

Banco Santander Chile:

Solid commercial and client profitability trends.

Positive medium-term outlook

May 2015

Chile



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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.

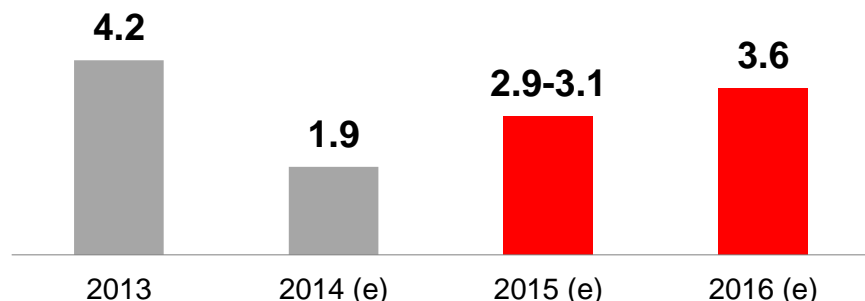
Agenda

- **Despite recent deceleration, economy expected to rebound in 2015-16. 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 and 2016...

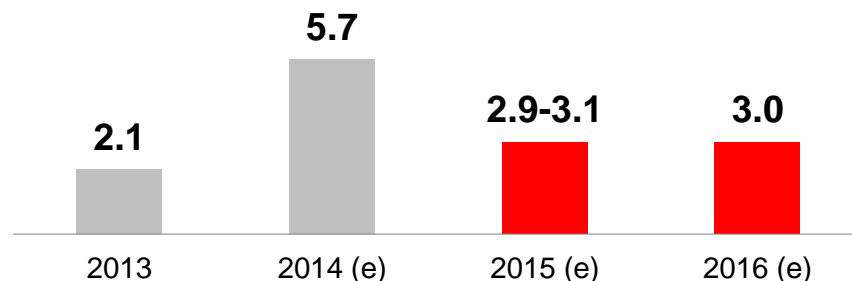
GDP

YoY real growth, %



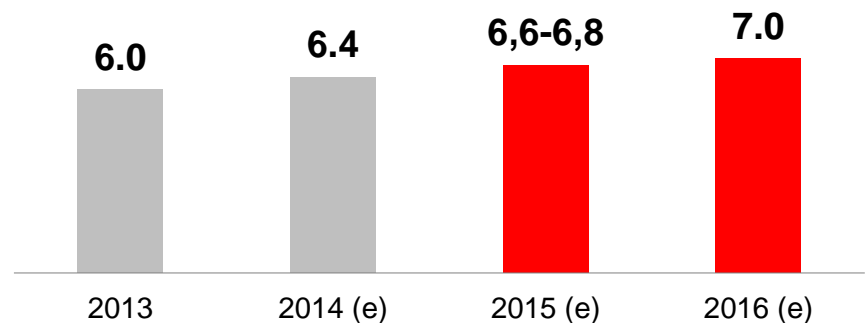
Inflation

Annual change in UF inflation, %



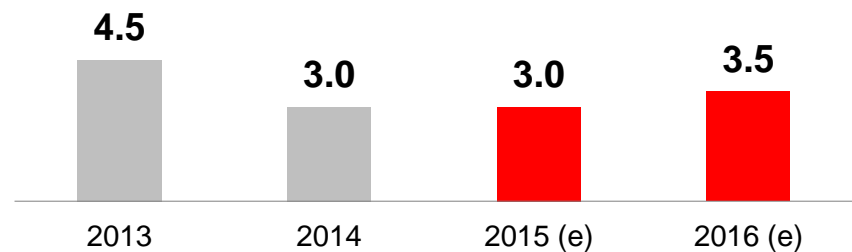
Unemployment

% of workforce, %



Central Bank ST Reference Rate

%

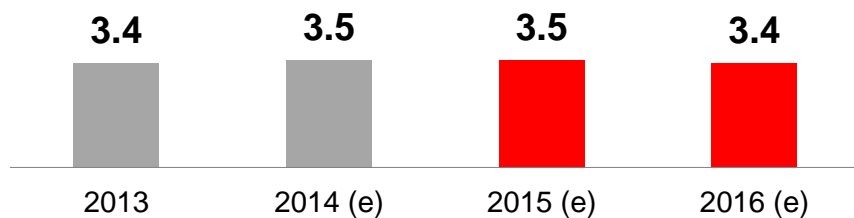


Source: Banco Central de Chile. (e): Estimates Santander Chile

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

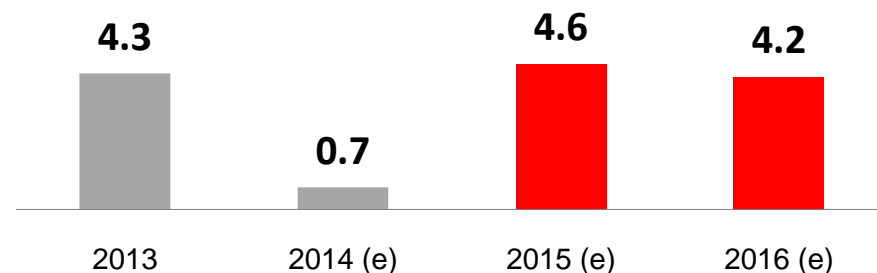
Higher GDP growth of Chile's main trade partners ...

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



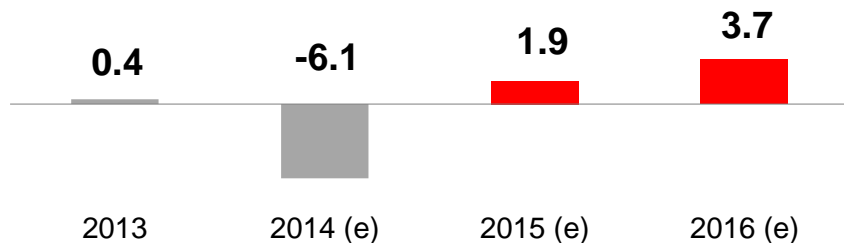
... and weaker Ch\$ should boost export growth

Exports YoY real growth, %



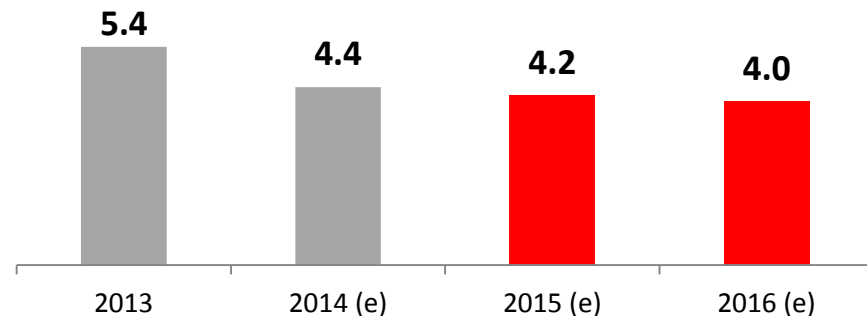
Investment expected to rebound, led by the energy and infrastructure sectors

Investment, YoY real growth, %



Consumption should remain strong

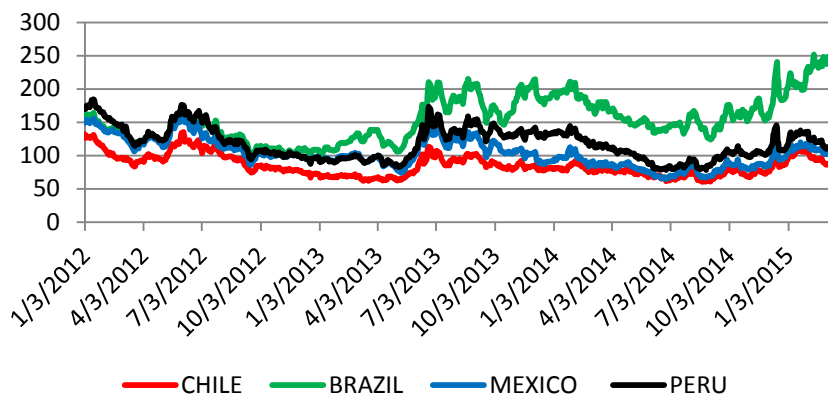
Consumption², YoY real growth, %



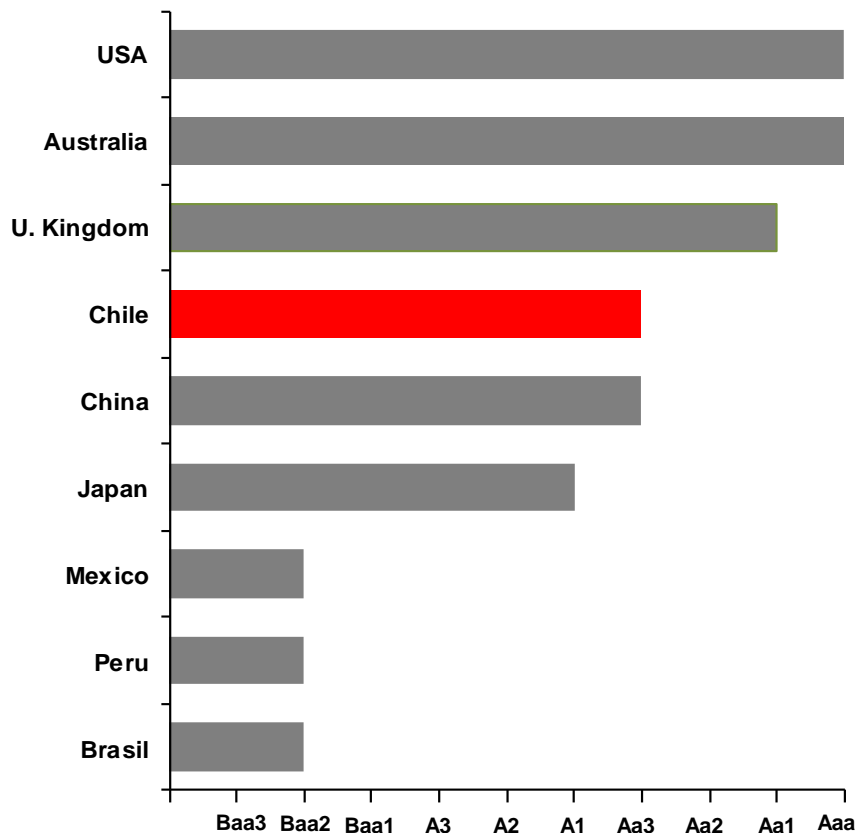
Source: Banco Central de Chile. (e): Estimates Santander Chile. 1. Trade-weighted GDP growth. 2. Includes private and government consumption

