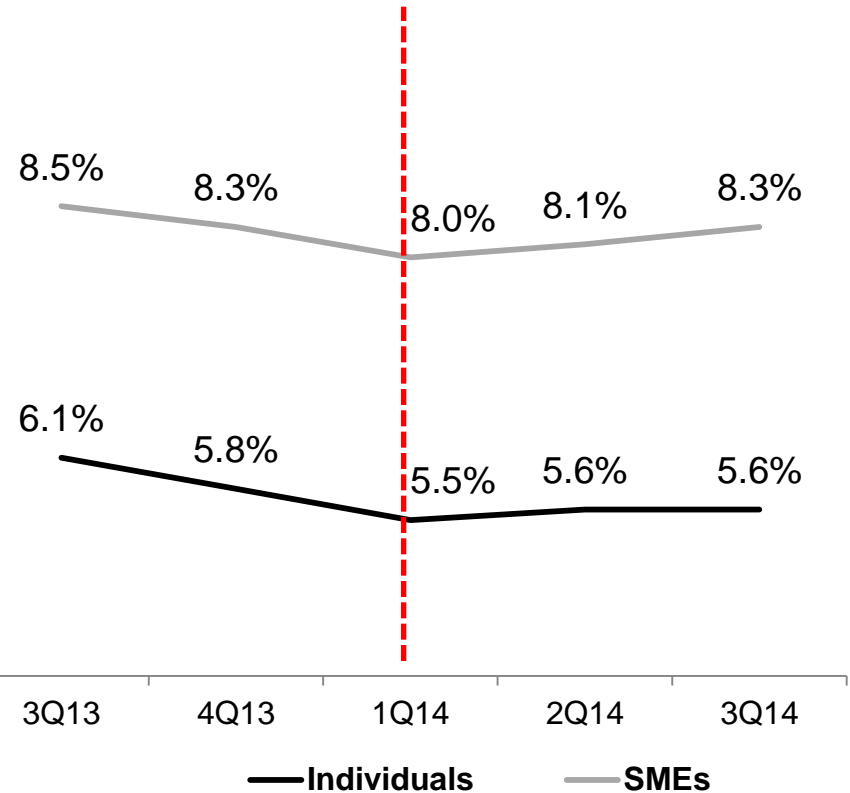
1. Client net interest income (NII) is mainly NII from the from all client activities such as loans and deposits minus the internal transfer rate. Non-client NII is NII mainly from the Bank's ALCO positions and includes the effects of inflation on the Bank's NII. 2. UF variation

Client NIMs trending up in 2014

Middle market and Corporate NIMs¹



Individual and SME NIMs¹



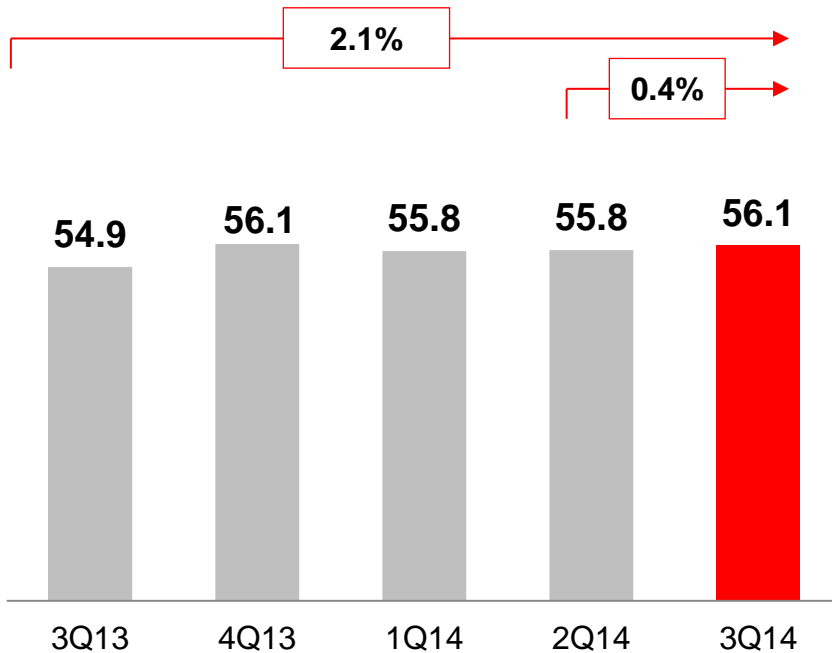
Proactively increasing spreads and improving the funding mix

