

Banco Santander Chile

Results 3Q14

Santiago, November 4, 2014

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.

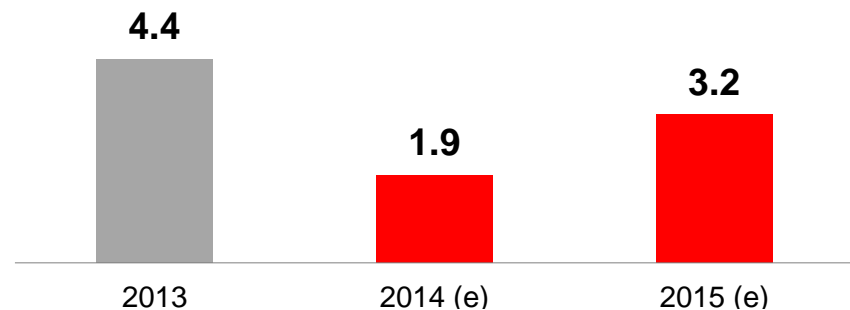
Agenda

- **Macro-economic environment and financial system**
- Strategy and activity
- Results
- Annexes

Economy is expected to rebound in 2015...

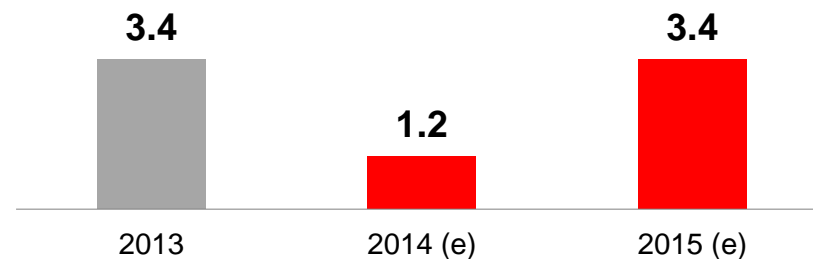
GDP

YoY real growth, %



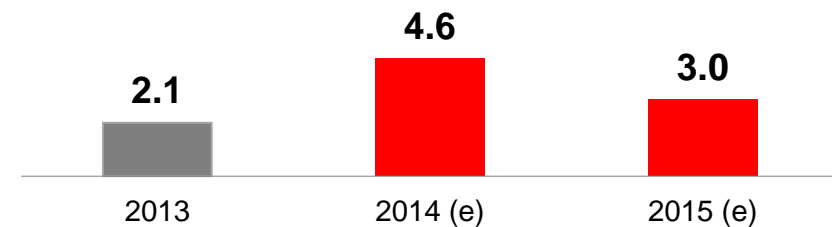
Internal Demand

YoY real growth, %



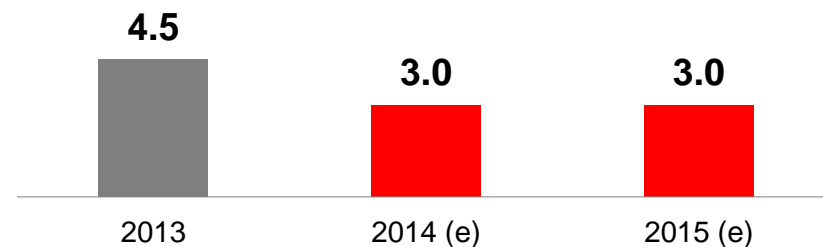
Inflation

Annual change in UF inflation, %



Central Bank Reference rate

%

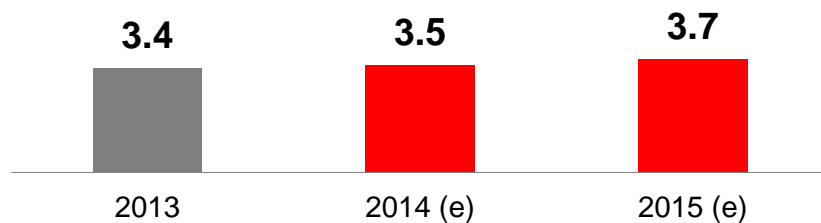


Source: Banco Central de Chile. (e): Estimates Santander Chile

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

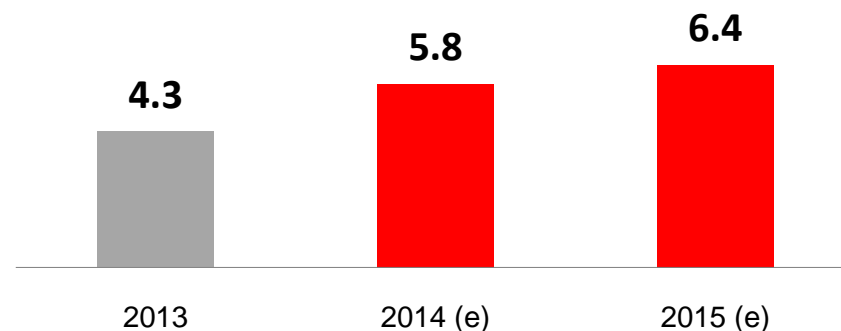
Higher GDP growth of Chile's main trade partners ...

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



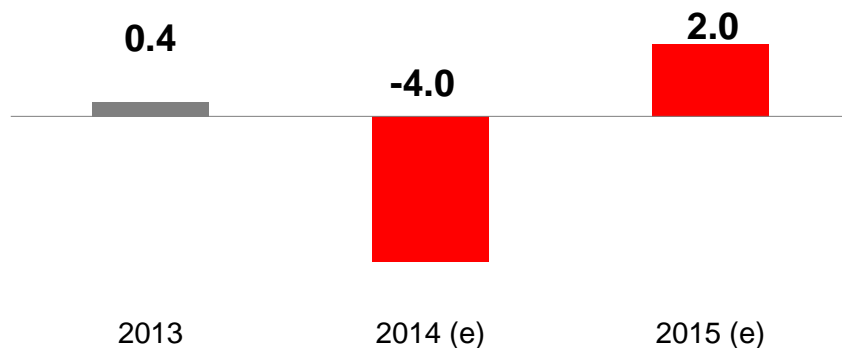
... and weaker Ch\$ should boost export growth

Exports YoY real growth, %



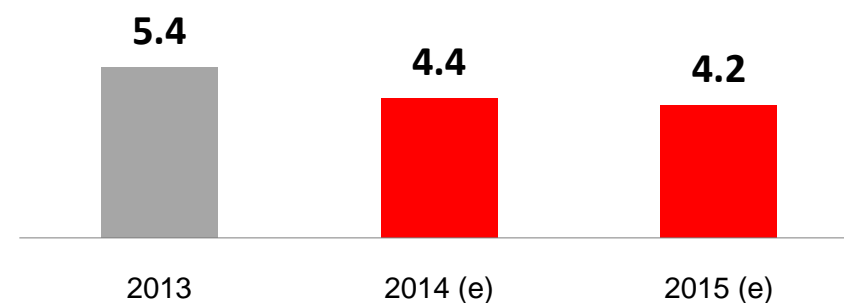
Investment expected to rebound, led by the energy and infrastructure sectors

Investment, YoY real growth, %



Consumption should remain strong

Consumption², YoY real growth, %

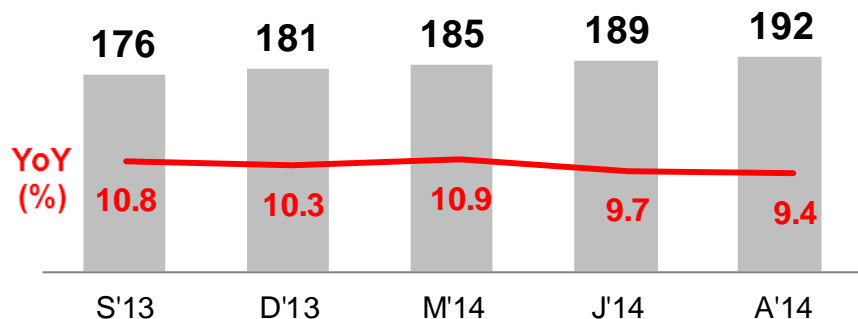


Source: Banco Central de Chile. (e): Estimates Santander Chile. 1. Trade-weighted GDP growth. 2. Includes private and government consumption