...in a relatively low-risk environment

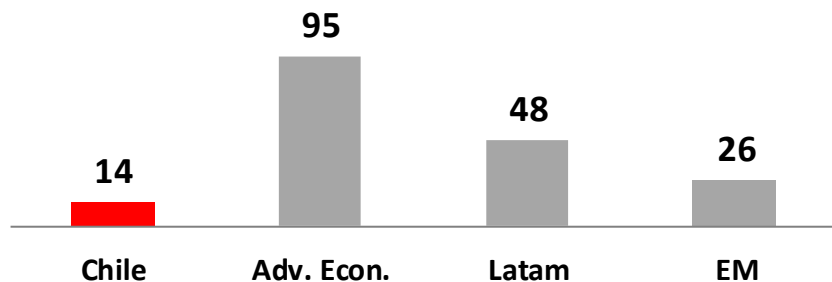
Low CDS spreads...(1)



... and high Sovereign rating(2)



Low gross public debt (% of GDP)³

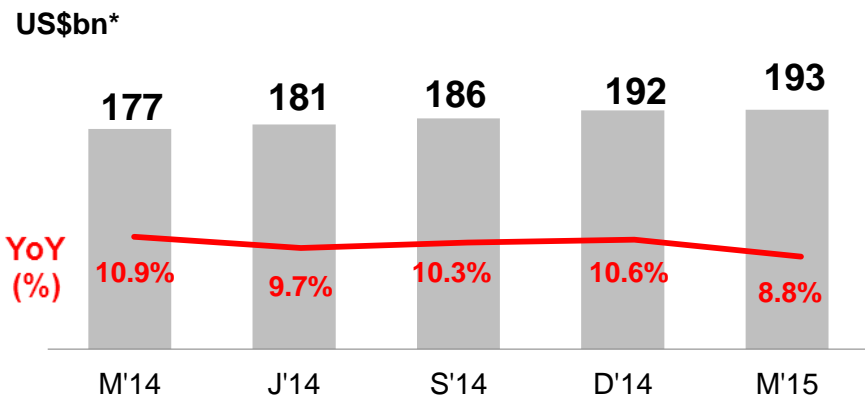


Including the sovereign wealth fund, Chile's net public debt is -4% of GDP

1. Source Bloomberg. 2. Source: Moody's, latest ratings. 3. Source: IMF, figures for 2014

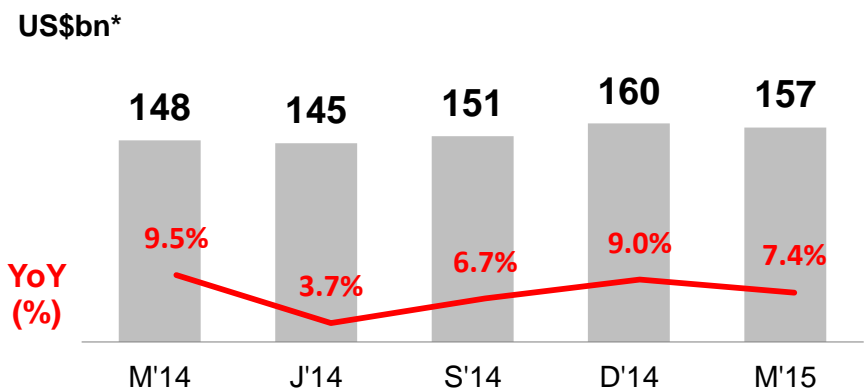
Financial system with relatively stable growth trends

Total Loans



- Banks have little exposure to falling international commodity prices
- Stability of employment and wages has kept good momentum in the medium-high segment of banking

Total Deposits*



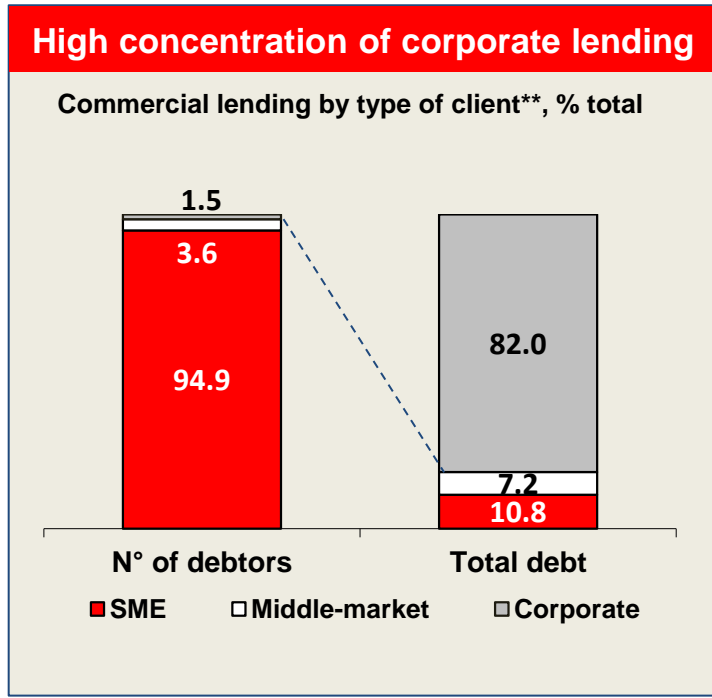
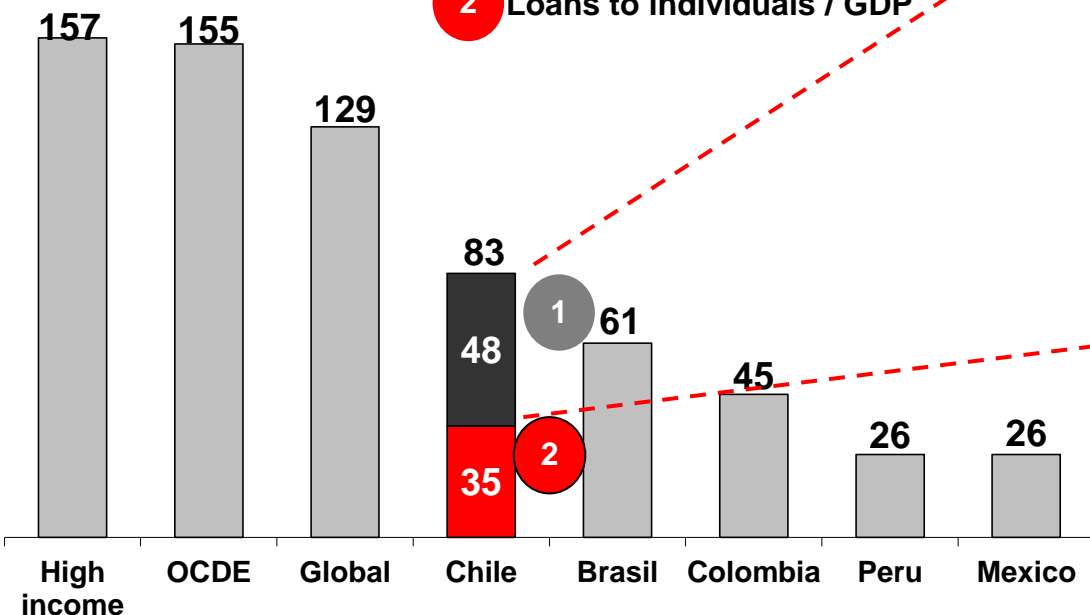
- Deposit growth in line with credit
- High liquidity in the system to fund business growth

* 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. 2014*, %

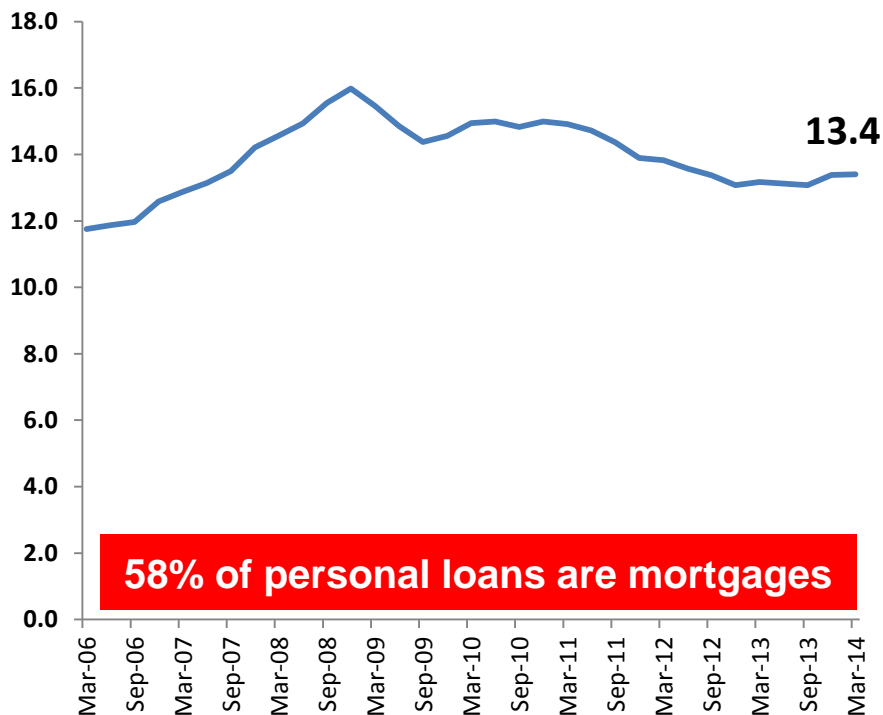
- 1** Commercial loans / GDP
- 2** Loans to individuals / GDP



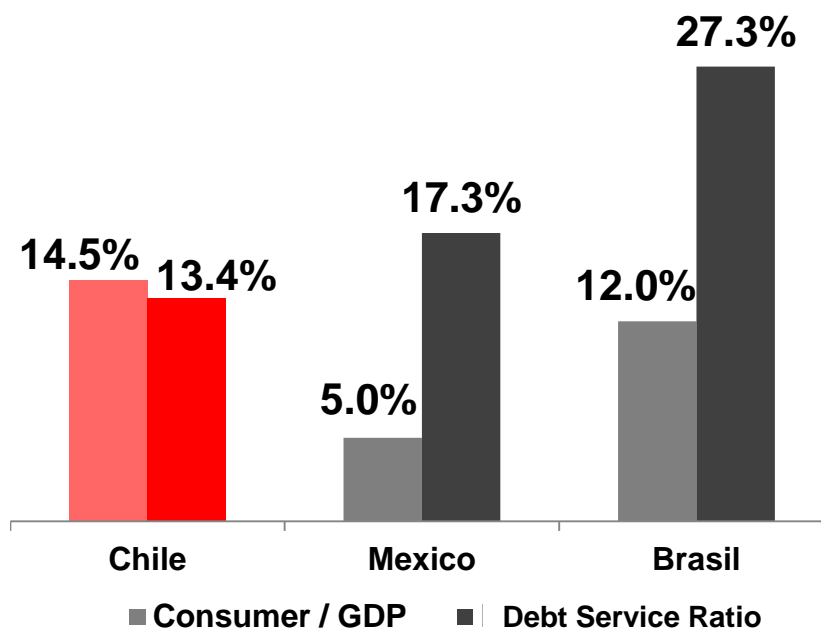
* Or latest available information. Source: World Bank, weighted by size of world economies. **Source Chile: Santander Chile based on information from Superintendencia of Banks, Central Bank and www.cajasdechile.cl

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 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

