

Banco Santander Chile

Results 4Q15

Santiago, February 2, 2016

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 2014 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.

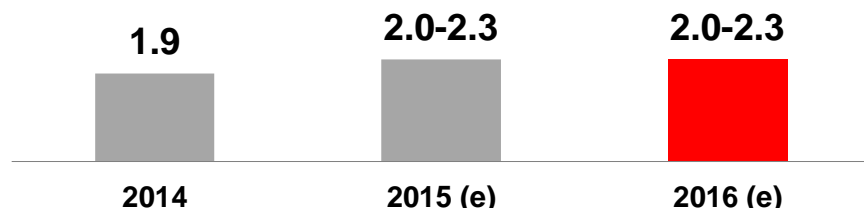
Agenda

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

Stable economic growth foreseen in 2016...

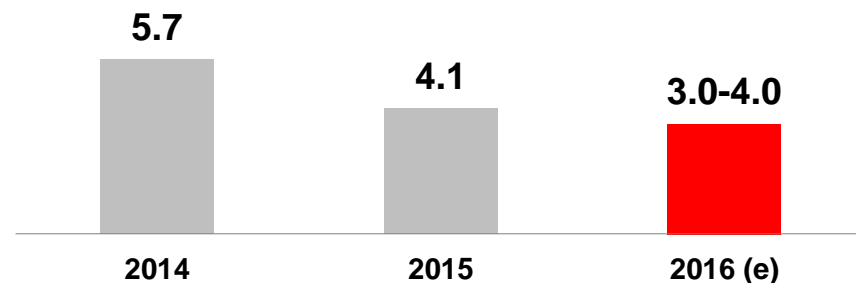
GDP

YoY real growth, %



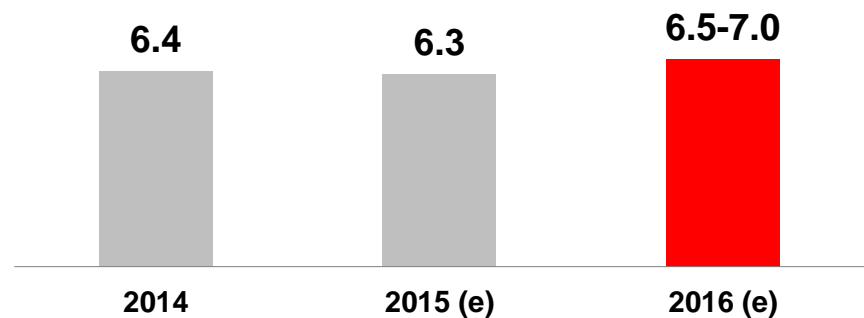
Inflation

Annual change in UF inflation, %



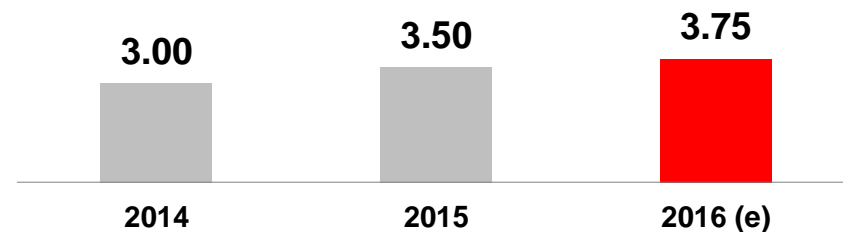
Unemployment

% of workforce, %



Central Bank ST Reference Rate

%

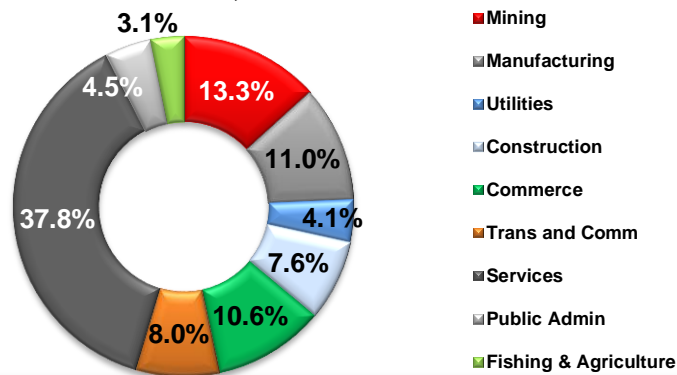


Source: Banco Central de Chile. (e): Estimates Santander Chile

.... led by the export sector and consumption

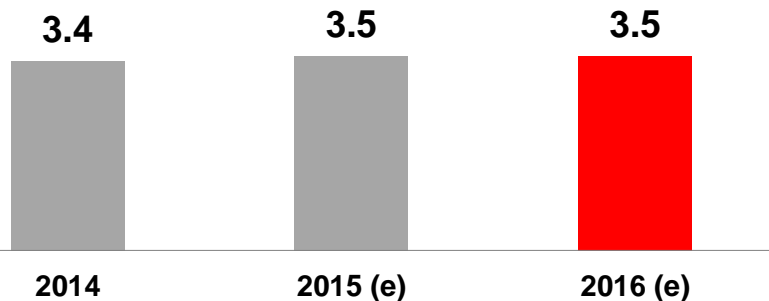
Chile's economy is well diversified

GDP by economic sector, %



Steady growth of Chile's main trade partners

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



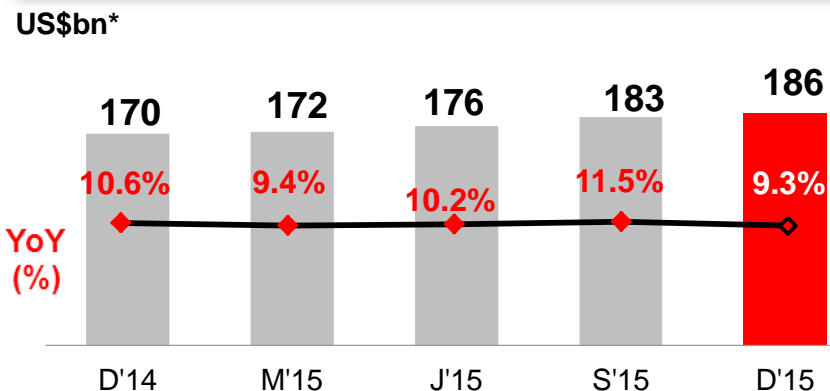