Financial system with relatively stable growth trends

Total Loans

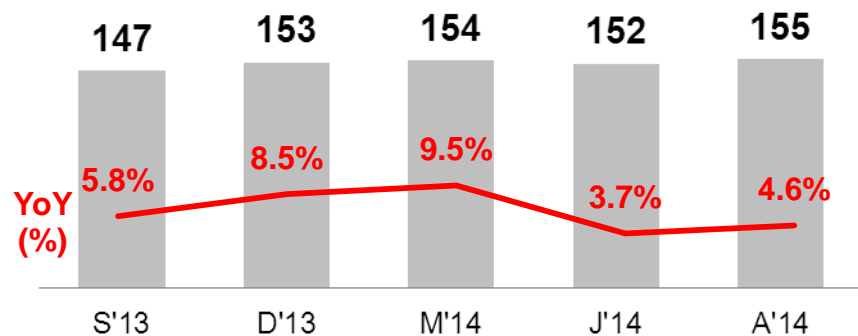
US\$bn*



- Loan growth less affected by lower investment as slowdown concentrated in reconstruction / large mining projects with little bank financing
- Relatively stable consumer and mortgage loan growth in 2014. Commercial lending slowing-down

Total Deposits*

US\$bn*



- 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

* Demand and time deposits. Source: Superintendency of Banks of Chile. Excludes Corpbanca Colombia

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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

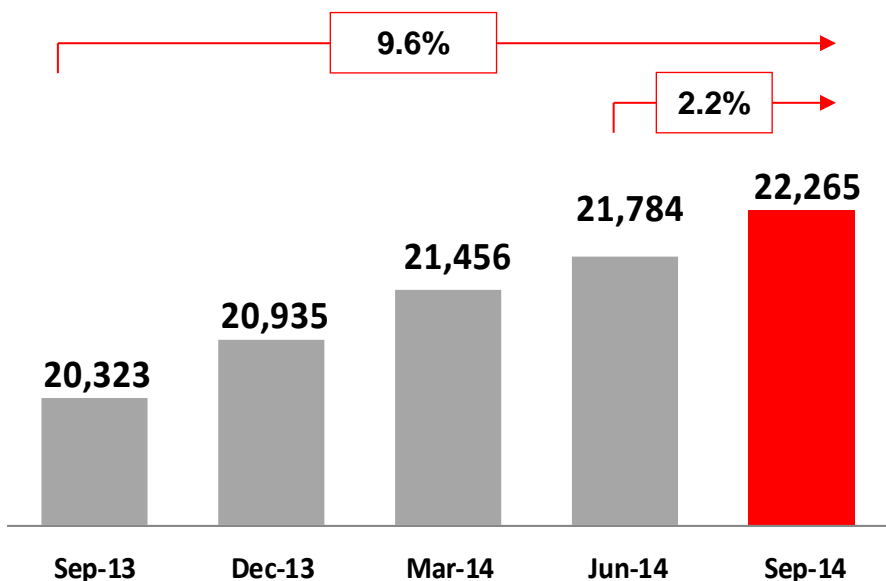
Optimizing the
risk return
relation



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

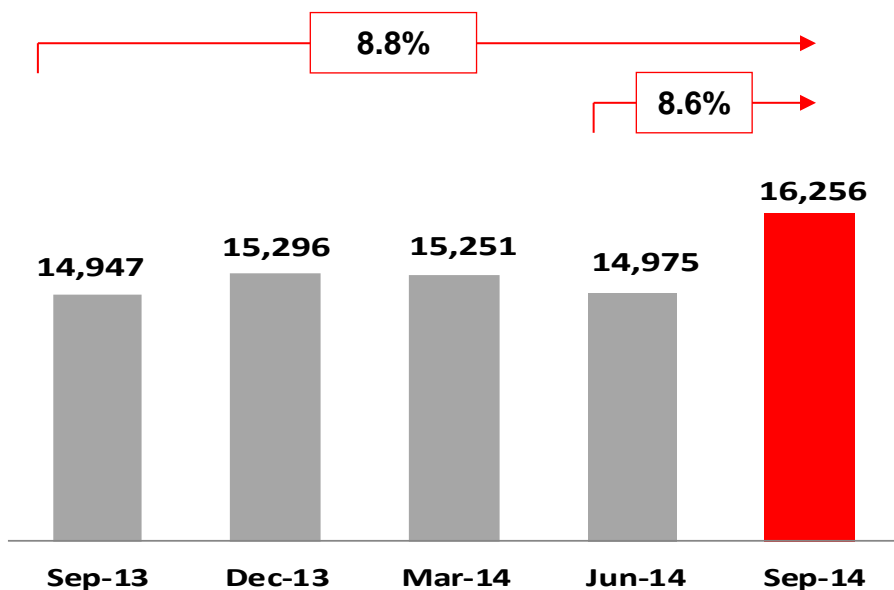
1. Includes consumer, mortgage and commercial loans granted to individuals. 2. Includes other non-segmented loans

Strategy: I. Focused growth

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

Total Deposits

Ch\$bn

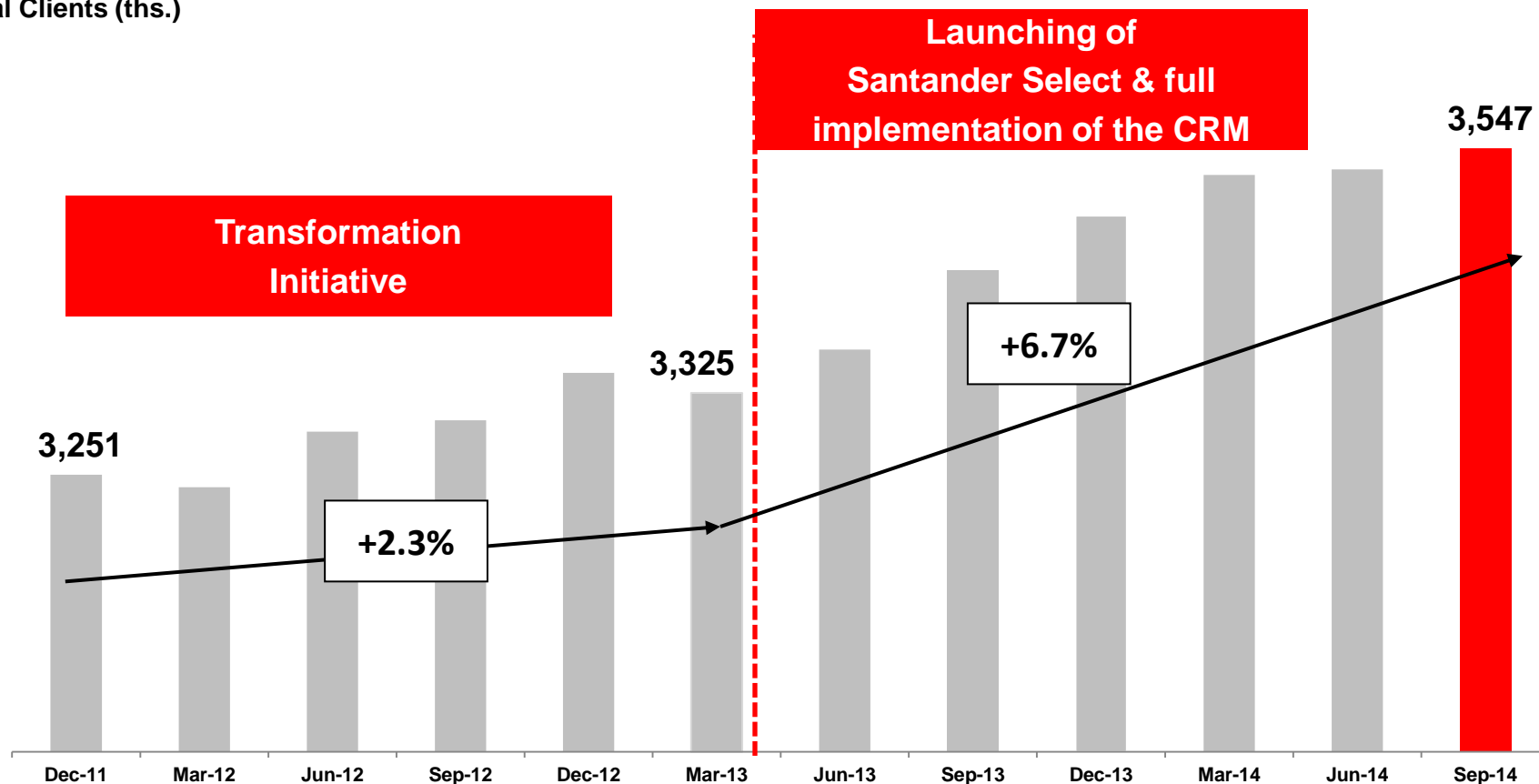


Ch\$bn

	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.)