Figures as of March 2015¹

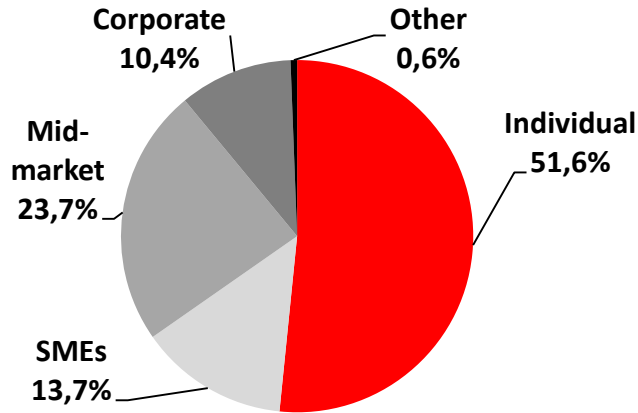
Item	Amount	Mkt. share ¹	Rank
Loans	US\$ 37.7bn	19.3%	1
Loans to individuals	US\$ 19.6bn	22.2%	1
Consumer loans	US\$ 6.3bn	24.5%	1
Residential mortgage loans	US\$ 10.9bn	21.1%	1
Loans to companies	US\$ 20.4bn	17.4%	2
Deposits	US\$ 28.3bn	16.8%	2
Equity	UU\$ 4.3bn	18.2%	1
Net income	US\$ 158mn	21.3%	2
Clients	3.6mn		
Checking accounts		22.7%	1
Banking credit cards		27.4%	1
Branches	475	20.0%	1
ATMs	1,646	20.4%	2
Employees	11,469	17.9%	2



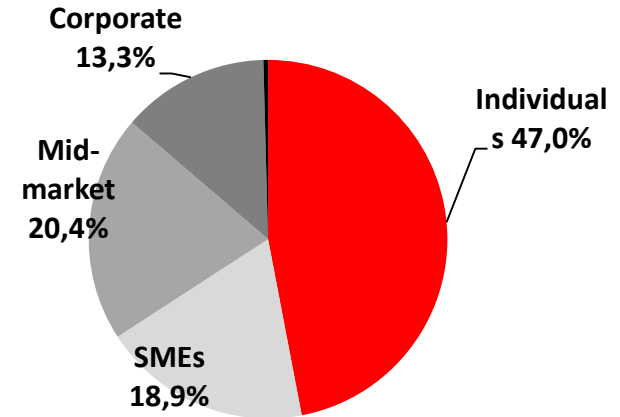
1. Or latest available figures. Excludes Corpbanca Colombia. Source: Superintendency of Banks of Chile

A client-driven bank, with adequate diversification

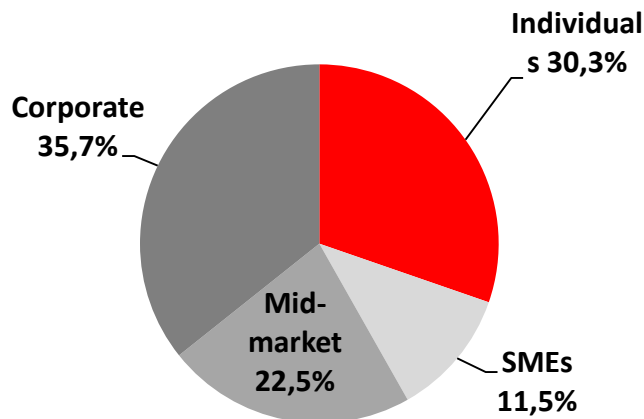
Loans by segment



Net op. profit from segments*



Deposits by segment



- Individuals / SMEs continue to be a lending driven segments but has good growth potential in non-lending businesses
- Mid-market: balanced focused between lending and non-lending activities
- GBM: >80% of income is from non-lending activities

* Net operating profits business segments: Net interest income + fee income + financial transactions, net + provision expense.

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



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

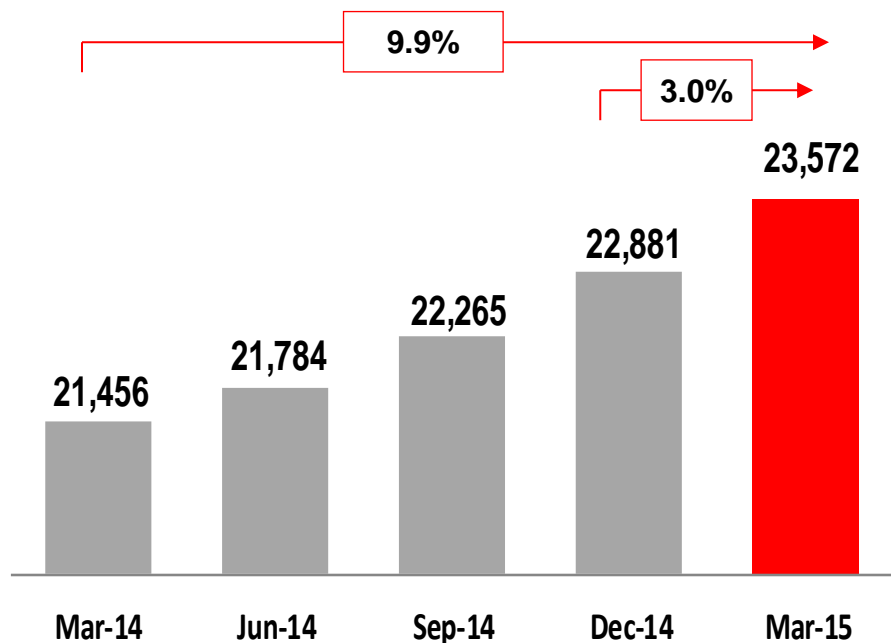
III. ... and managing risks and capital conservatively

- **Individuals:** Focus on growing principally in the mid-high income segments
- **SMEs:** Focus on larger SMEs with lending and non-lending opportunities for growth
- **Middle-market:** Aiming to be #1 in this segment by expanding the lending and non-lending businesses and replicating success in Corporate banking
- **Corporate:** Strong focus on non-lending activities

Positive loan growth in segments with higher risk-adjusted profitability

Total Loans

Ch\$bn



Ch\$bn

	3M'15	YoY (%)	QoQ (%)
Individuals¹	12,226	12.9%	2.1%
Mortgage	6,842	17.1%	3.2%
Consumer credit	3,955	7.0%	0.9%
SMEs	3,253	-1.1%	1.1%
Middle Market	5,608	9.6%	3.0%
Corporates	2,456	13.2%	11.6%
Total²	23,572	9.9%	3.0%

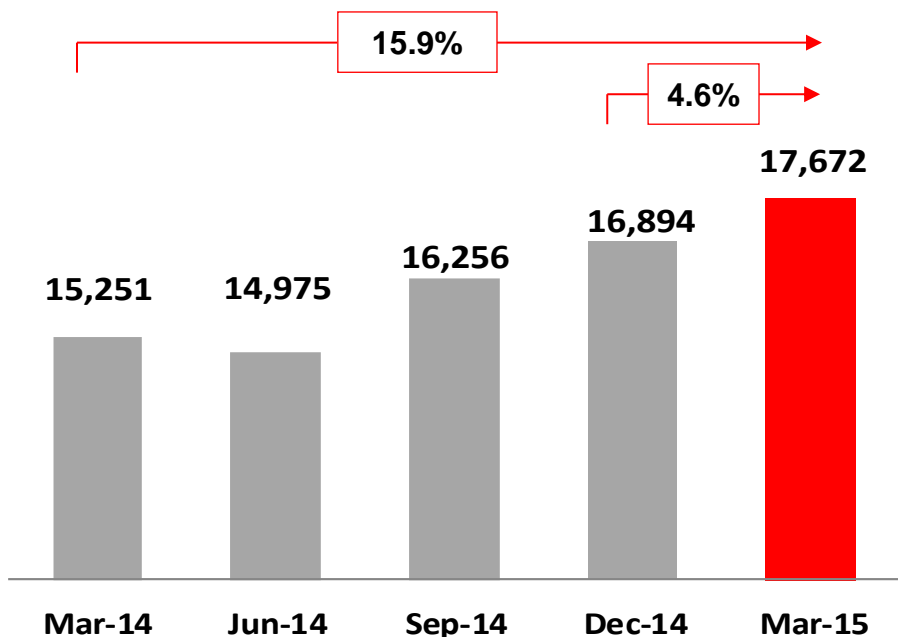
Improved Individuals loan mix: High-income: +13.9% YoY

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

Total deposits increased 15.9% YoY

Total Deposits

Ch\$bn



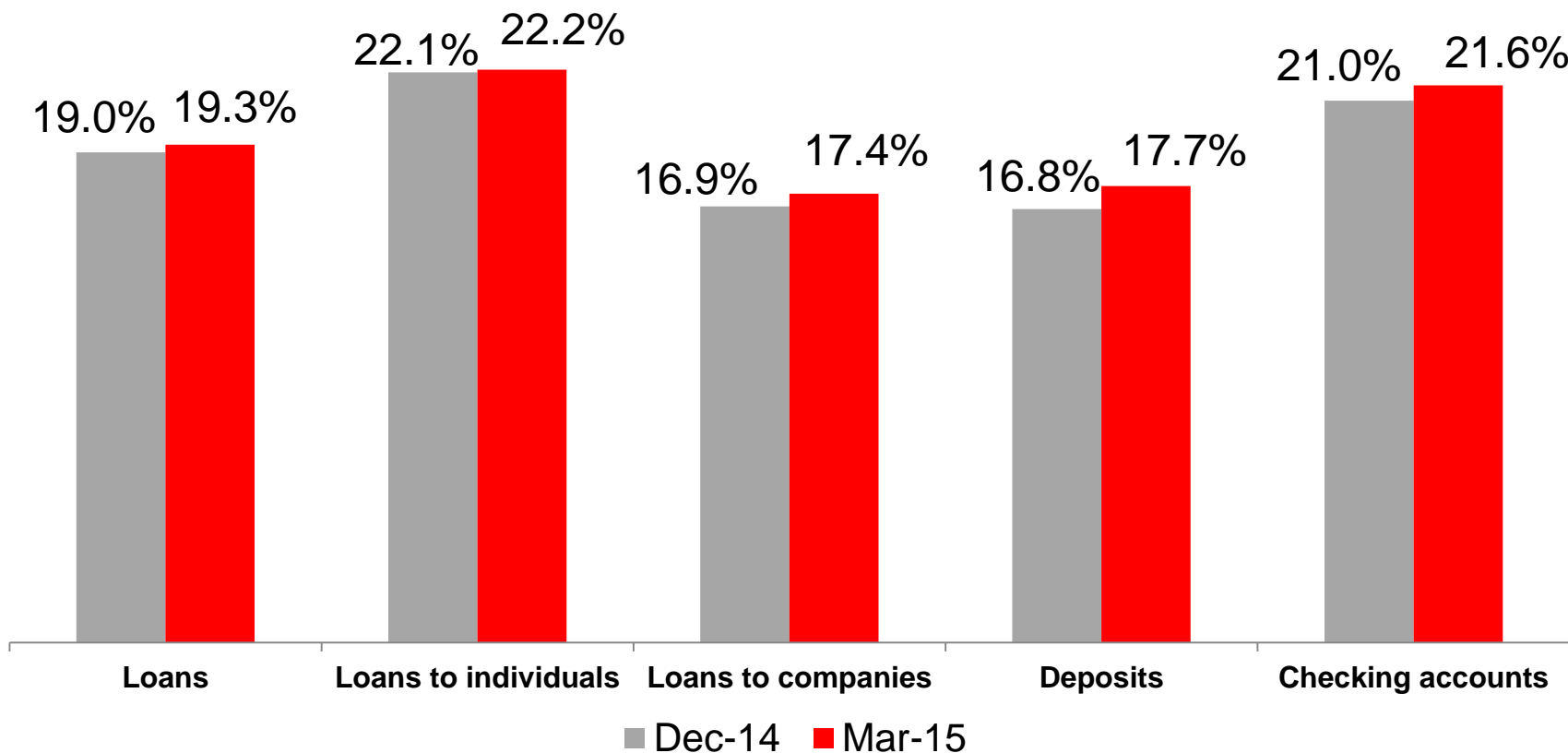
Ch\$bn

	3M'15	YoY	QoQ
Demand	6,441	14.8%	-0.6%
Time	11,231	16.5%	7.8%
Total deposits	17,672	15.9%	4.6%