Chile's GDP growth by economic sector

Sector	2015e	2016e	2017e
Communications	6.9	6.3	6.0
Public adm.	5.0	4.4	3.0
Utilities	4.2	4.3	4.0
Agro	5.1	4.2	4.0
Fishing	-5.0	3.0	3.0
Services	2.7	2.4	2.7
Transportation	2.2	2.1	3.0
Commerce	1.7	2.0	2.6
Rest. & hotels	1.0	1.8	2.0
Construction	3.0	1.6	0.9
Manuf.	0.8	1.1	1.2
GDP ex-mining	2.7	2.5	2.6
Mining	-0.5	0.2	0.5
GDP	2.0	2.0	2.2

Source: Banco Central de Chile. (e): Estimates Santander Chile. 1. Trade-weighted GDP growth

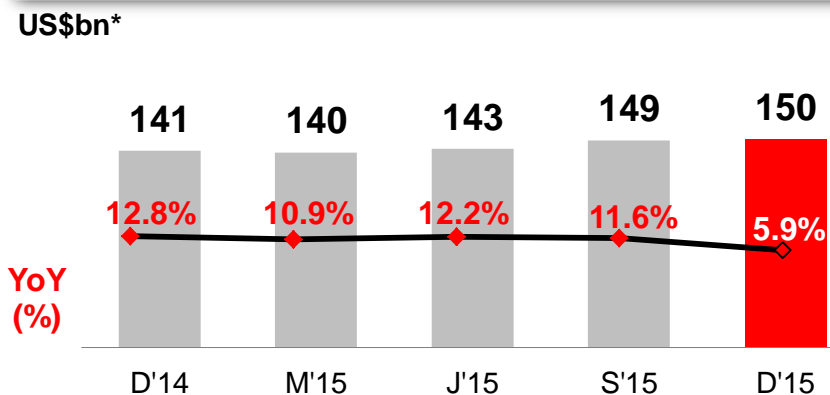
Financial system with relatively stable growth trends

Total Loans



- Positive growth of most non-mining exports boosts commercial loan growth
- Stability of employment and wages has kept good momentum in the medium-high segment of banking

Total Deposits*



- Positive deposit growth, Demand deposits up 19.8%
- High liquidity in the system to fund business growth

* Demand and time deposits. Source: Superintendency of Banks of Chile. Excludes Chilean assets held abroad