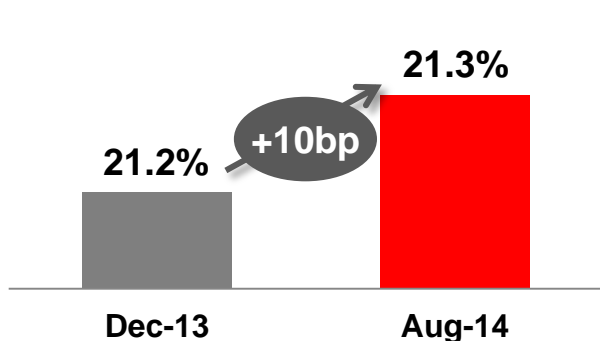


Santander Select clients increased 17% YoY as of sept. 2014

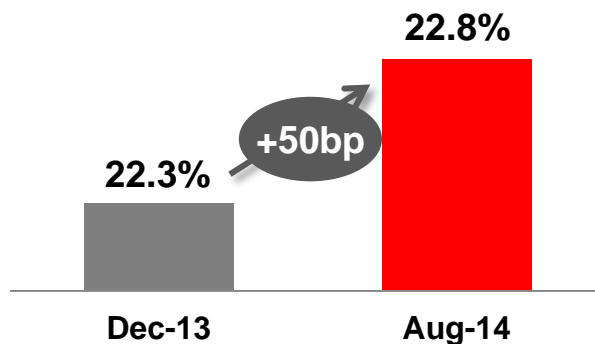
Outpacing our main competitors in various products YTD

Santander Chile's Market share (%)*

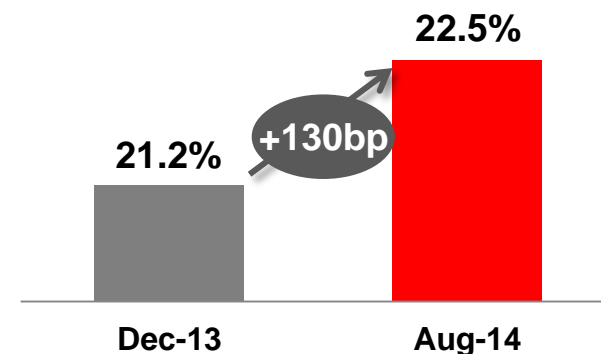
Consumer installment loans



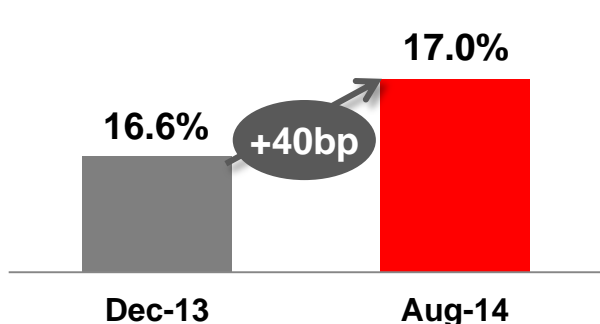
Credit card loans



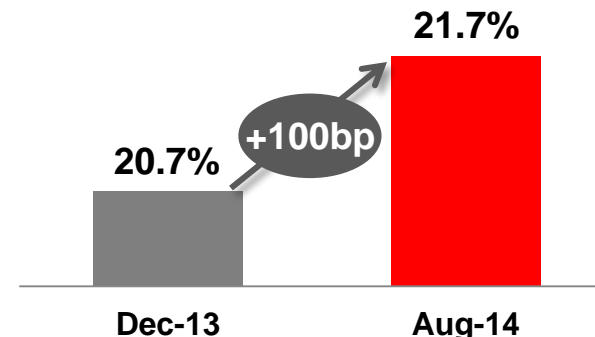
Credit card transactions**



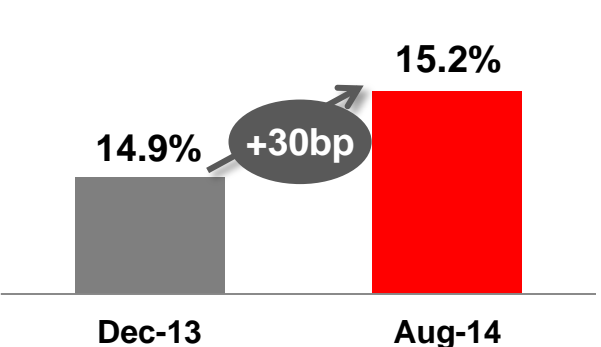
Deposits



Demand deposits



Time deposits



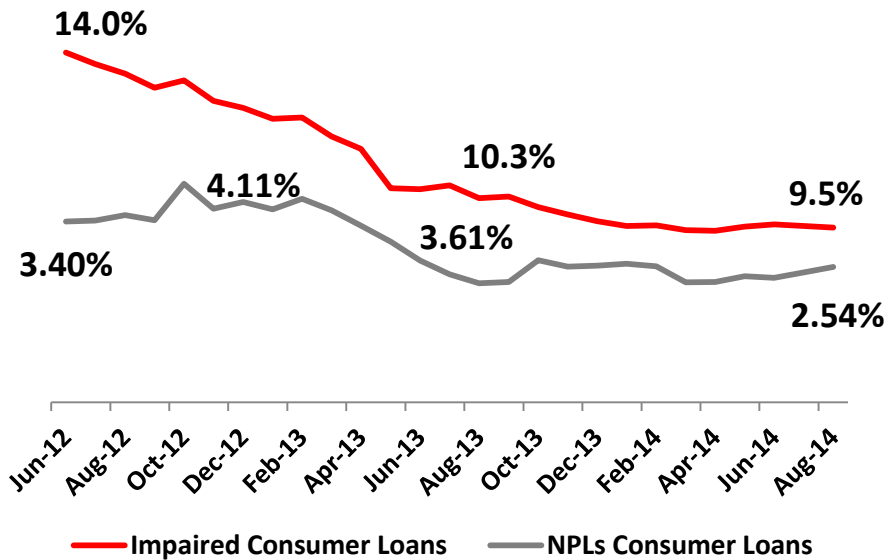
*As of Aug. 2014 or the latest date available. ** Corresponds to the market share of all monetary transactions with a credit card and includes the major non banks. Source: Superintendency of Banks of Chile