Core deposits¹ representing 72% of total

1. Core deposits: all checking accounts plus non-Wholesale time deposits. Wholesale time deposits include deposits from: (i) banks and other financial institutions, (ii) economic groups with greater than 1% of short-term time deposits, (iii) economic groups with time deposits representing more than 2.5% of Core capital and, (iv) any other client defined as Wholesale

Gaining market share in most products in 1Q15



Source: Superintendencia de Bancos de Chile. Excludes Corpbanca Colombia

3 objectives for healthy growth / higher profitability

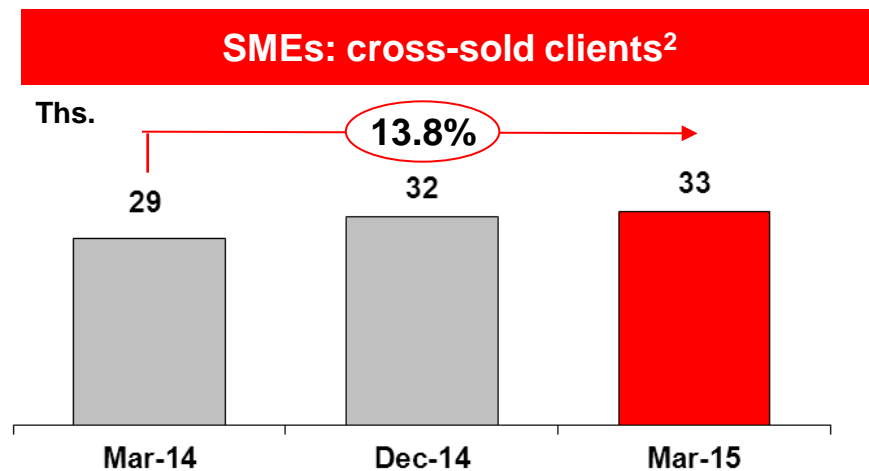
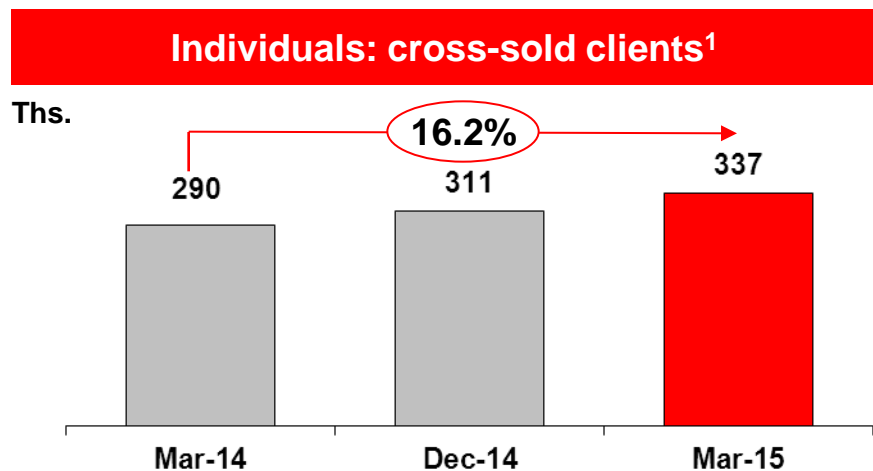
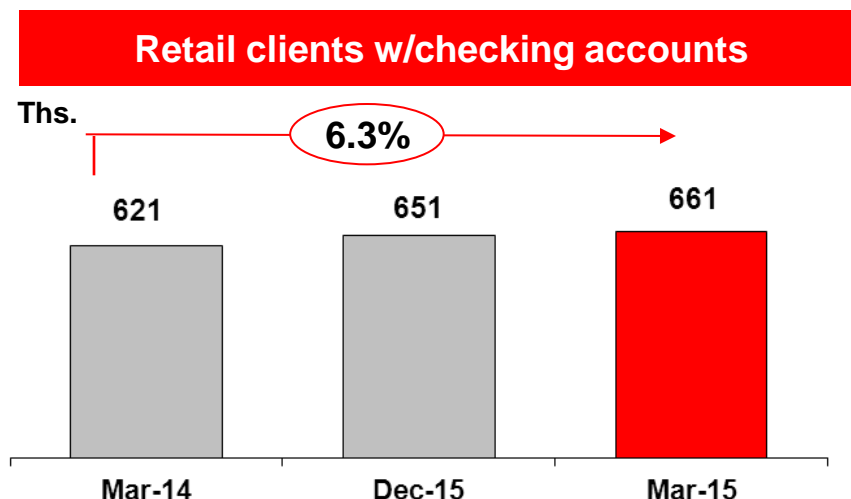
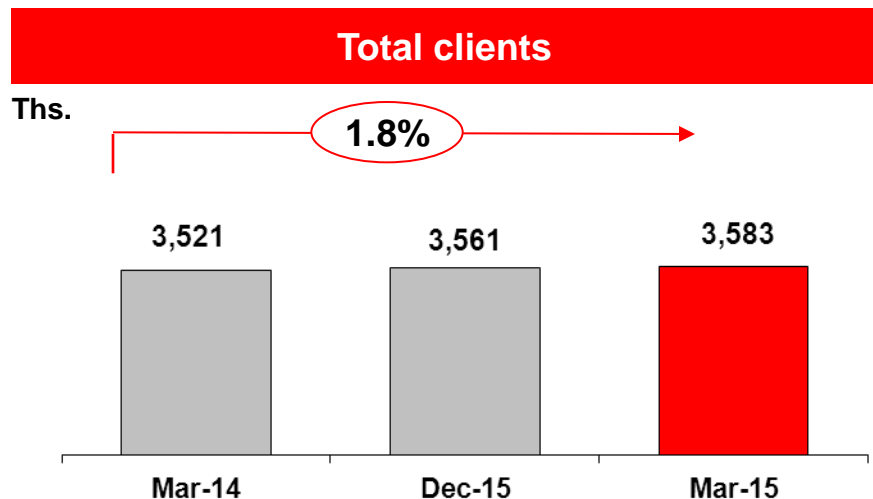
I. Growth focused on segments with highest net contribution...

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

III. ... and managing risks and capital conservatively

- Focus on **improving our processes**
- Priority is to increasing **cross-selling** and **transactionality**
- Focus on integrated multi-channel networks
- **Transformation** of 100 branches to new service model

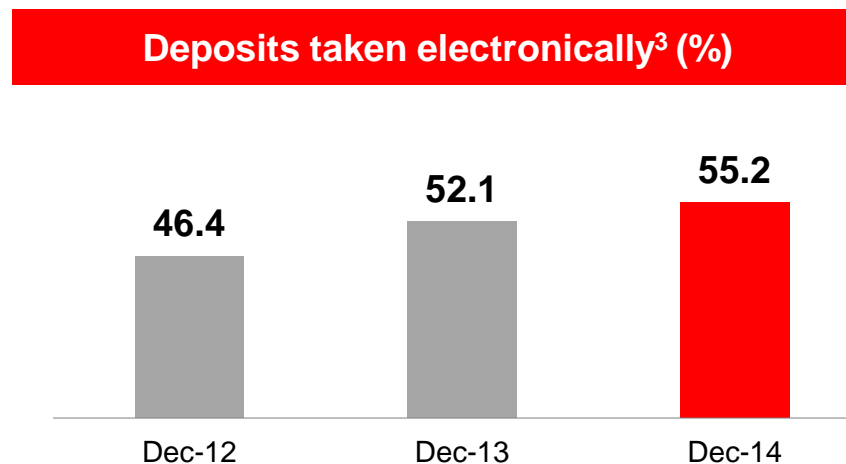
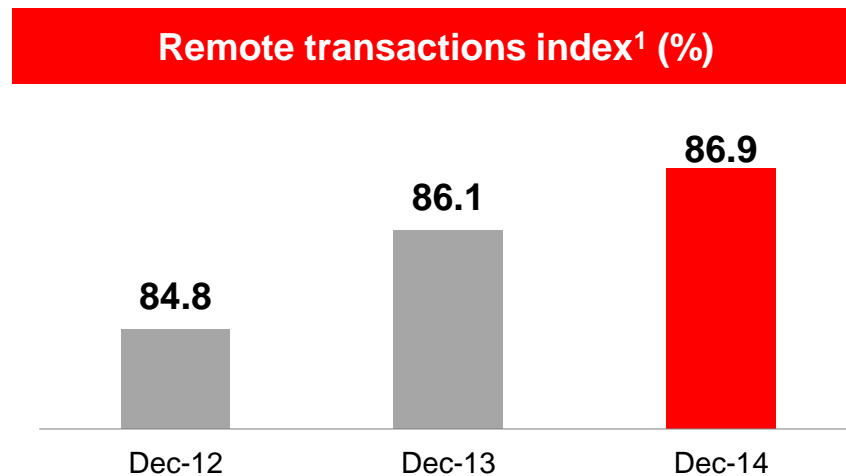
Cross-selling indicators improving



Transformation Project is boosting commercial / client activity

Better service for clients, with increased productivity

Network	2012	03/15	%
▪ Branches	498	475	-4.6%
--Traditional	268	274	2.2%
--Middle Market	0	5	--%
--Select	44	51	15.9%
--Banefe	93	67	-28.0%
-- Others	93	78	-16.1%
ATMs	2,006	1,645	-18.0%
▪ Employees	11,713	11,478	-2.0%



1. Total transactions performed via Internet, ATM, Phone banking, POS and automatic bill payment over total transactions. 2. Payments and withdrawals via Internet & ATMs vs total payments and withdrawals. 3. Deposits taken electronically over total deposits