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3 objectives for healthy growth / higher profitability

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

II. ...improve customer loyalty and quality of service

III. ... and managing risks and capital conservatively

Transformation
Project

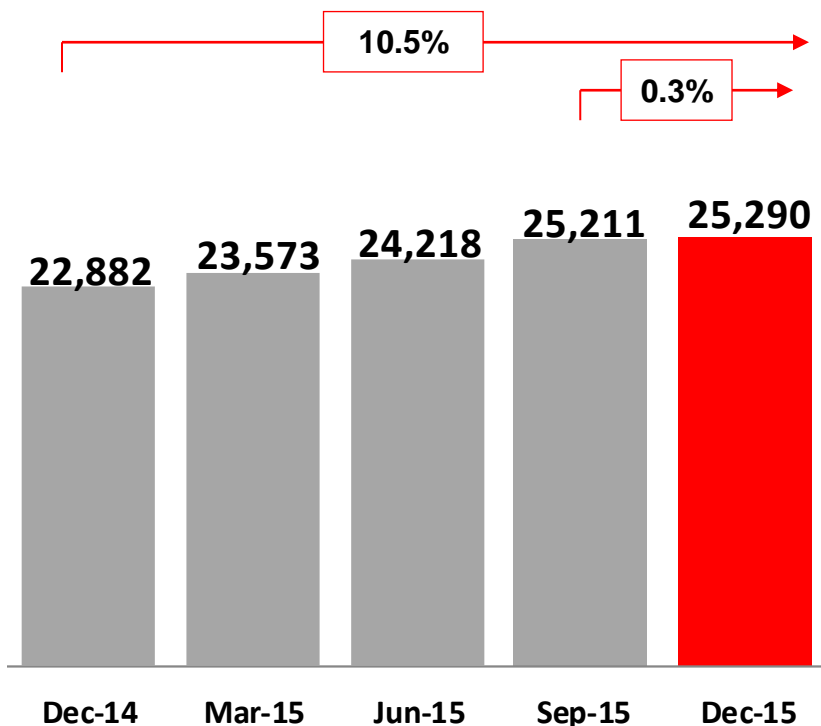
Optimizing the
risk return
relation



Loans up 10.5% YoY. Growth focused in segments with higher risk-adjusted profitability

Total Loans

Ch\$bn



Ch\$bn

	4Q'15	YoY (%)	QoQ(%)
Individuals	13,521	12.9	3.9
Consumer	4,151	5.9	2.6
Mortgage	7,813	17.8	4.9
SMEs	3,514	9.2	2.4
Middle Market	6,006	10.3	-3.5
Corporate	2,179	-1.1	-12.3
Total¹	25,290	10.5	0.3

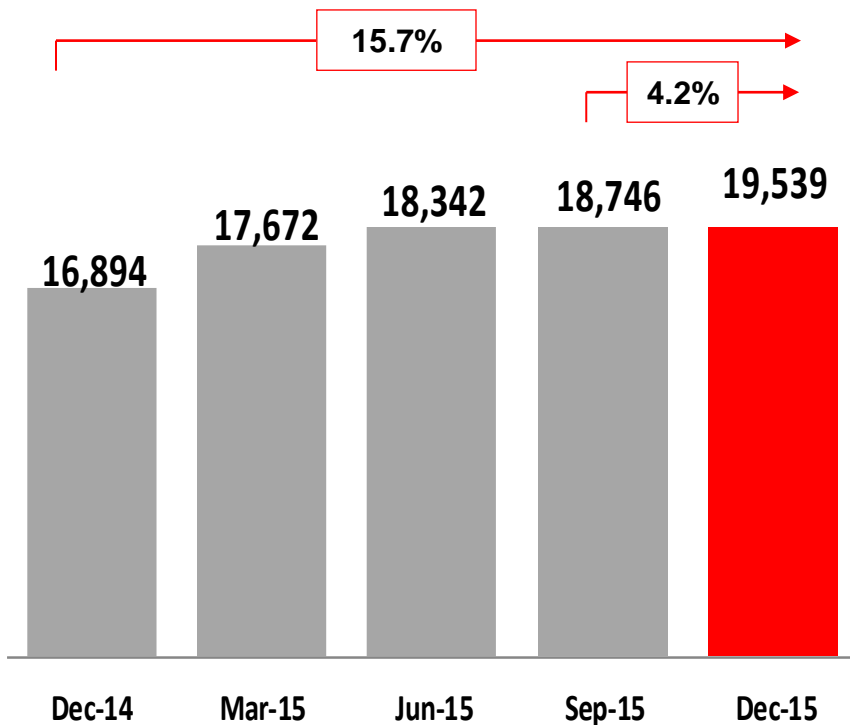
QoQ loan growth decelerates in corporates due to tighter lending spreads