1. Client NIM: Client NII / average loans. Excludes the impact on margins of Financial Management and the impact of the UF gap on NIMs

Net fee income from business segments resuming growth

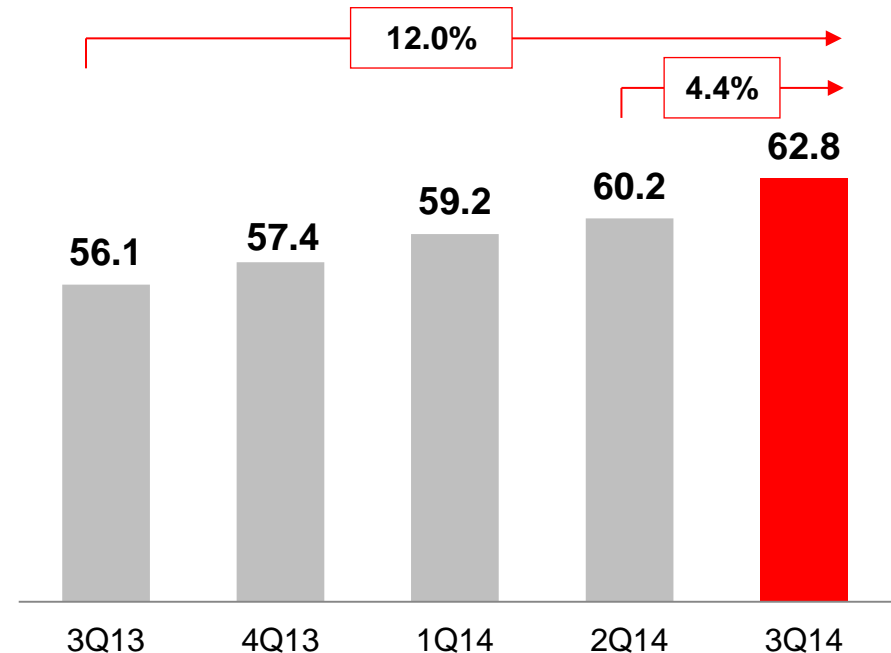
Total net fee income

Ch\$bn



Net fee income from business segments¹

Ch\$bn



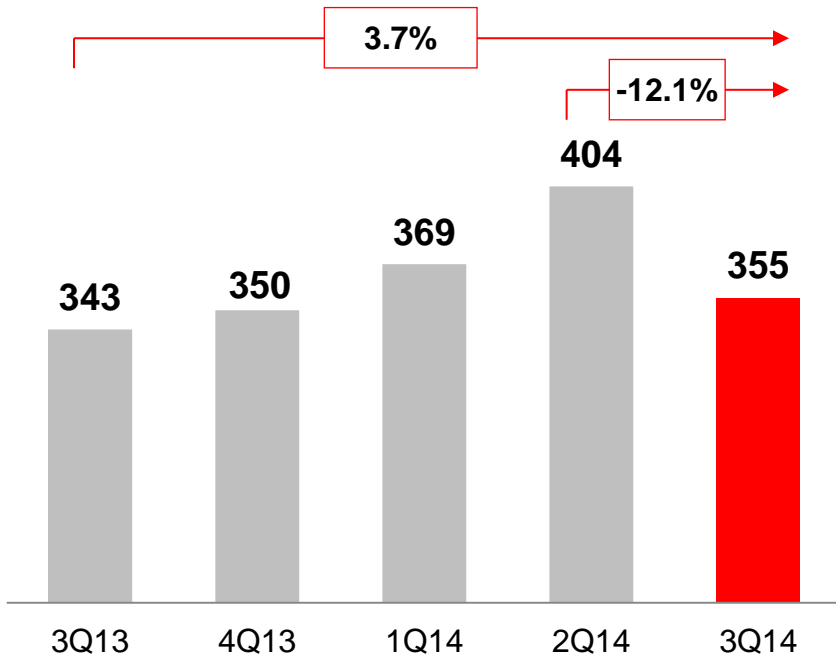
Recurring fee growth driven by increases in client base

1. Fee income from all business segments. Excludes the Corporate Center, Financial Management and the negative effects of change of regulations of mortgage related insurance in 2014