3 objectives for healthy growth / higher profitability

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

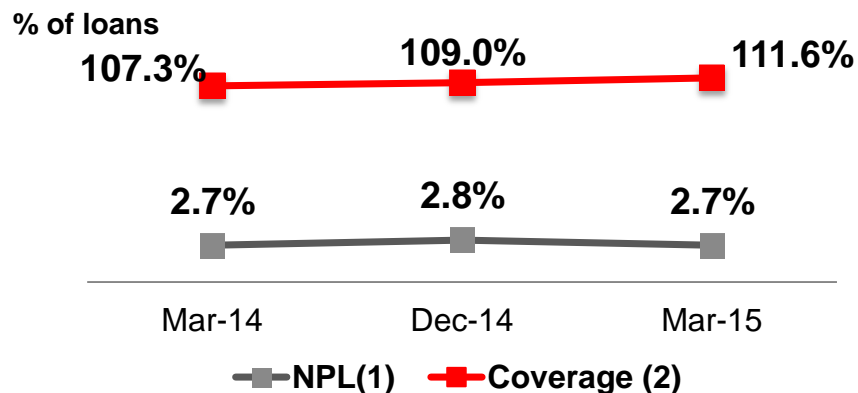
II. ...improving relationships with clients and quality of service

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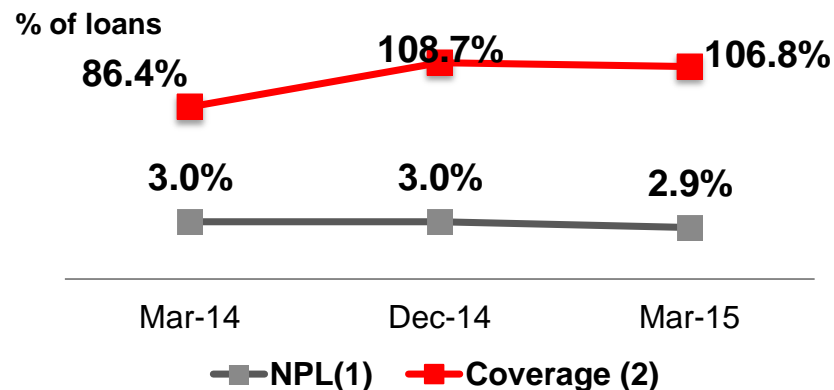
- Important improvements in consumer loan asset quality
- Risks in SMEs is stabilizing
- Client NIMS, net of provisions are rising or stable in most segments

Sound asset quality and increased coverage of non-performing loans

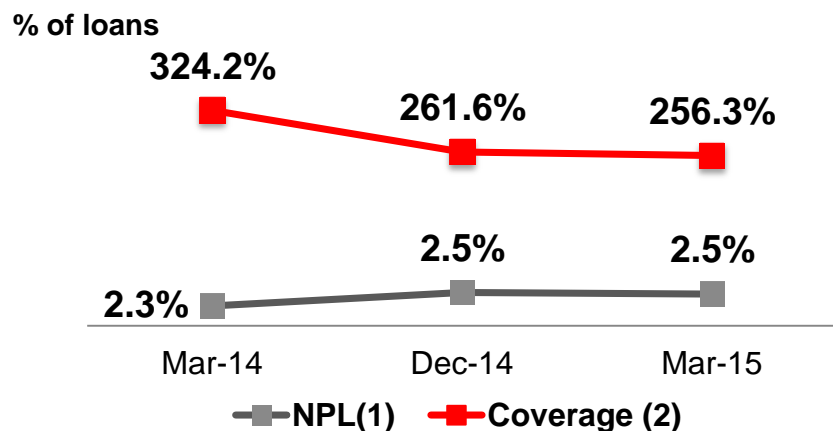
Total loans



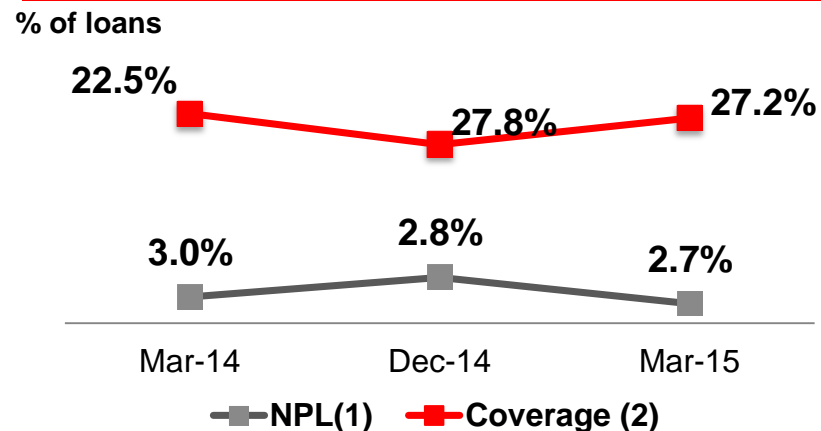
Commercial loans



Consumer loans



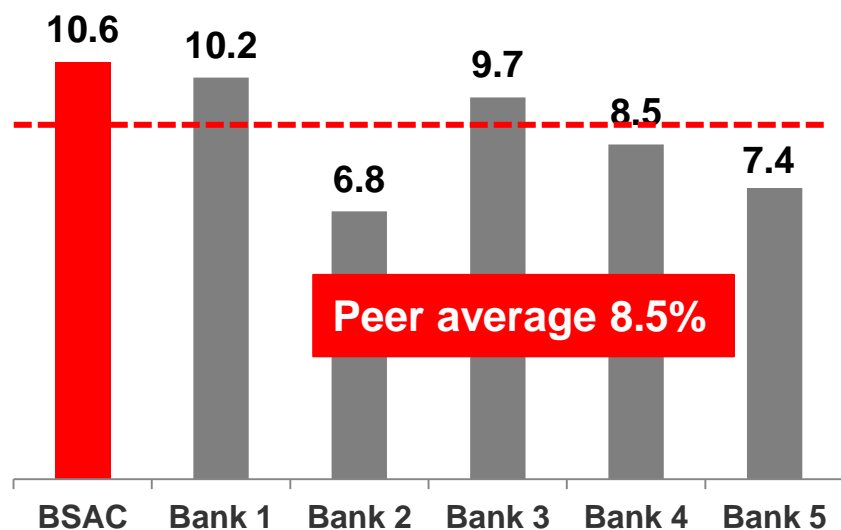
Mortgage loans



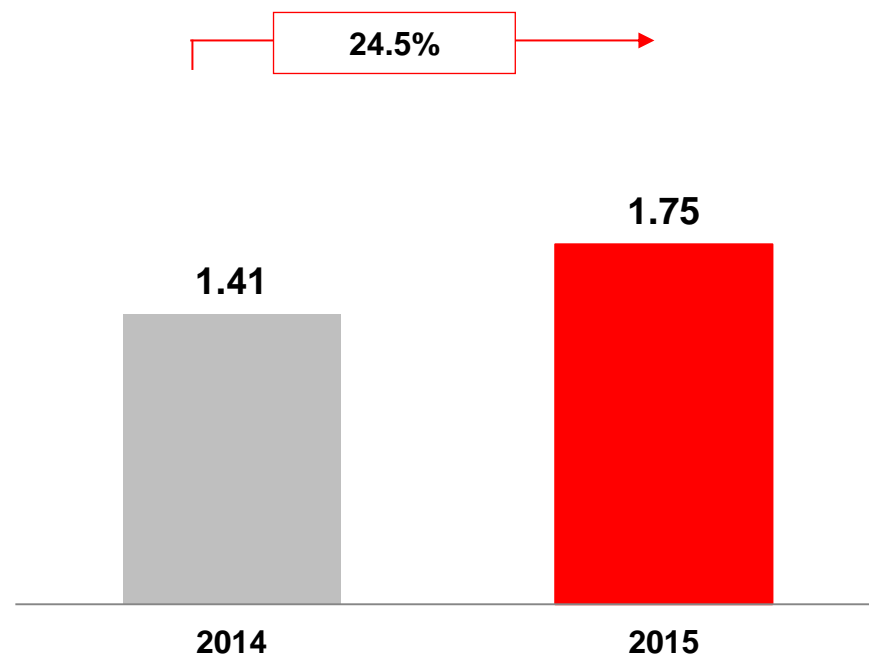
1. 90 days or more NPLs. 2. Loan loss reserves over NPLs

Solid capital base to grow

Core capital¹



Dividend per share



5.1% dividend yield

1. According to SBIF BIS I definitions. Figures are as of January 2015, the latest date available, except for Santander which is as of March 2015

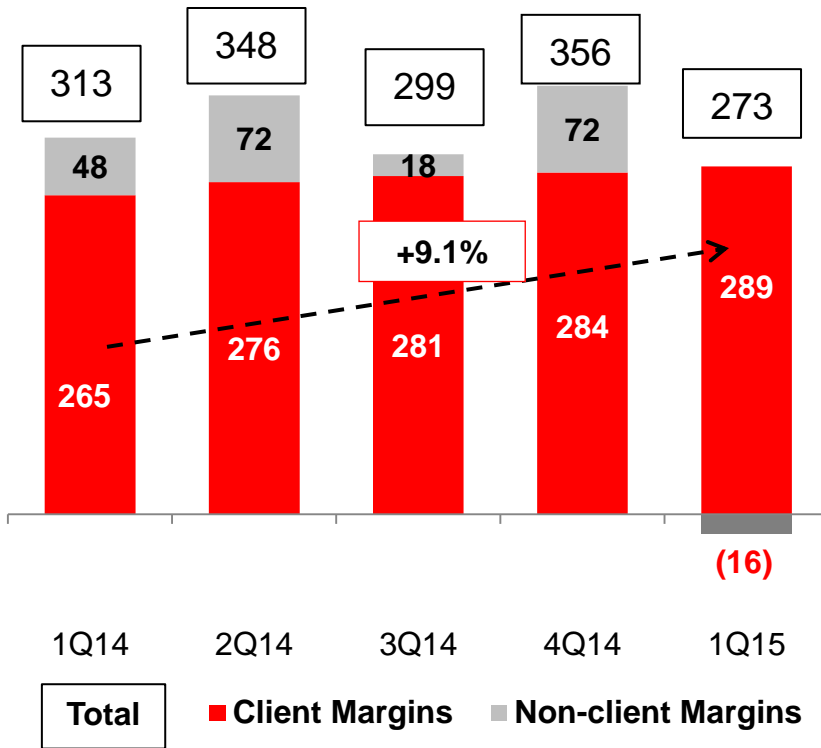
Agenda

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- **... leading to a positive medium-term outlook**