1. Includes other non-segmented loans.

Total deposits increased 15.7% YoY

Total Deposits

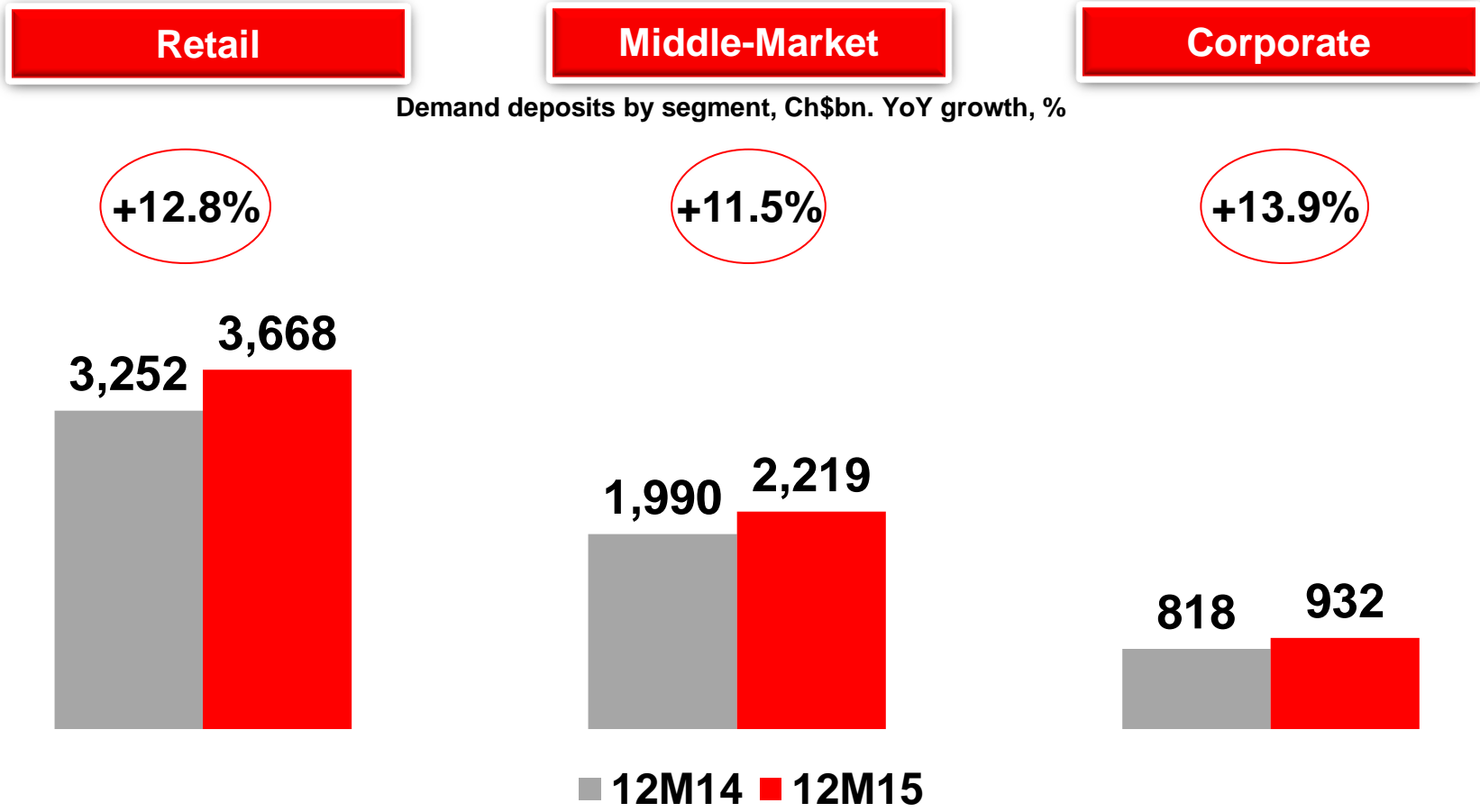
Ch\$bn



Ch\$bn	Dec'15	YoY(%)	QoQ(%)
Demand	7,356	13.5	10.7
Time	12,183	17.0	0.7
Total deposits	19,539	15.7	4.2

Solid growth of demand deposits improves funding mix

Double digit growth of demand deposits in all segments...