Core revenues from business segments growing at a steady pace

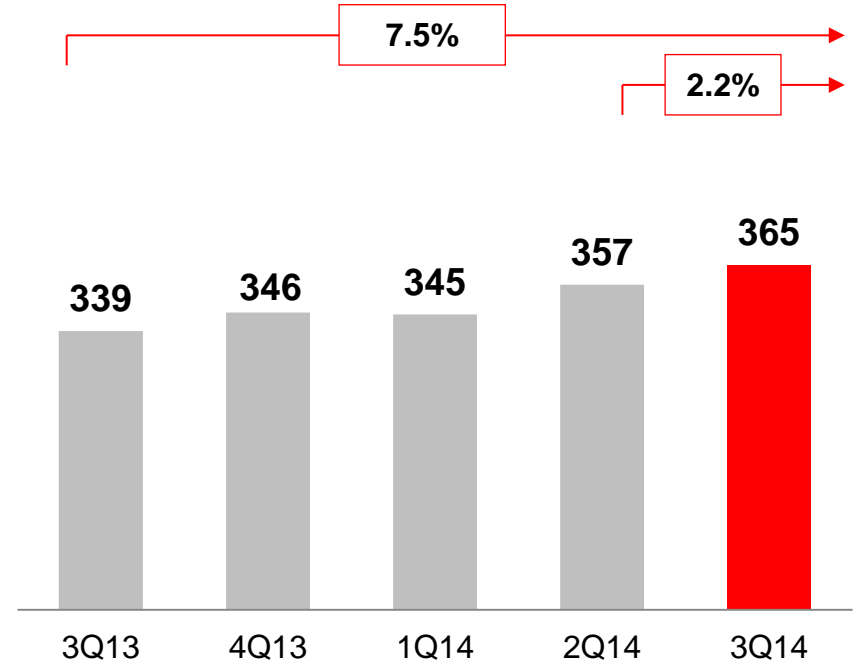
Total core revenues¹

Ch\$bn



Core revenues from business segments²

Ch\$bn

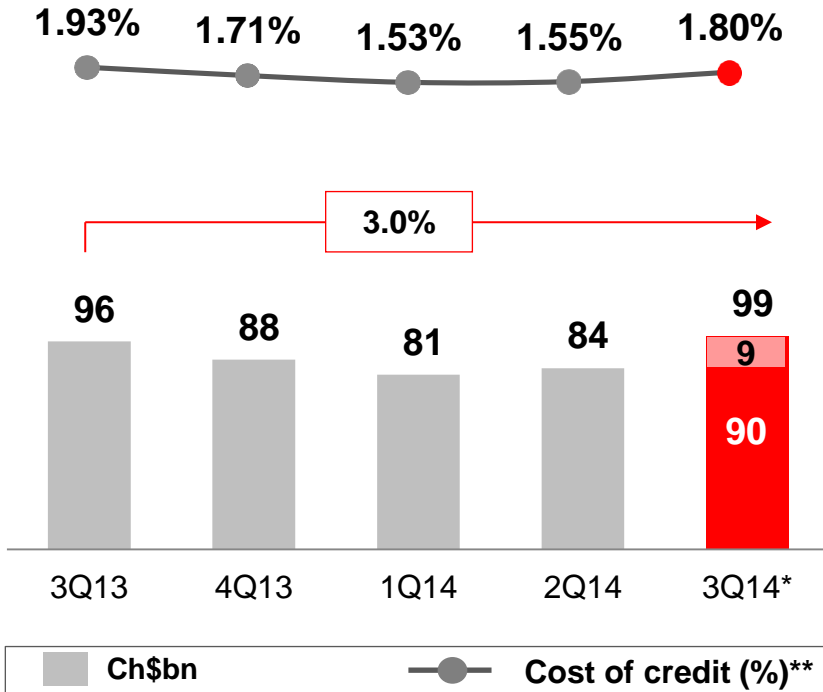


1. Core revenues: NII + fee income. 2. Core revenues from business segments: Client NII + fee income from business segments