Client net interest margin increases 9.1% YoY

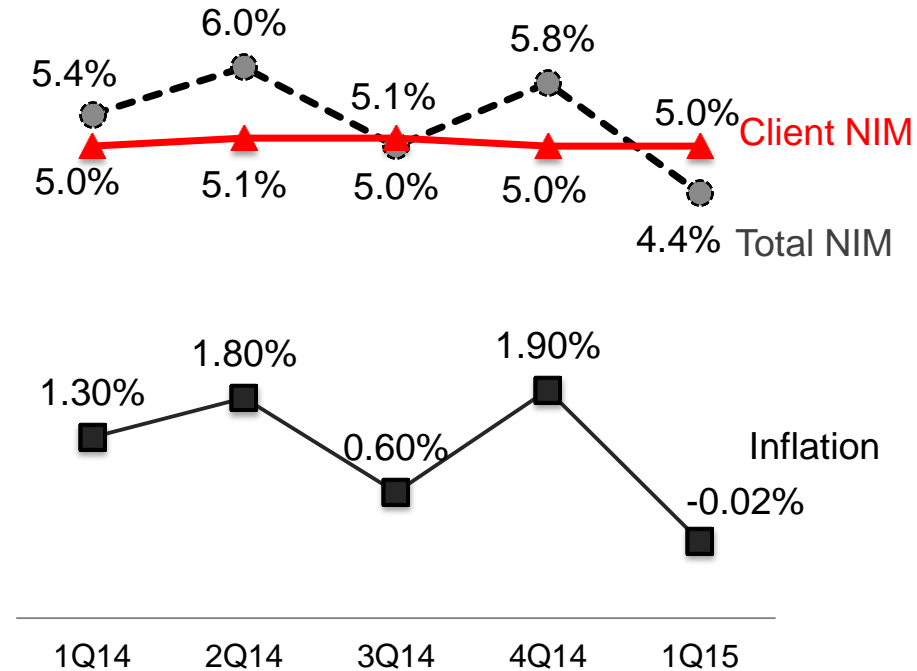
Client and total net interest income¹

Ch\$bn



NIM, client NIM and inflation

Net Interest Margin (NIM), %

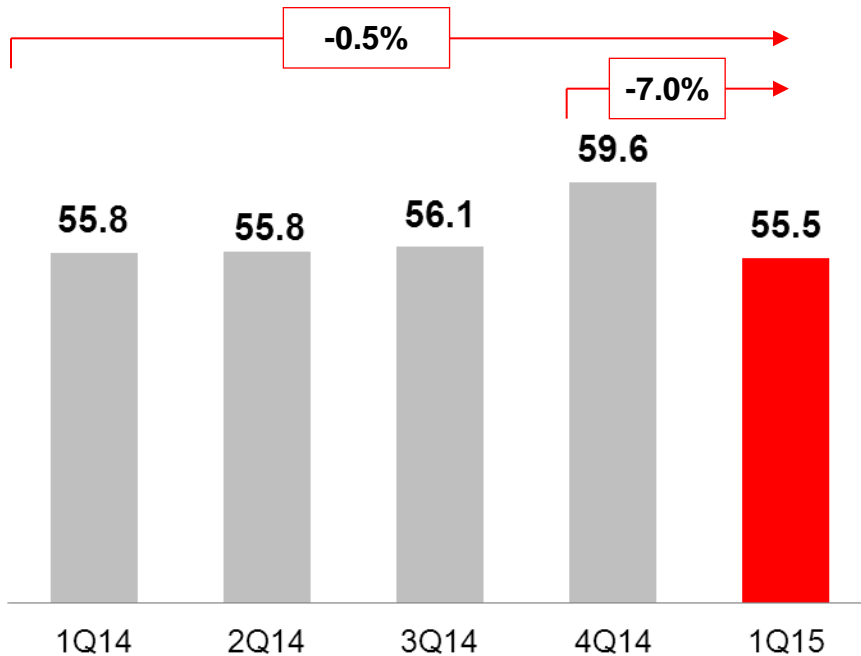


1. Client net interest income (NII) is mainly NII from the from all client activities such as loans and deposits minus the internal transfer rate. Non-client NII is NII mainly from the Bank's ALCO positions and includes the effects of inflation on the Bank's NII

Stable fee income. Stronger retail fees offset by lower Corporate banking fees

Total net fee income

Ch\$bn



Net fee income from business segments¹

Ch\$bn

	3M'15	YoY (%)	QoQ (%)
Individuals	32.6	0.8	-16.9
SMEs	10.6	8.1	-15.6
Middle Market	6.9	0.1	-7.4
Corporates	4.3	-25.8	-38.7
Total fees²	55.5	-0.5	-7.0

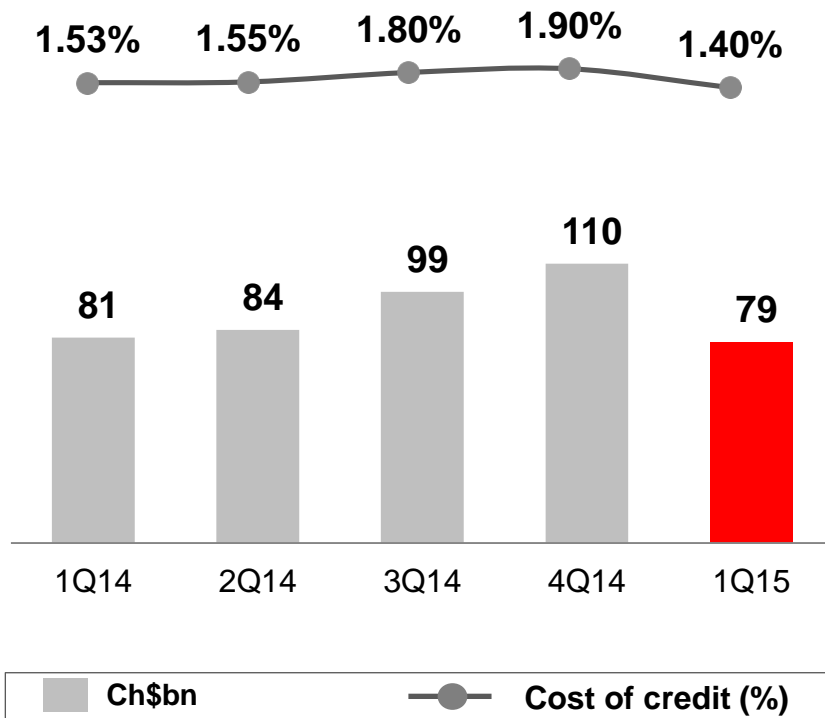
QoQ decline in fees is due to seasonal factors

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 2. Total fees include other non-segmented fees.