Solid growth of demand deposits supports steady growth of non-lending revenues

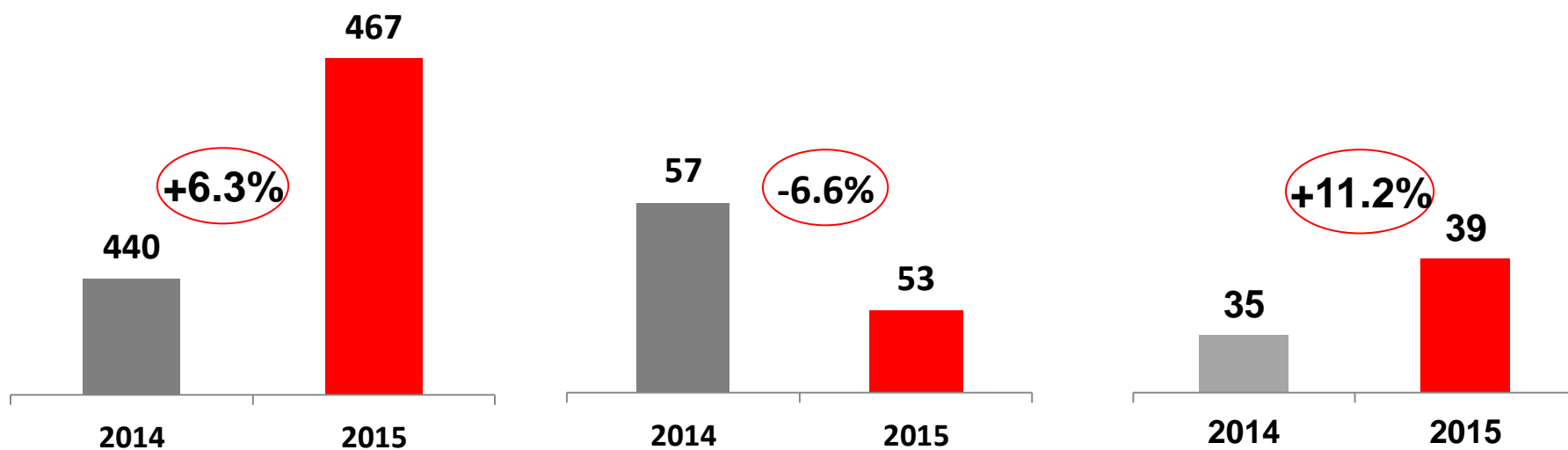
... as customer loyalty keeps growing in targeted segments

Loyal Middle + High individual customers¹

Loyal Low income clients

Loyal SME + Middle market customers²

Loyal customers, thousands

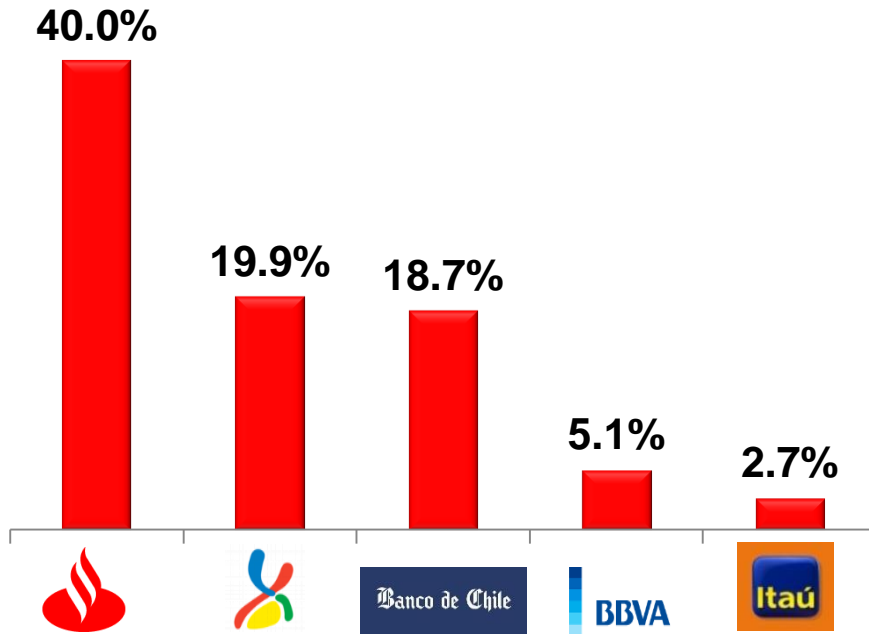


Strengths of our CRM system, improvements in service and the higher use of digital banking services increasing customer loyalty