Strategy: III. Managing risks and capital conservatively

Steady improvement in consumer asset quality indicators

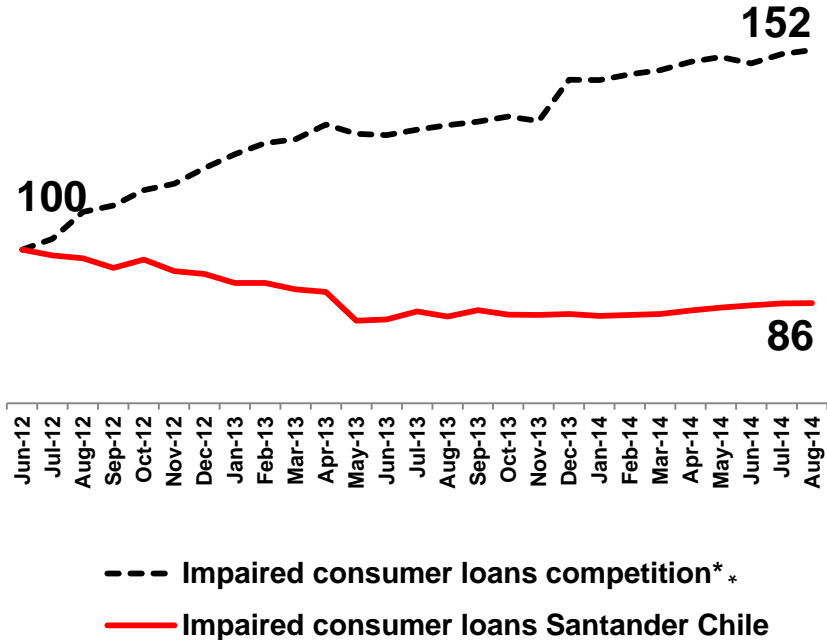
Impaired* & NP consumer loans

% of consumer loans



Evolution of impaired consumer loans

Base 100 = 06/2012

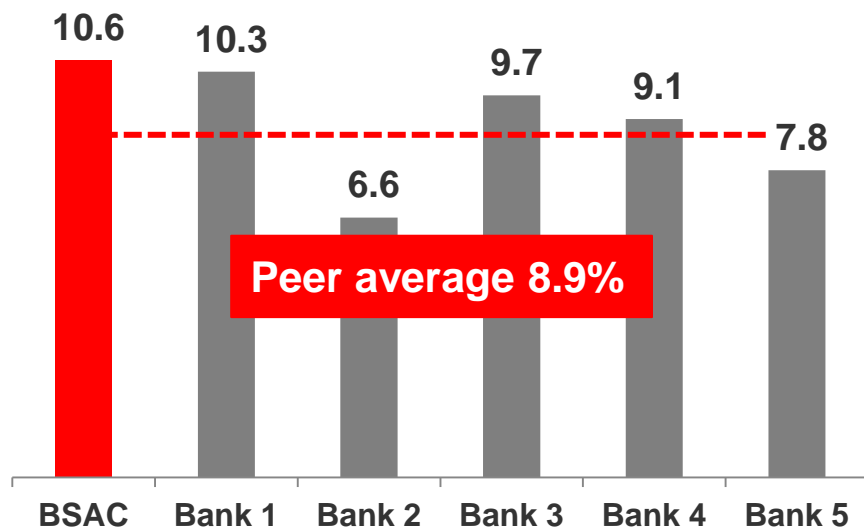


* Impaired include non-performing and renegotiated consumer loans. Source: Superintendency of Banks of Chile as of August 2014, the latest date available. Competition is all banks excluding Santander Chile

Optimizing the risk-return relation

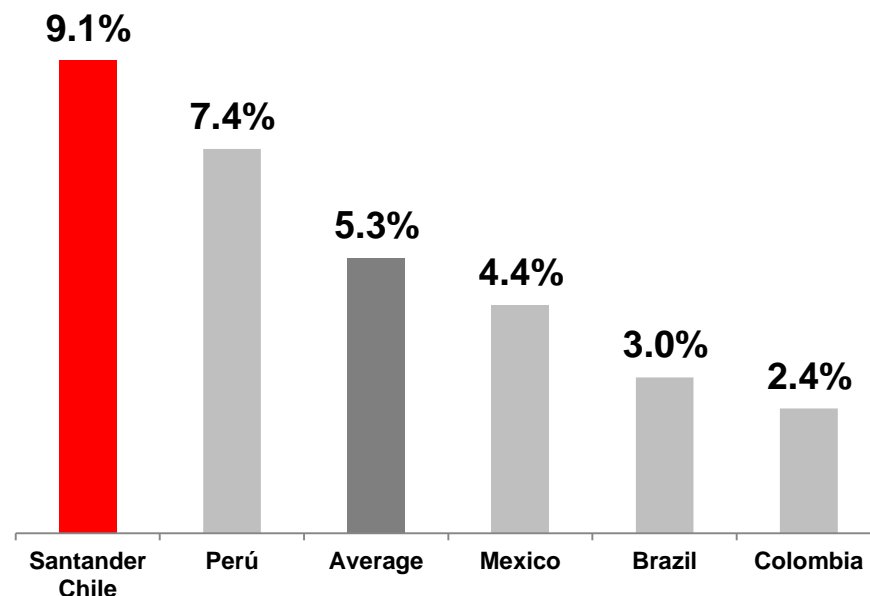
High capital base*

Core Capital ratios, %



Positive ROE vs Cost of Equity

ROE minus Cost of Equity, %



One of the highest credit risk ratings in the banking world

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

Leader in value creation for shareholders

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

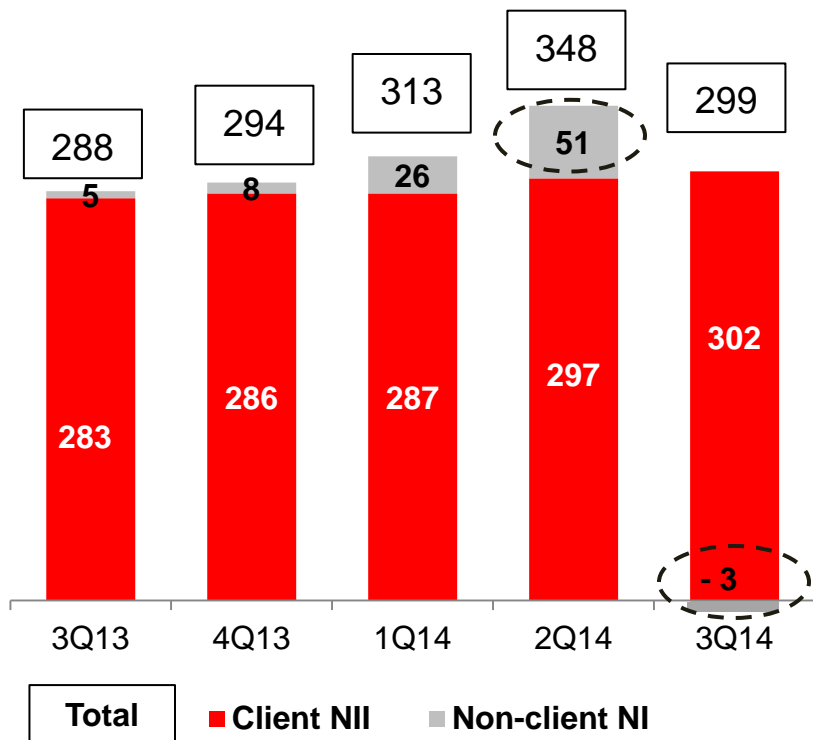
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As expected, QoQ decline in net interest income due to lower inflation