Asset quality improves to 2.7%. Coverage ratio increases to 111%

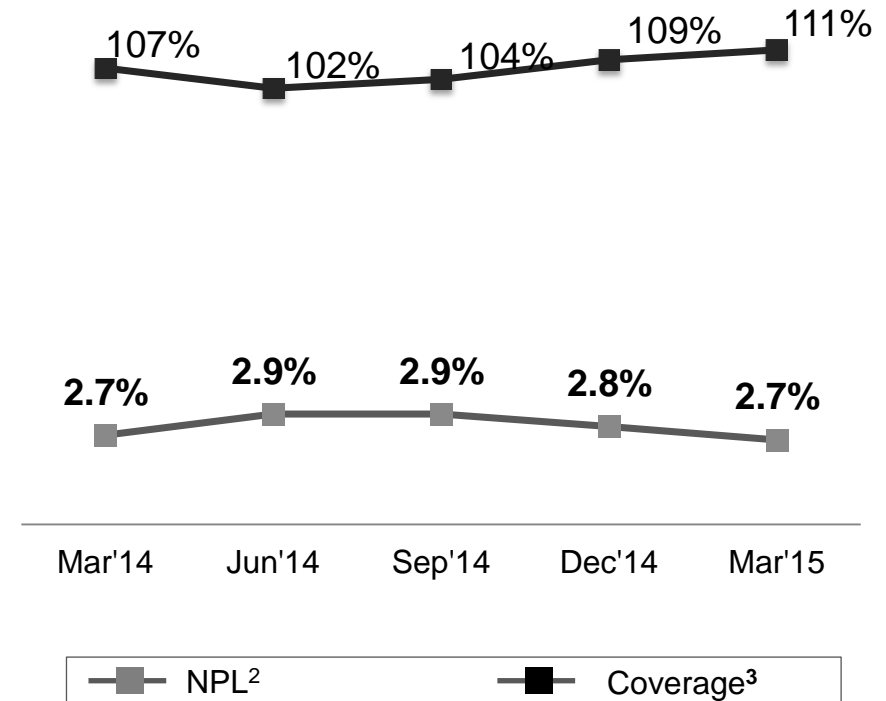
Provision expense & cost of credit ¹

Ch\$bn



NPL and coverage ratio

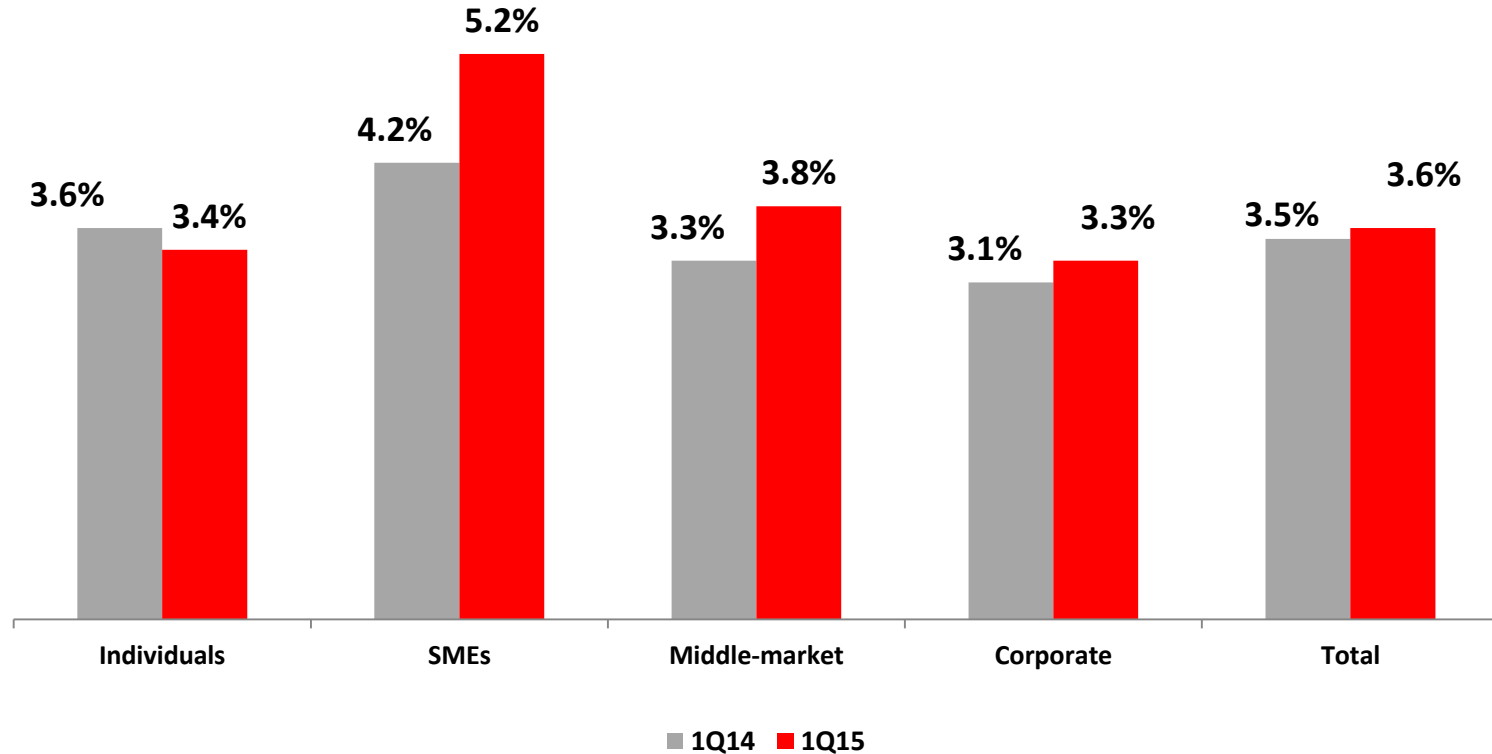
% of loans



1. Annualized quarterly provision expense / total loans. 2. 90 days or more NPLs. 3. Loan loss reserves over NPLs

Client NIMs, net of provisions increase to 3.6% in 1Q15

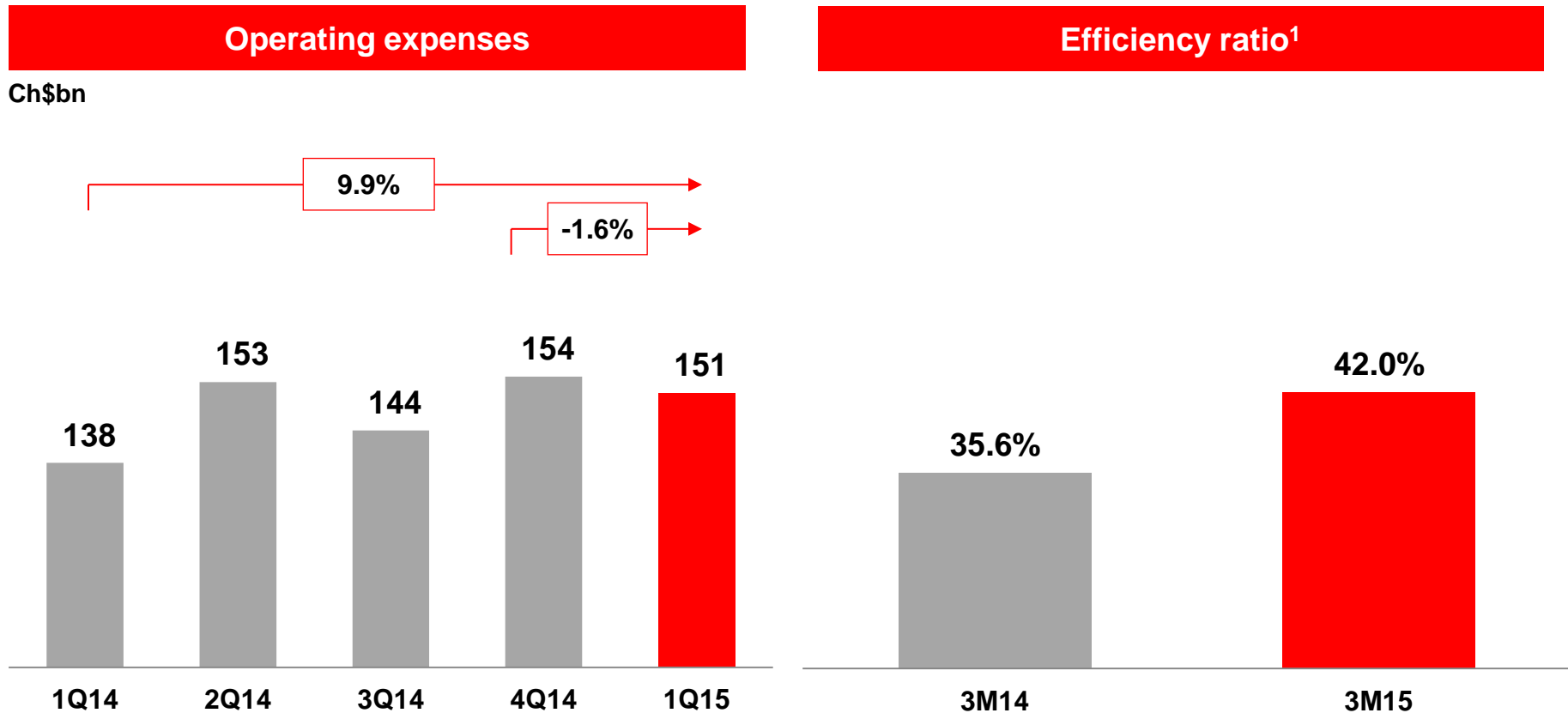
Client NIMs¹, net of provisions



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

1. Client NIMs = NI from our business segments (excludes the impacts of inflation) divided by average loans

Efficiency ratio reaches 42.0% in 1Q15

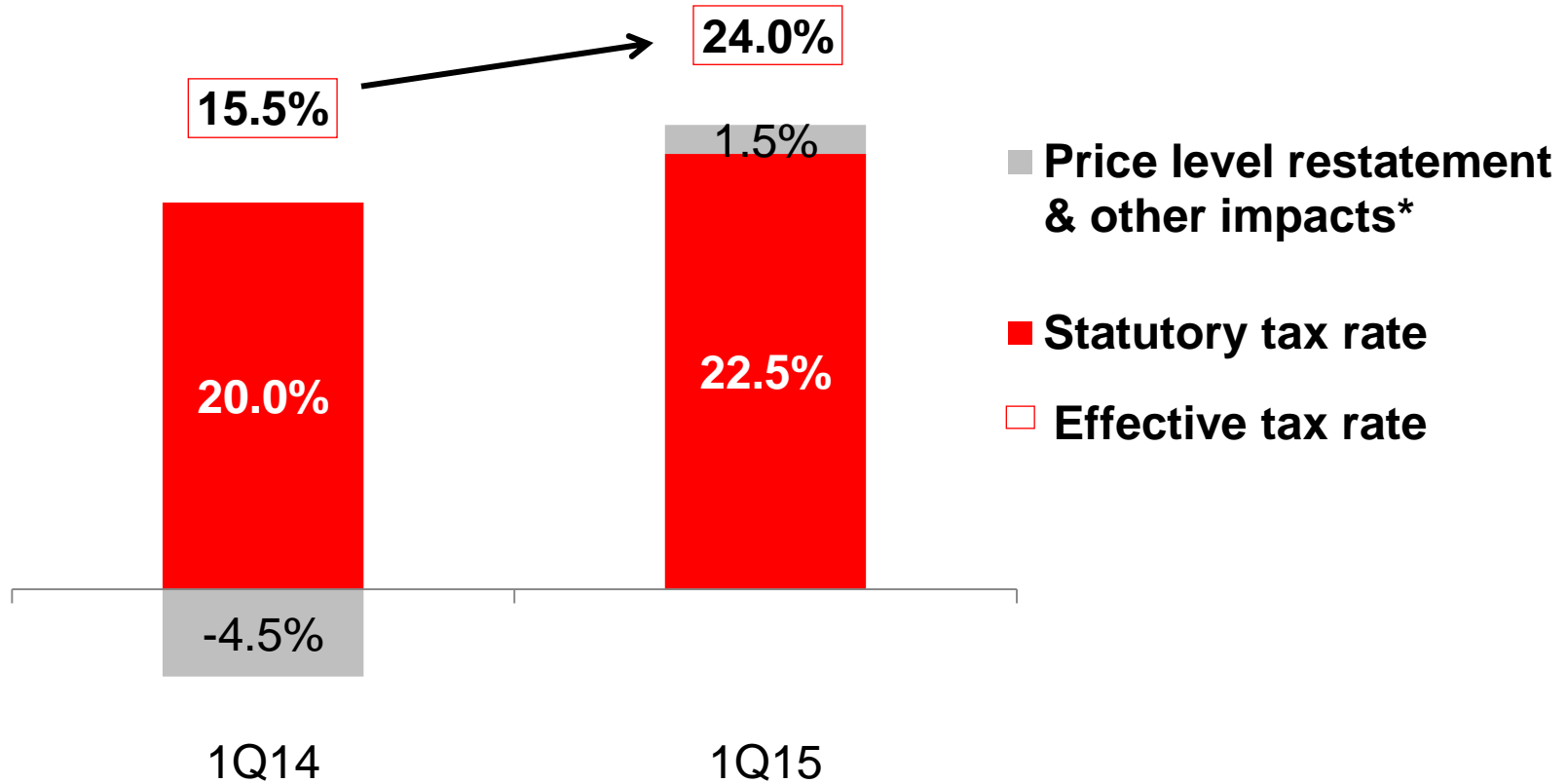


Cost growth will moderate as the year progresses

1. Efficiency ratio: oper. expenses excluding impairment / Net interest income + Fee income + Financial transactions, net and Other operating income, net

1Q15 effective tax rate was abnormally high due to higher statutory rate and lower inflation rate

Tax rates, %

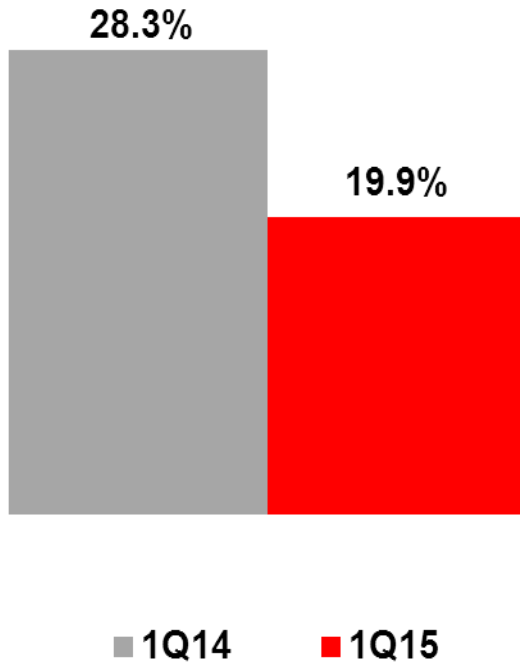


Our effective tax rate should be closer to 19-20% in the upcoming quarters

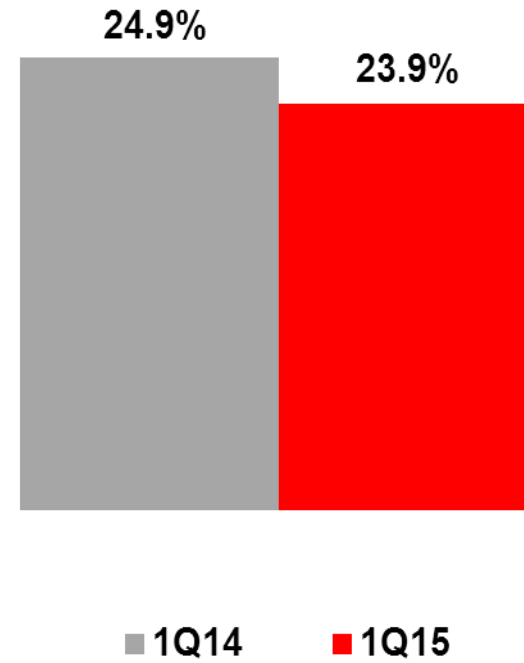
* For tax purposes, Capital is re-adjusted by CPI inflation. Also includes tax credits from property taxes paid on leased assets.