1. Customers with 4 products plus a minimum profitability level and a minimum usage indicator all differentiated by segment. 2. Mid-market & SMEs cross-selling differentiated by client size using a point system that depends on number of products, usage of products and income net of risks.

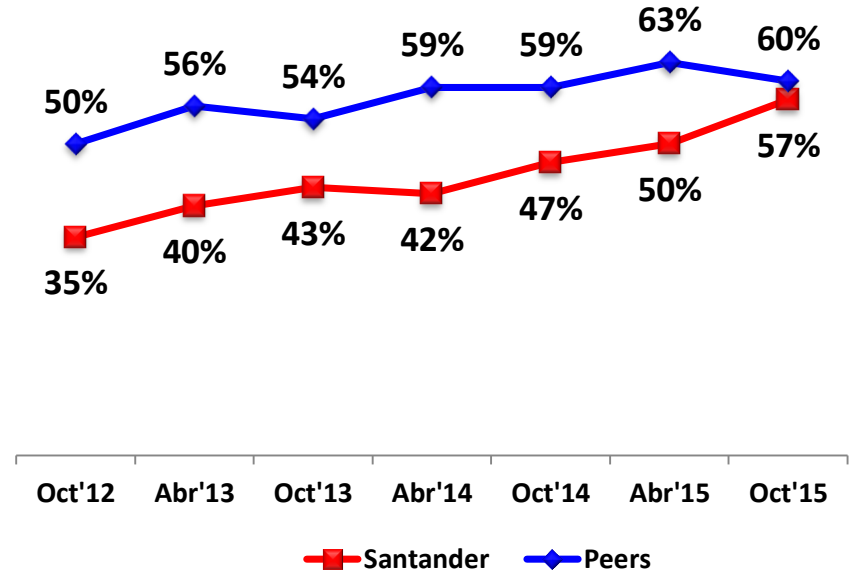
Positive results in digital banking and customer satisfaction in 2015

Internet usage (private banks)¹



Customer Satisfaction vs main peers (%)²

% of net satisfied clients

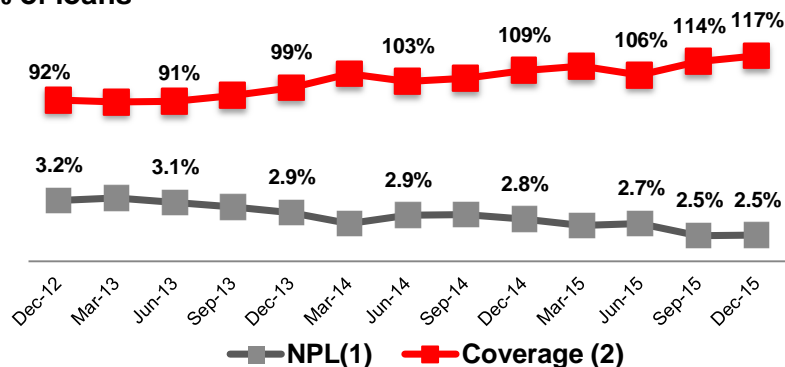


1. Market share over clients that enter a website with a passkey. Excludes Banco del Estado. Source SBIF as of Oct. 2015. 2. % of clients that rate the Bank's customer service 5-7 minus those that rate is 1-4 on a scale of 1 - 7 from 1. Source: Adimark