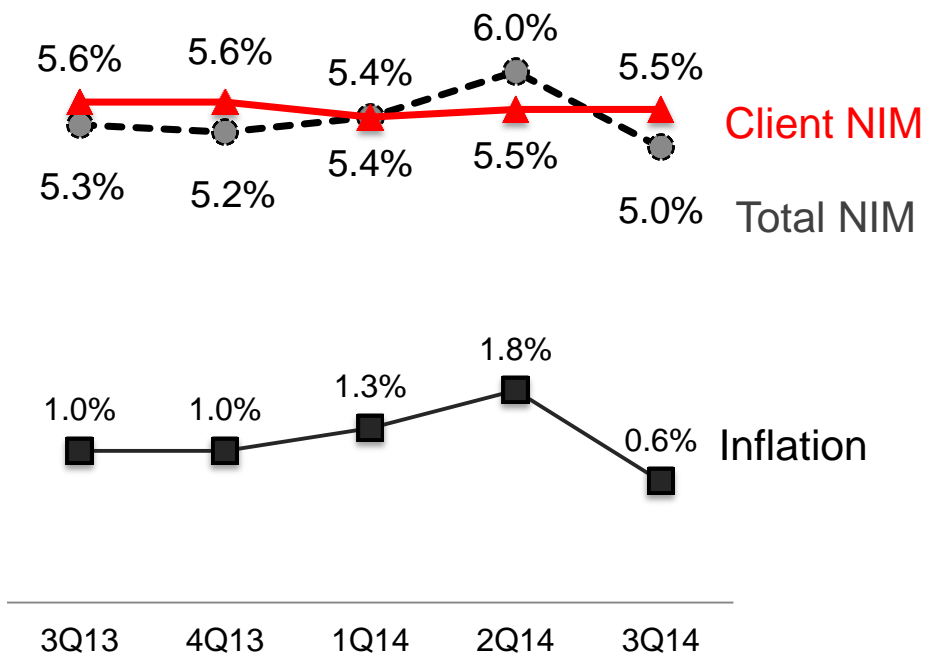
Client and total net interest income¹

Ch\$bn



NIM, client NIM and inflation

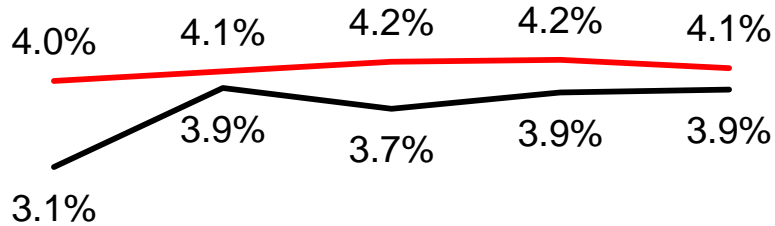
Net Interest Margin (NIM), %



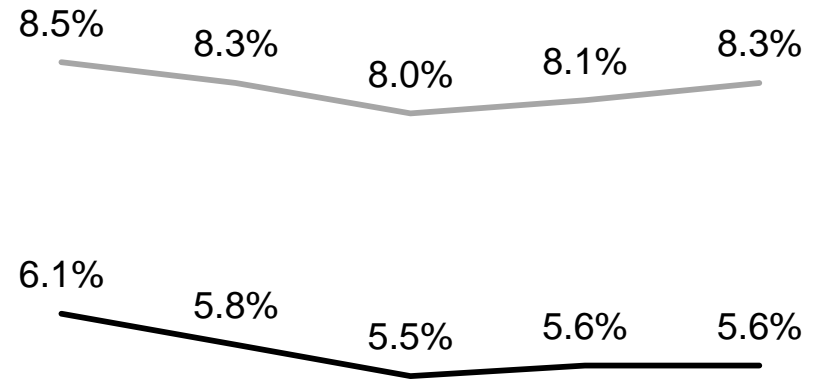
1. Client net interest income (NII) is mainly NII from the from all client activities such as loans and deposits minus the internal transfer rate. Non-client NII is NII mainly from the Bank's ALCO positions and includes the effects of inflation on the Bank's NII

Client NII up 6.9% YoY. Client NIMs trending up in 2014

Middle market and Corporate NIMs¹



Individual and SME NIMs¹



3Q13 4Q13 1Q14 2Q14 3Q14

— Middle-market — Corporate

3Q13 4Q13 1Q14 2Q14 3Q14

— Individuals — SMEs

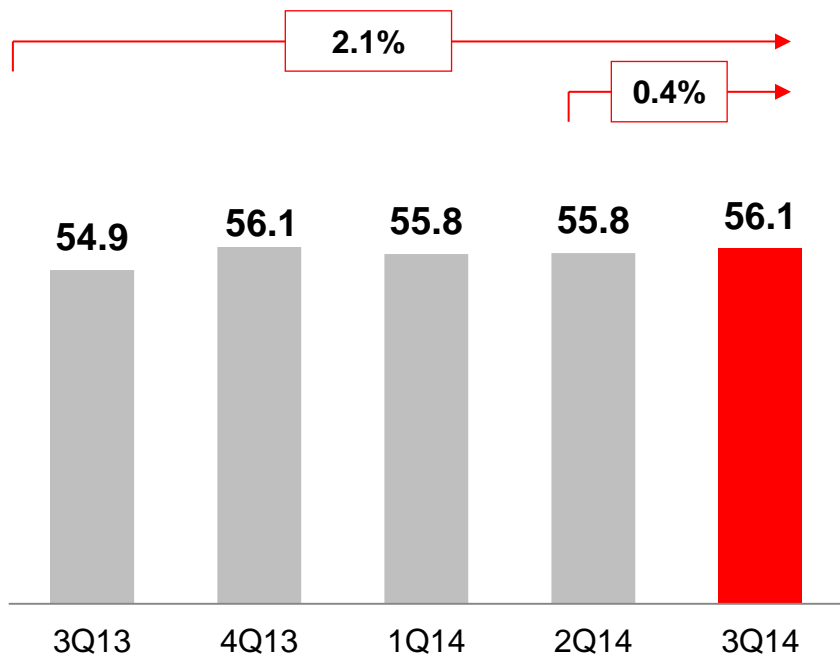
Proactively increasing spreads and improving the funding mix

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

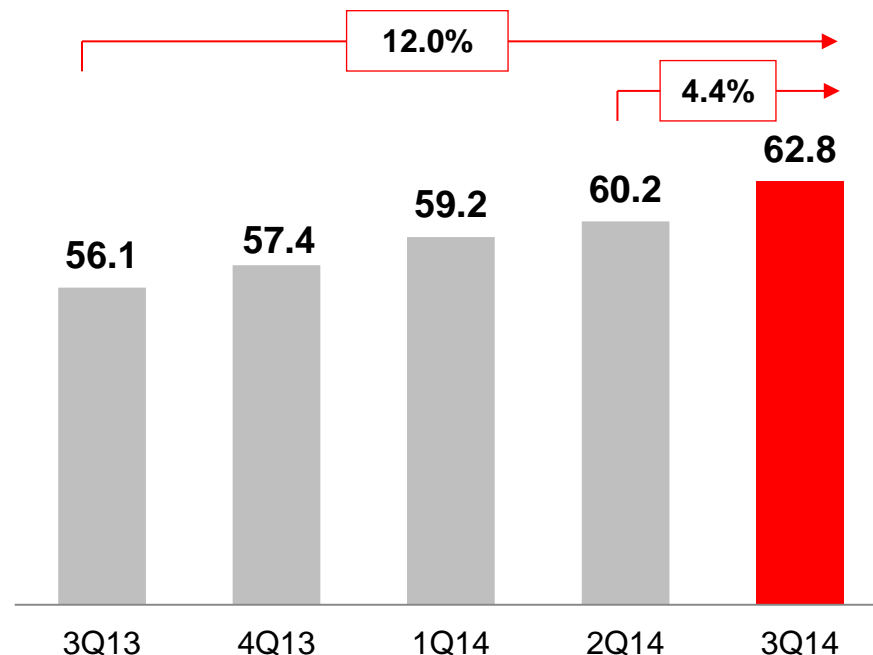
Total net fee income

Ch\$bn



Net fee income from business segments¹

Ch\$bn



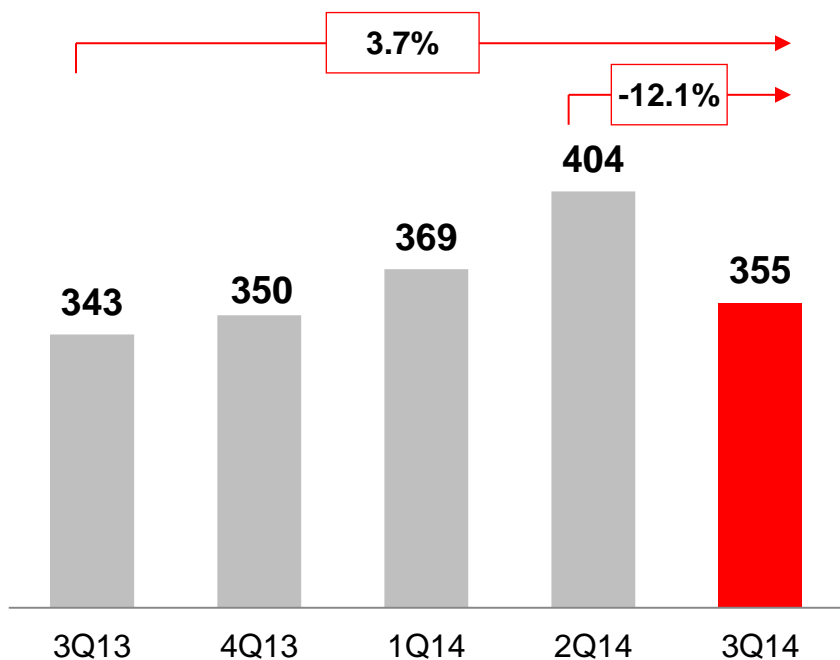
Recurring fee growth driven by increases in client base