Stated profits impacted by higher taxes, lower inflation...

Reported pre-tax ROE



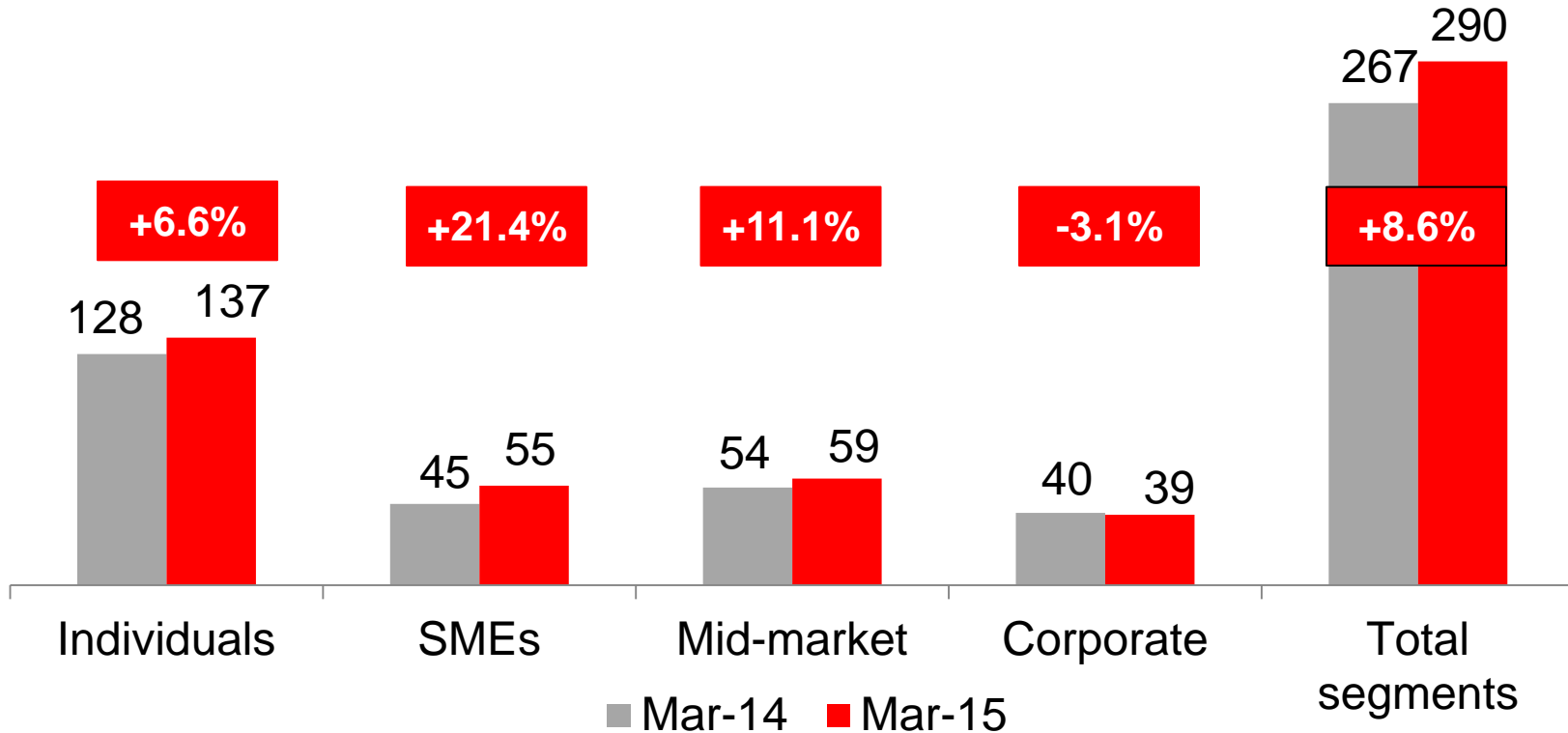
Adjusted pre-tax ROE¹



1. Adjusted pre-tax ROAE = Annualized quarterly income before taxes adjusting net interest income by using a quarterly UF inflation rate of 0.75% for both periods being compared divided by average equity

... but Net operating profit from business segments up 8.6% YoY

Net operating profit from business segments*, Ch\$bn.



* Net operating profits business segments: Net interest income + fee income + financial transactions, net + provision expense. These results exclude our Corporate Center and the results from Financial Management, which includes, among other items, the impact of the inflation on results.

Agenda

- **Despite recent deceleration, economy expected to rebound in 2015-16. 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**

- **Chile: Economy is rebounding. Growth and inflation forecasts revised upward**
- **Financial system with stable growth trends**
- **Santander Chile: Solid results from business segments offset by negative impact of zero quarterly inflation and higher tax rate**
 - **Positive commercial and client profitability trends sustained in 1Q15**
 - **Net operating profit from business segments up 8.6% YoY / Client base and cross-selling ratios continues to expand**
 - **Loan growth up 9.9% YoY, especially in segments with higher risk-adjusted profitability**
 - **Asset quality improving and Client NIMs, net of risk are rising**
 - **Improving funding mix: 15.9% YoY growth of deposits**
 - **Core capital ratio at 10.6%, the highest among our main peers. Dividend up 24.5% YoY**
- **For the remaining of 2015, we expect these sound commercial trends to continue accompanied by a higher UF inflation rate and a slightly lower effective tax rate**



Positive medium-term outlook for Santander Chile

Annexes

- Balance Sheet
- Income Statement
- Quarterly Income Statement

Balance Sheet: Assets

Unaudited Balance Sheet Assets	Mar-15 US\$ths	Mar-15 Ch\$ million	Dec-14	March 15 / Dec. 14 % Chg.
Cash and deposits in banks	2,931,080	1,832,892	1,608,888	13.9%
Cash items in process of collection	1,701,025	1,063,702	531,373	100.2%
Trading investments	477,927	298,862	774,815	(61.4%)
Investments under resale agreements	-	-	-	--%
Financial derivative contracts	4,399,112	2,750,897	2,727,563	0.9%
Interbank loans, net	177,591	111,053	11,918	831.8%
Loans and account receivables from customers, net	36,567,931	22,867,024	22,179,938	3.1%
Available for sale investments	2,435,581	1,523,042	1,651,598	(7.8%)
Held-to-maturity investments	-	-	-	--%
Investments in associates and other companies	29,325	18,338	17,914	2.4%
Intangible assets	63,052	39,428	40,983	(3.8%)
Property, plant and equipment	330,581	206,722	211,561	(2.3%)
Current taxes	16,842	10,532	2,241	370.0%
Deferred taxes	447,197	279,646	282,211	(0.9%)
Other assets	1,081,178	676,093	493,173	37.1%
Total Assets	50,658,422	31,678,231	30,534,176	3.7%

Balance Sheet: Liabilities

Liabilities	Mar-15 US\$ths	Mar-15 Ch\$ million	Dec-14	March 15 / Dec. 14 % Chg.
Deposits and other demand liabilities	10,299,816	6,440,784	6,480,497	(0.6%)
Cash items in process of being cleared	1,354,119	846,771	281,259	201.1%
Obligations under repurchase agreements	360,754	225,590	392,126	(42.5%)
Time deposits and other time liabilities	17,960,119	11,231,001	10,413,940	7.8%
Financial derivatives contracts	3,669,969	2,294,942	2,561,384	(10.4%)
Interbank borrowings	1,232,178	770,518	1,231,601	(37.4%)
Issued debt instruments	9,411,728	5,885,436	5,785,112	1.7%
Other financial liabilities	333,697	208,671	205,125	1.7%
Current taxes	0	0	1,077	(100.0%)
Deferred taxes	10,935	6,838	7,631	(10.4%)
Provisions	510,663	319,333	310,592	2.8%
Other liabilities	1,253,975	784,148	220,853	255.1%
Total Liabilities	46,397,953	29,014,032	27,891,197	4.0%
Equity				
Capital	1,425,332	891,303	891,303	0.0%
Reserves	2,091,313	1,307,761	1,307,761	0.0%
Valuation adjustments	(37,727)	(23,592)	25,600	--%
Retained Earnings:	722,924	452,066	385,232	17.3%
Retained earnings from prior years	880,065	550,331	-	--%
Income from the period	152,683	95,477	550,331	(82.7%)
Minus: Provision for mandatory dividends	(309,824)	(193,742)	(165,099)	17.3%
Total Shareholders' Equity	4,201,842	2,627,538	2,609,896	0.7%
Non-controlling interest	58,627	36,661	33,083	10.8%
Total Equity	4,260,469	2,664,199	2,642,979	0.8%
Total Liabilities and Equity	50,658,422	31,678,231	30,534,176	3.7%

Income Statement

YTD Income Statement Unaudited

	Mar-15 US\$ths.	Mar-15 Ch\$ million	Mar-14	March 15 / Dec. 14 % Chg.
Interest income	640,806	400,715	540,907	(25.9%)
Interest expense	(203,566)	(127,296)	(227,414)	(44.0%)
Net interest income	437,240	273,419	313,493	(12.8%)
Fee and commission income	151,203	94,552	90,681	4.3%
Fee and commission expense	(62,513)	(39,091)	(34,917)	12.0%
Net fee and commission income	88,691	55,461	55,764	(0.5%)
Net profit (loss) from financial operations	(224,776)	(140,559)	29,542	-.%
Net foreign exchange gain	290,327	181,550	3,430	5193.0%
Total financial transactions, net	65,551	40,991	32,972	24.3%
Other operating income	8,168	5,108	5,510	(7.3%)
Net operating profit before provisions for loan losses	599,650	374,979	407,739	(8.0%)
Provision for loan losses	(126,695)	(79,226)	(81,234)	(2.5%)
Net operating profit	472,955	295,753	326,505	(9.4%)
Personnel salaries and expenses	(134,676)	(84,217)	(74,667)	12.8%
Administrative expenses	(87,718)	(54,853)	(49,427)	11.0%
Depreciation and amortization	(19,404)	(12,134)	(13,467)	(9.9%)
Operating expenses excluding Impairment and Other operating expenses	(241,799)	(151,204)	(137,561)	9.9%
Impairment of property, plant and equipment	0	0	(13)	-.%
Other operating expenses	(23,421)	(14,646)	(20,879)	(29.9%)
Total operating expenses	(265,220)	(165,850)	(158,453)	4.7%
Operating income	207,735	129,903	168,052	(22.7%)
Income from investments in associates and other companies	776	485	287	69.0%
Income before taxes	208,511	130,388	168,339	(22.5%)
Income tax expense	(50,082)	(31,318)	(26,152)	19.8%
Net income from ordinary activities	158,428	99,070	142,187	(30.3%)
Net income discontinued operations	-	-	-	-.%
Net income attributable to:				
Non-controlling interest	5,746	3,593	344	944.5%
Net income attributable to shareholders	152,683	95,477	141,843	(32.7%)