Stable asset quality and increased coverage of non-performing loans

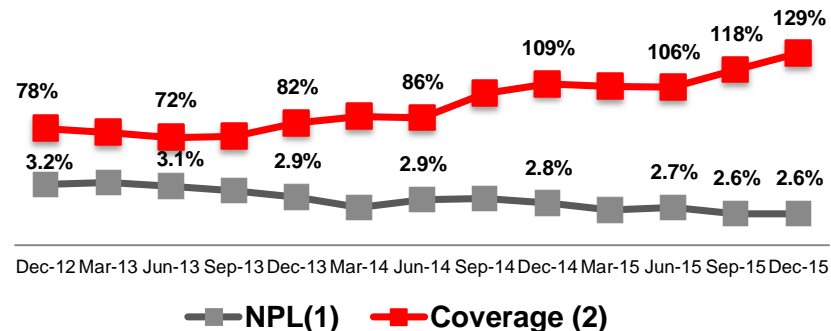
Total loans

% of loans



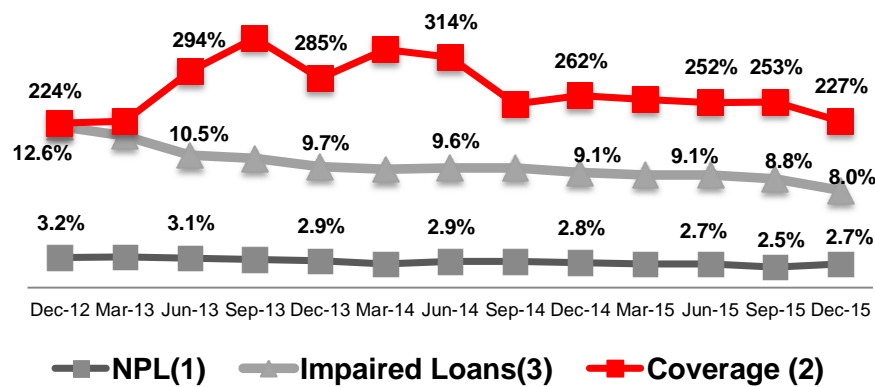
Commercial loans

% of loans



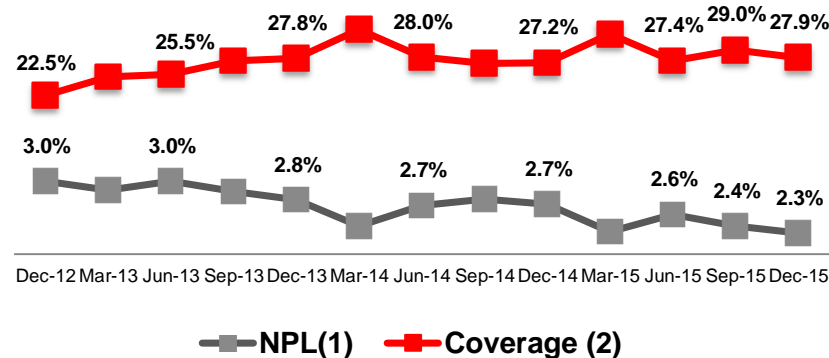
Consumer loans

% of loans



Mortgage loans

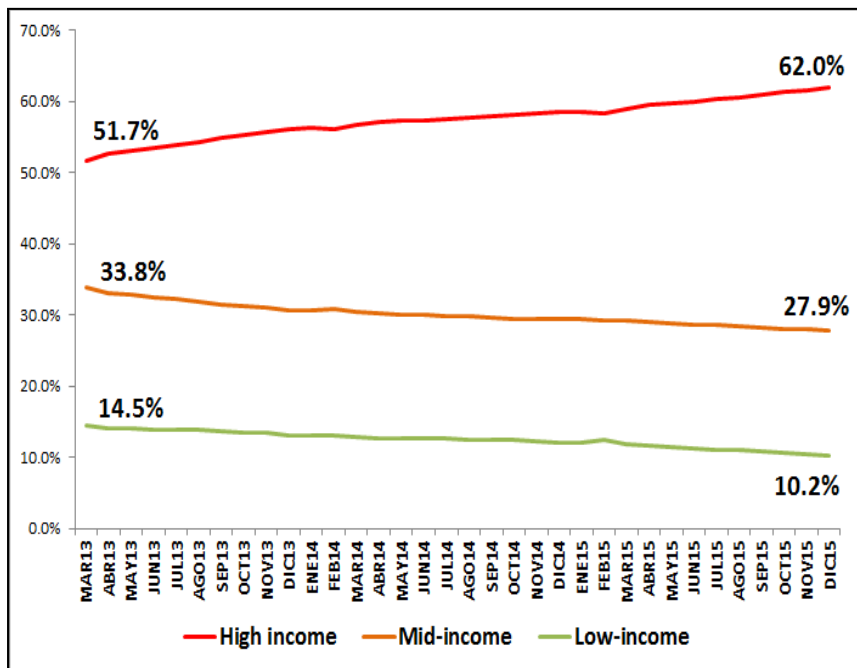