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

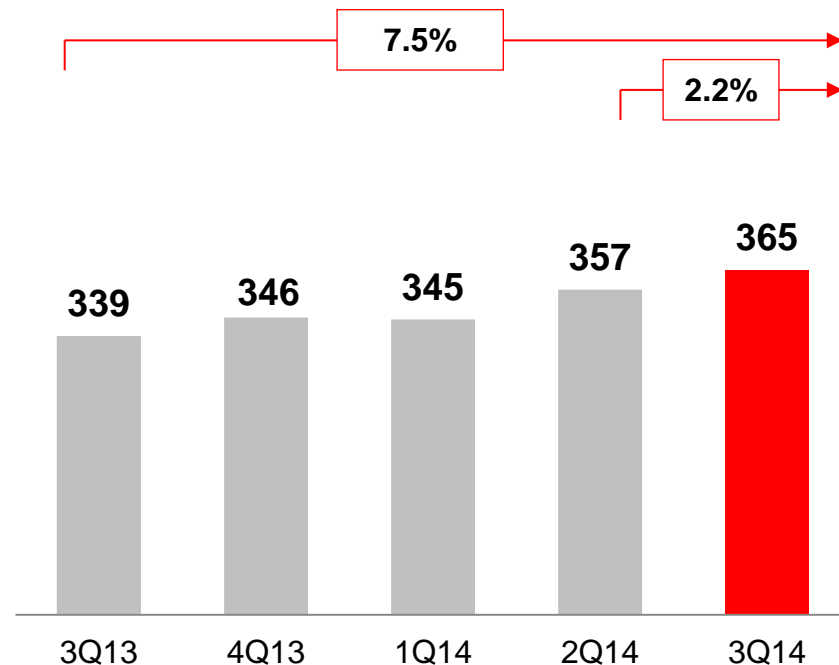
Total core revenues¹

Ch\$bn



Core revenues from business segments²

Ch\$bn

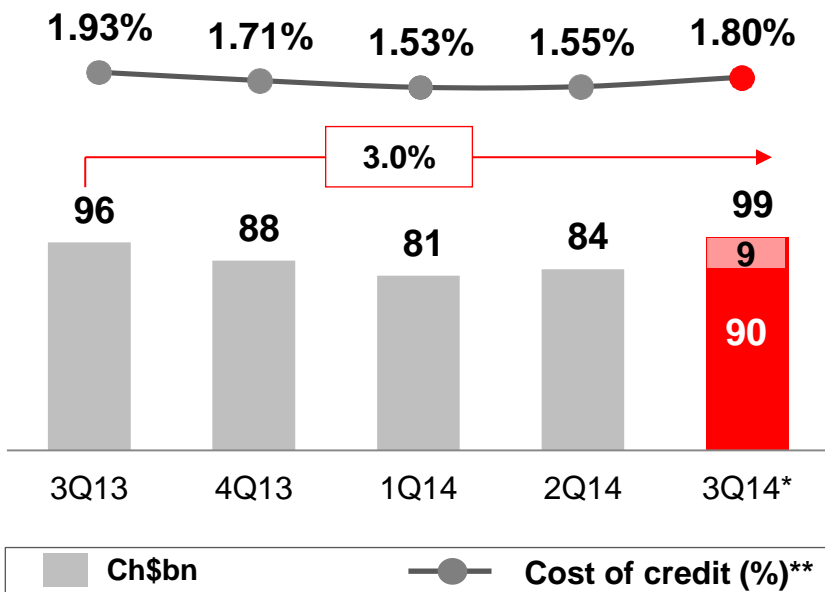


1. Core revenues: NII + fee income. 2. Core revenues from business segments: Client NII + fee income from business segments

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

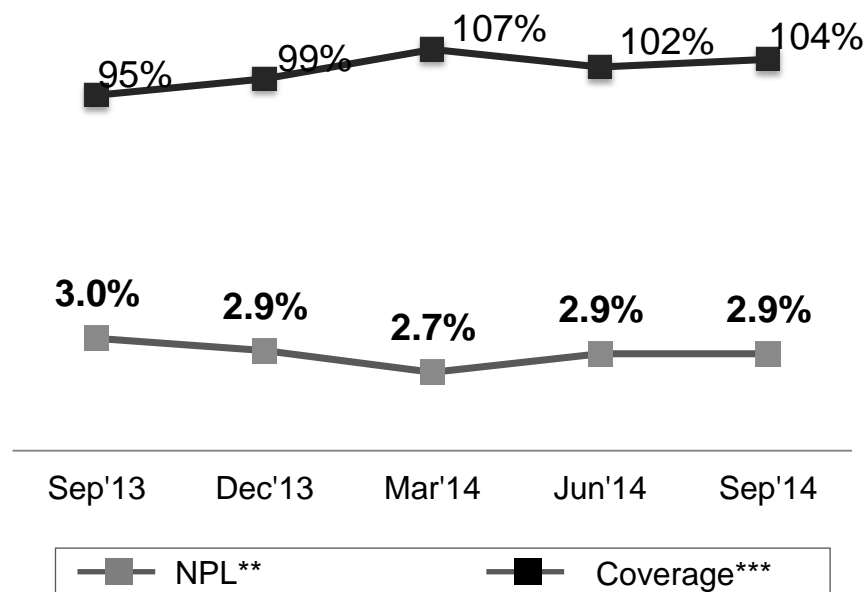
Provision expense & cost of credit

Provisions, Ch\$bn



NPL and coverage ratio

% of loans



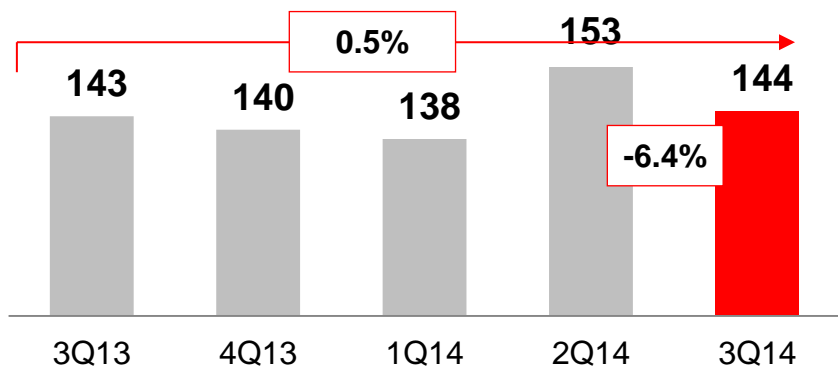
* 3Q14 includes one-time provision expense of Ch\$8,578 million from the re-calibration of the credit models for loans analyzed on a group basis.