Asset quality stable at 2.9%. Tightening coverage in the SME segment

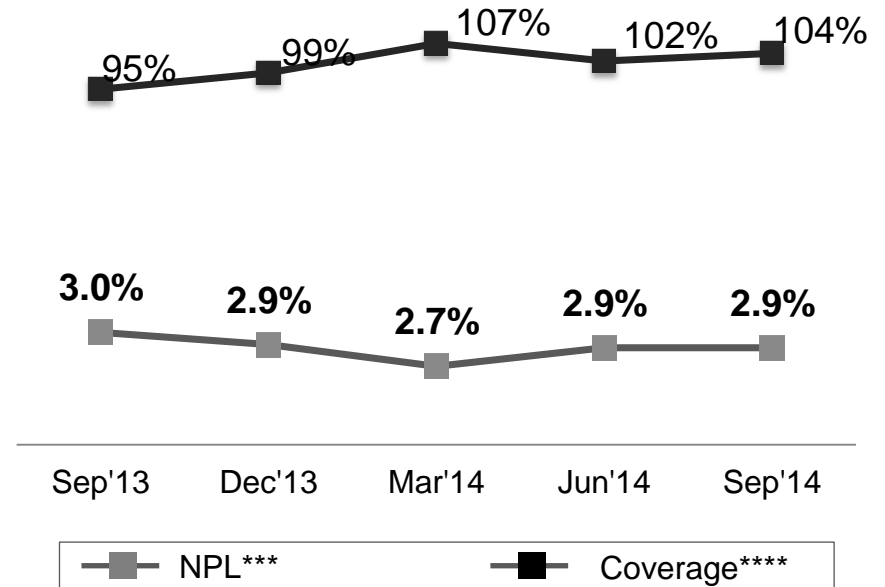
Provision expense & cost of credit

Provisions, Ch\$bn



NPL and coverage ratio

% of loans



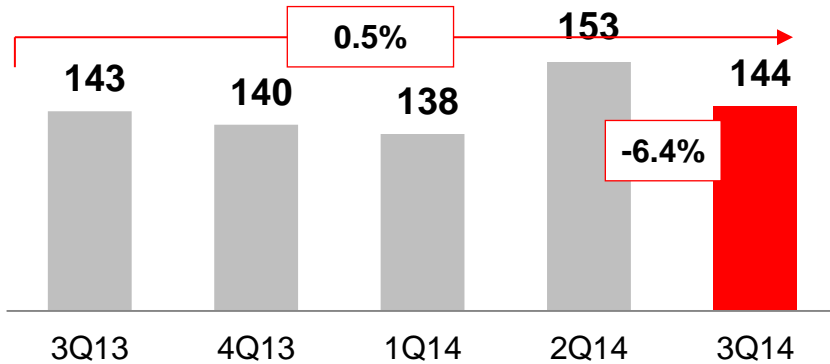
* 3Q14 includes one-time provision expense of Ch\$8.6 bn from the re-calibration of the credit models for loans analyzed on a group basis.

** Annualized quarterly provision expense / total loans. *** 90 days or more NPLs. **** Loan loss reserves over NPLs

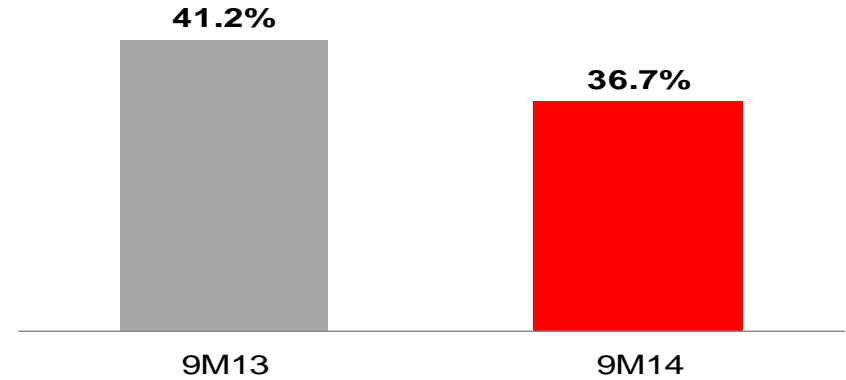
Transformation Project enhancing productivity

Operating expenses

Ch\$bn



Efficiency ratio



Network

	3Q'13	3Q'14	%
▪ Branches	488	475	-2.7%
--Traditional	272	273	0.4%
--MM Centers	0	3	--%
--Select	44	47	0.8%
--Banefe	77	68	-11.7%
-- Others	95	84	-11.6%
ATMs	1,915	1,692	-11.1%
▪ Employees	11,626	11,493	-1.1%

- QoQ decrease in costs is mainly due to stable personnel & administrative expenses and lower amortization expenses
- Productivity continues to rise with stable headcount and branch network and increasing usage of complementary channels

The Bank recognized three one-timers in the quarter

Impairment

- In 3Q14, the Bank recognized a one-time impairment of intangibles charge of Ch\$36,577 million. This impairment was mainly of software
- This will signify lower depreciation and amortization expenses of Ch\$13 billion in 2015 and Ch\$5 billion in 2016

Income tax expense

- In September 2014, the new tax bill became effective. This increased the statutory corporate tax rate to 21% in 2014. The corporate tax rate will increase to 25% or 27% by 2017
- Income tax expenses in the quarter included a one-time unaudited non-cash income of Ch\$35,411 million due to the recalculation of the Bank's net deferred tax assets at the new corporate tax rates

Provision expense

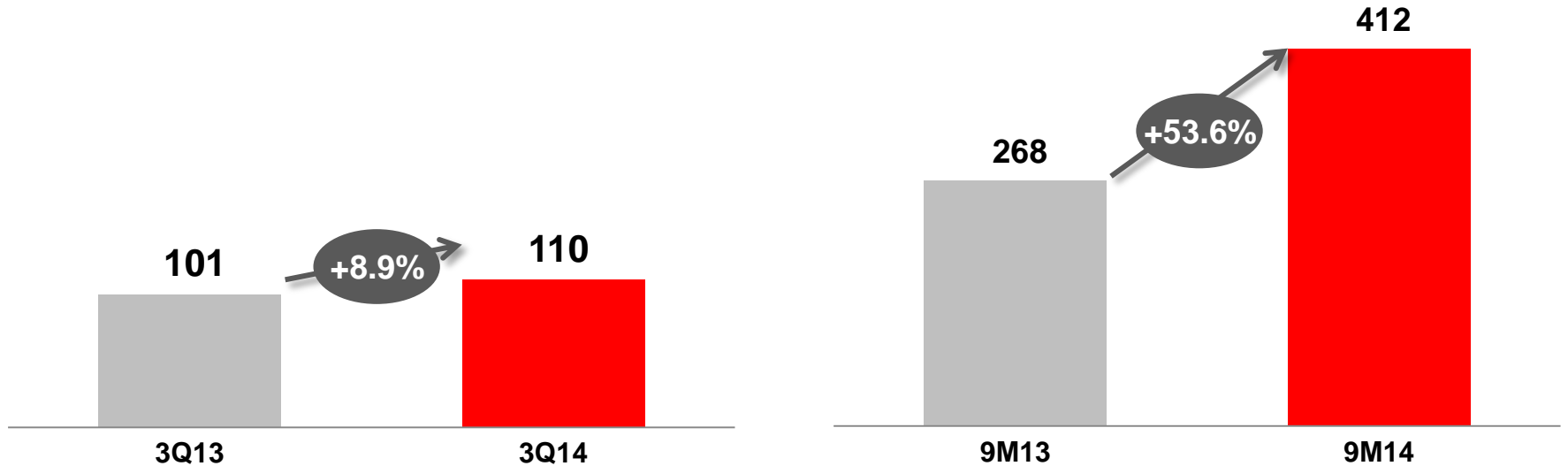
- One-time provision expense of Ch\$8,578 million from the recalibration and improvement made to the credit risk models for loans analyzed on a Group basis, mainly in the SME segment