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

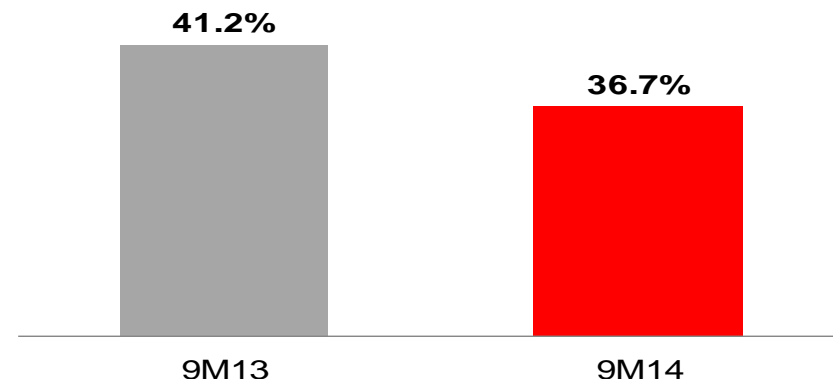
Transformation Project enhancing productivity

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

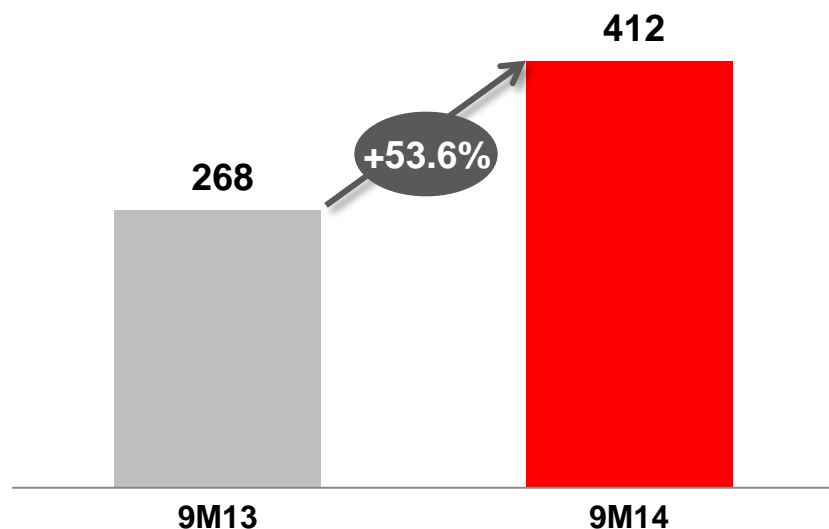
Provision expense

- 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

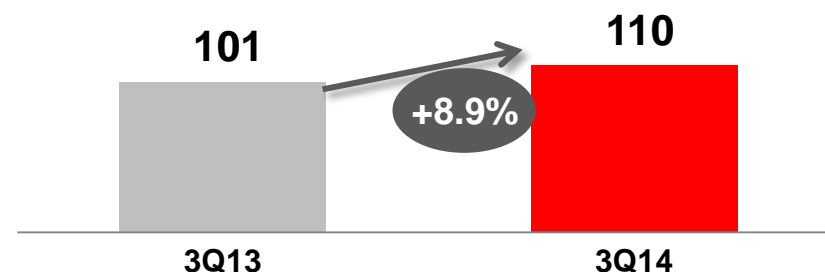
9M14 results

Net income, Ch\$bn



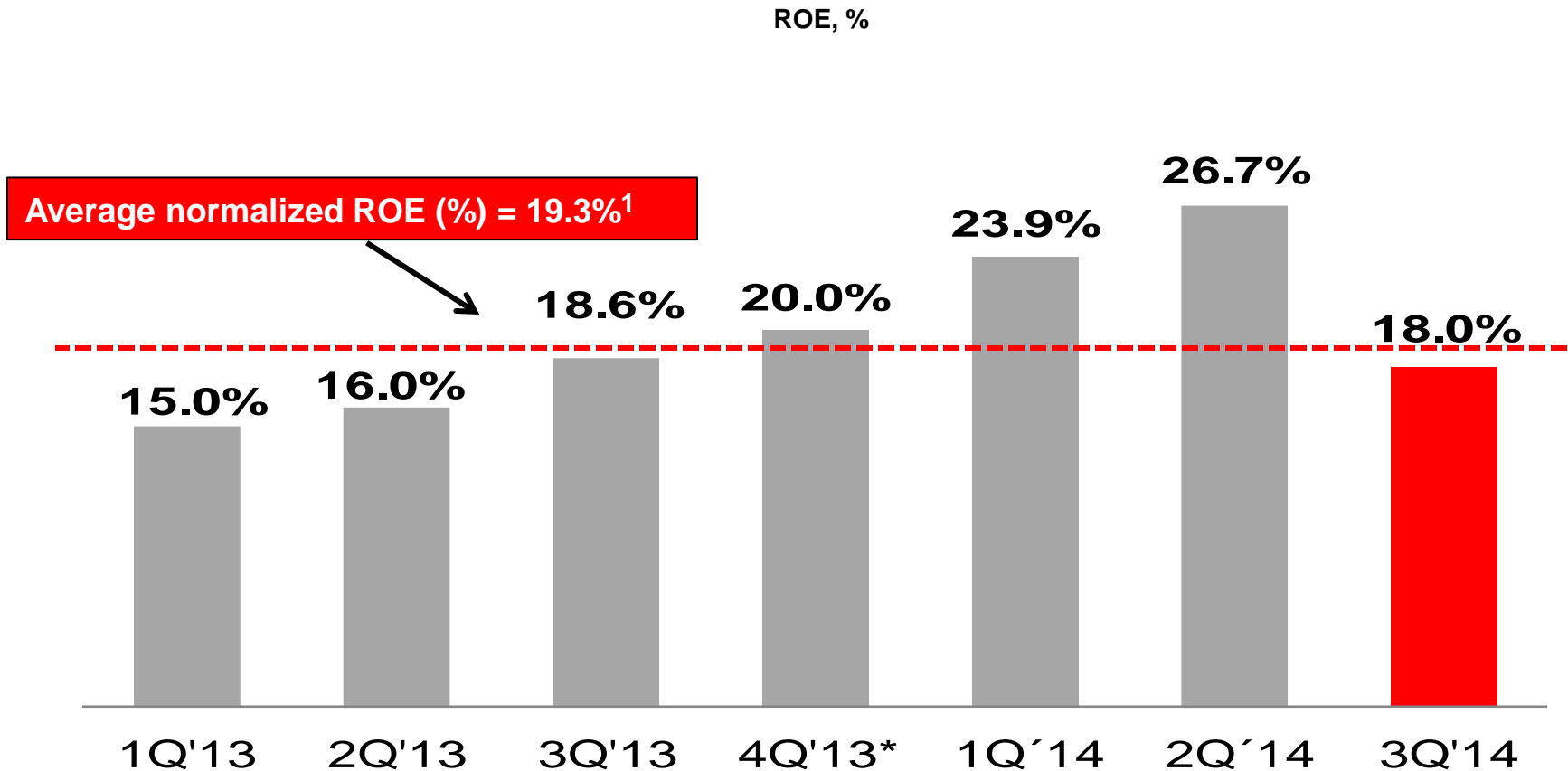
3Q14 results

Ch\$bn



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 ROE with a 3% annual inflation: 19.3%¹



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

Sound outlook for 2015

- **Chile: Economy expected to rebound in 2015, led by export growth, investment and total consumption**
- **Financial system with relatively stable growth trends**
- **Santander Chile: 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 SMEs**
 - **Transformation Project also enhancing productivity: efficiency ratio 9M14: 36.7%**