Net income attributable to shareholders up 8.9% YoY in 3Q14

Net Income, Ch\$bn

3Q results

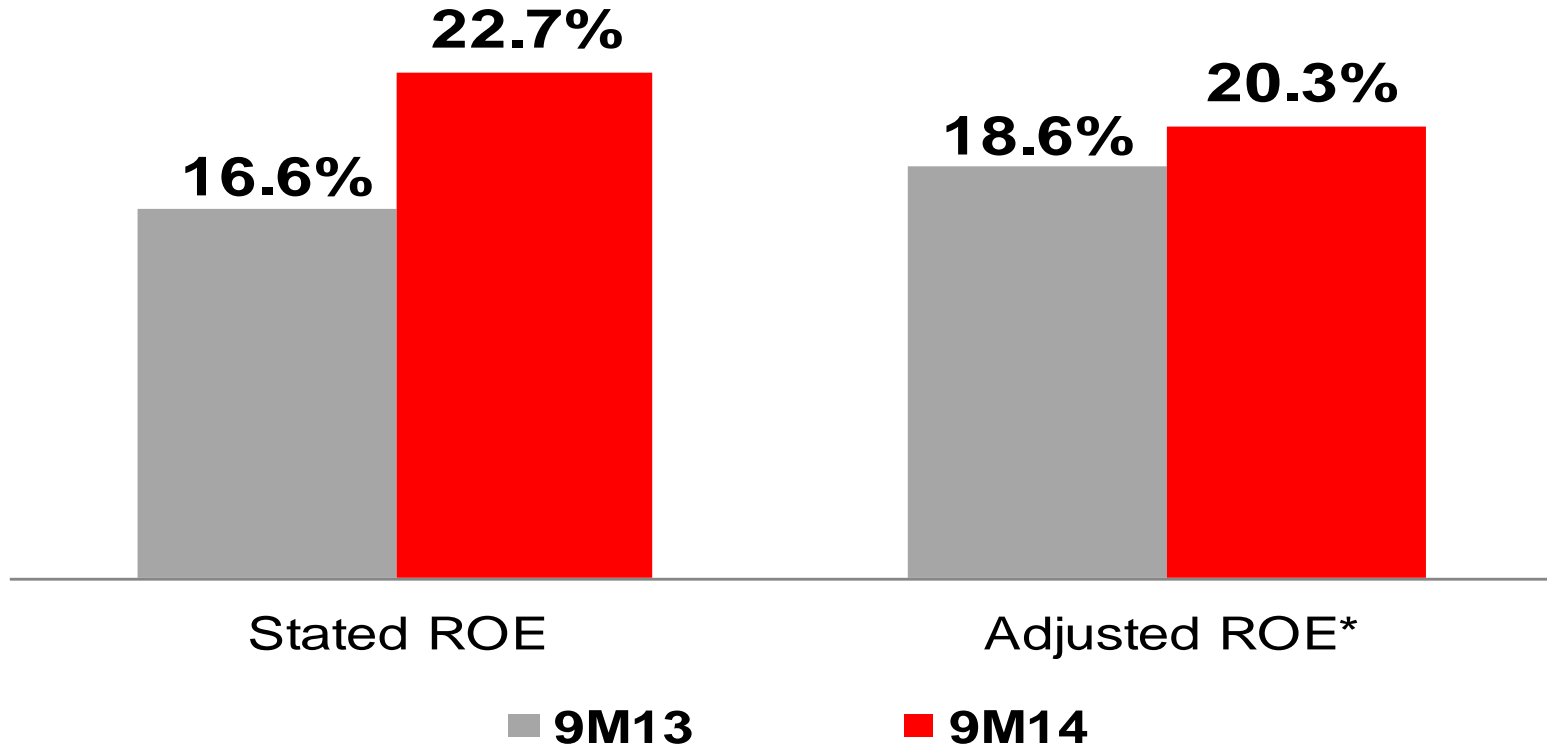
YTD results



As expected, Net income was down 31% on a QoQ basis in 3Q14, mainly as a result of the lower quarterly inflation rate

At current trends, normalized ROE¹: 19-20%

ROE, %



* ROE assuming a normalized yearly inflation of 3%. Excludes gain from the sale of Santander Asset Management in 4Q13

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 - **... and is starting to benefit from stronger client activity and improved profitability trends**
- **... leading to a positive medium-term outlook**

- Chile: Economy expected to rebound in 2015, led by export growth, investment and total consumption
- Financial system with relatively stable growth trends
- Santander Chile: Net Income 9M14: + 53,6% / ROE: 22,8%. As expected, QoQ decline in net income due to lower inflation. Positive commercial and client profitability trends sustained in 3Q14
- Transformation Project is boosting commercial activity:
 - Loan growth up 9.6% YoY, especially in segments with higher risk-adjusted contribution
 - Improving funding mix: 8.8% YoY growth of deposits
 - Client base continues to expand, especially in higher income segments
 - Core capital ratio at 10.6%
- Core revenues from business segments up 2.2% QoQ and 7.8% YoY, led by steady Client NIMs and rebounding fee income
- Asset quality stable at 2.9%. Tightening coverage ratio in SME
- Transformation Project also enhancing productivity: efficiency ratio 9M14: 36.7%



Positive medium-term outlook for Santander Chile



Chile