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Annexes

- Balance Sheet
- Income Statement
- Quarterly Income Statement

Balance Sheet: Assets

Unaudited Balance Sheet Assets	Sep-14 US\$ths	Sep-14 Ch\$ million	Dec-13	Sept. 14 / Dec. 13 % Chg.
Cash and deposits in banks	2,421,333	1,448,635	1,571,810	(7.8%)
Cash items in process of collection	1,374,931	822,594	604,077	36.2%
Trading investments	1,017,355	608,663	287,567	111.7%
Investments under resale agreements	5,878.52	3,517	17,469	--%
Financial derivative contracts	4,455,228	2,665,474	1,494,018	78.4%
Interbank loans, net	202,489	121,145	125,395	(3.4%)
Loans and account receivables from customers, net	36,088,917	21,591,277	20,327,021	6.2%
Available for sale investments	2,725,286	1,630,484	1,700,993	(4.1%)
Held-to-maturity investments	-	-	-	--%
Investments in associates and other companies	28,600	17,111	9,681	76.7%
Intangible assets	51,446	30,779	66,703	(53.9%)
Property, plant and equipment	312,966	187,241	180,215	3.9%
Current tax assets	39,838	23,834	1,643	1350.6%
Deferred tax assets	404,184	241,815	230,215	5.0%
Other assets	590,464	353,263	400,025	(11.7%)
Total Assets	49,718,914	29,745,832	27,016,832	10.1%

Balance Sheet: Liabilities

Liabilities	Sep-14 US\$ths	Sep-14 Ch\$ million	Dec-13	Sept. 14 / Dec. 13 % Chg.
Deposits and other demand liabilities	9,568,966	5,724,921	5,620,763	1.9%
Cash items in process of being cleared	1,013,417	606,307	276,379	119.4%
Obligations under repurchase agreements	483,210	289,095	208,972	38.3%
Time deposits and other time liabilities	17,602,136	10,531,006	9,675,272	8.8%
Financial derivatives contracts	4,052,728	2,424,666	1,300,109	86.5%
Interbank borrowings	2,195,270	1,313,386	1,682,377	(21.9%)
Issued debt instruments	9,354,296	5,596,488	5,198,658	7.7%
Other financial liabilities	331,771	198,492	189,781	4.6%
Current taxes	0	0	50,242	(100.0%)
Deferred taxes	9,933	5,943	25,088	(76.3%)
Provisions	394,922	236,274	236,232	0.0%
Other liabilities	509,895	305,060	198,777	53.5%
Total Liabilities	45,516,544	27,231,638	24,662,650	10.4%
Equity				
Capital	1,489,776	891,303	891,303	0.0%
Reserves	2,185,868	1,307,761	1,130,991	15.6%
Valuation adjustments	(7,428)	(4,444)	(5,964)	(25.5%)
Retained Earnings:	481,569	288,113	309,348	(6.9%)
Retained earnings from prior years	-	-	-	--%
Net income	687,955	411,590	441,926	(6.9%)
Minus: Provision for mandatory dividend	(206,387)	(123,477)	(132,578)	(6.9%)
Total Shareholders' Equity	4,149,784	2,482,733	2,325,678	6.8%
Non-controlling interest	52,586	31,461	28,504	10.4%
Total Equity	4,202,370	2,514,194	2,354,182	6.8%
Total Liabilities and Equity	49,718,914	29,745,832	27,016,832	10.1%

Income Statement

YTD Income Statement Unaudited	Sep-14 US\$ths.	Sep-14 Ch\$ million	Sep-13	Sept. 14 / Sept. 13 % Chg.
Interest income	2,690,068	1,609,414	1,356,074	18.7%
Interest expense	(1,084,392)	(648,770)	(573,321)	13.2%
Net interest income	1,605,676	960,644	782,753	22.7%
Fee and commission income	450,323	269,419	258,141	4.4%
Fee and commission expense	(170,113)	(101,775)	(84,445)	20.5%
Net fee and commission income	280,210	167,644	173,696	(3.5%)
Net profit (loss) from financial operations	(82,483)	(49,348)	53,979	(191.4%)
Net foreign exchange gain	234,338	140,200	29,151	380.9%
Total financial transactions, net	151,855	90,852	83,130	9.3%
Other operating income	21,266	12,723	15,869	(19.8%)
Net operating profit before provisions for loan losses	2,059,007	1,231,863	1,055,448	16.7%
Provision for loan losses	(442,326)	(264,635)	(275,992)	(4.1%)
Net operating profit	1,616,681	967,228	779,456	24.1%
Personnel salaries and expenses	(414,553)	(248,019)	(229,911)	7.9%
Administrative expenses	(256,183)	(153,269)	(141,167)	8.6%
Depreciation and amortization	(55,695)	(33,321)	(46,626)	(28.5%)
Operating expenses	(726,431)	(434,609)	(417,704)	4.0%
Impairment	(61,194)	(36,611)	(213)	17088.3%
Other operating expenses	(82,082)	(49,108)	(41,135)	19.4%
Total operating expenses	(869,706)	(520,328)	(459,052)	13.3%
Operating income	746,975	446,900	320,404	39.5%
Income from investments in associates and other companies	2,238	1,339	1,494	(10.4%)
Income before taxes	749,213	448,239	321,898	39.2%
Income tax expense	(53,971)	(32,290)	(52,947)	(39.0%)
Net income	695,241	415,949	268,951	54.7%
Net income discontinued operations	-	-	-	--%
Net income attributable to:				
Non-controlling interest	7,286	4,359	1,007	332.9%
Net income attributable to shareholders	687,955	411,590	267,944	53.6%

Income Statement

Unaudited Quarterly Income Statement	3Q14 US\$ths.	3Q14	2Q14 Ch\$mn	3Q13	3Q14 / 3Q13	3Q14 / 2Q14 % Chg.
Interest income	797,815	477,317	591,190	516,606	(7.6%)	(19.3%)
Interest expense	(297,862)	(178,205)	(243,151)	(229,001)	(22.2%)	(26.7%)
Net interest income	499,953	299,112	348,039	287,605	4.0%	(14.1%)
Fee and commission income	150,401	89,982	88,756	84,605	6.4%	1.4%
Fee and commission expense	(56,691)	(33,917)	(32,941)	(29,674)	14.3%	3.0%
Net fee and commission income	93,710	56,065	55,815	54,931	2.1%	0.4%
Net profit (loss) from financial operations	41,273	24,693	(103,583)	55,813	(55.8%)	-%
Net foreign exchange gain	5,223	3,125	133,645	(28,198)	(111.1%)	(97.7%)
Total financial transactions, net	46,497	27,818	30,062	27,615	0.7%	(7.5%)
Other operating income	6,231	3,728	3,485	4,112	(9.3%)	7.0%
Net operating profit before provisions for loan losses	646,391	386,723	437,401	374,263	3.3%	(11.6%)
Provision for loan losses	(166,084)	(99,365)	(84,036)	(96,479)	3.0%	18.2%
Net operating profit	480,307	287,358	353,365	277,784	3.4%	(18.7%)
Personnel salaries and expenses	(144,586)	(86,503)	(86,849)	(78,584)	10.1%	(0.4%)
Administrative expenses	(87,518)	(52,360)	(51,482)	(48,545)	7.9%	1.7%
Depreciation and amortization	(7,916)	(4,736)	(15,118)	(15,712)	(69.9%)	(68.7%)
Operating expenses	(240,020)	(143,599)	(153,449)	(142,841)	0.5%	(6.4%)
Impairment	(61,145)	(36,582)	(16)	(40)	91355.0%	228537.5%
Other operating expenses	(20,328)	(12,162)	(16,067)	(15,462)	(21.3%)	(24.3%)
Total operating expenses	(321,493)	(192,343)	(169,532)	(158,343)	21.5%	13.5%
Operating income	158,814	95,015	183,833	119,441	(20.5%)	(48.3%)
Income from investments in associates and other companies	836	500	552	345	44.9%	(9.4%)
Income before taxes	159,649	95,515	184,385	119,786	(20.3%)	(48.2%)
Income tax expense	31,659	18,941	(25,079)	(18,417)	--%	--%
Net income	191,308	114,456	159,306	101,369	12.9%	(28.2%)
Net income discontinued operations	-	-	-	-		
Net income attributable to:		0	0	0		
Non-controlling interest	7,229	4,325	(310)	196	2106.6%	--%
Net income attributable to shareholders	184,079	110,131	159,616	101,173	8.9%	-31.0%



Chile