% of loans



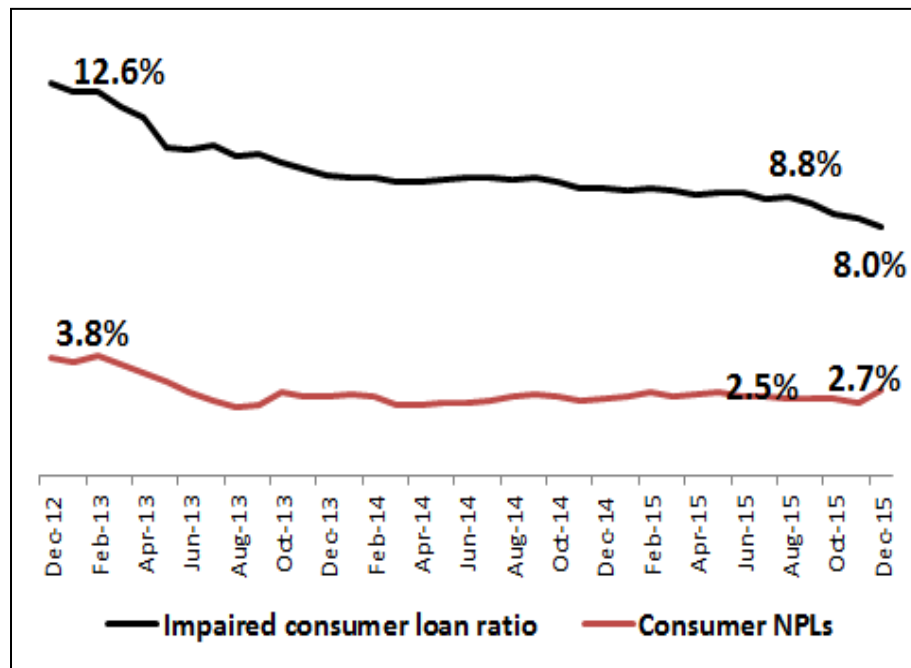
1. 90 days or more NPLs. 2. Loan loss reserves over NPLs 3. Impaired: NPL+ restructured loans

Better consumer loan mix should benefit cost of credit in 2016

Consumer loan breakdown



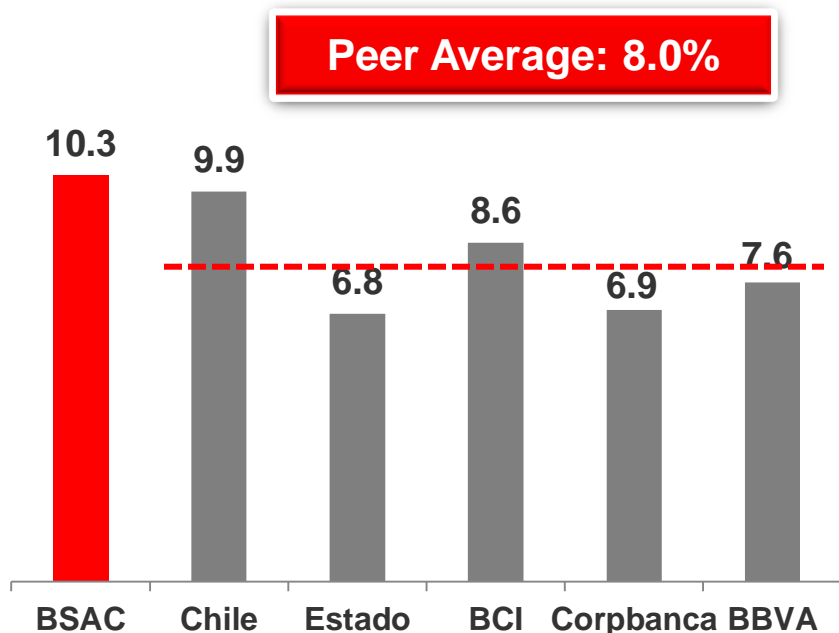
Consumer impaired and NPL ratios^{1,2}



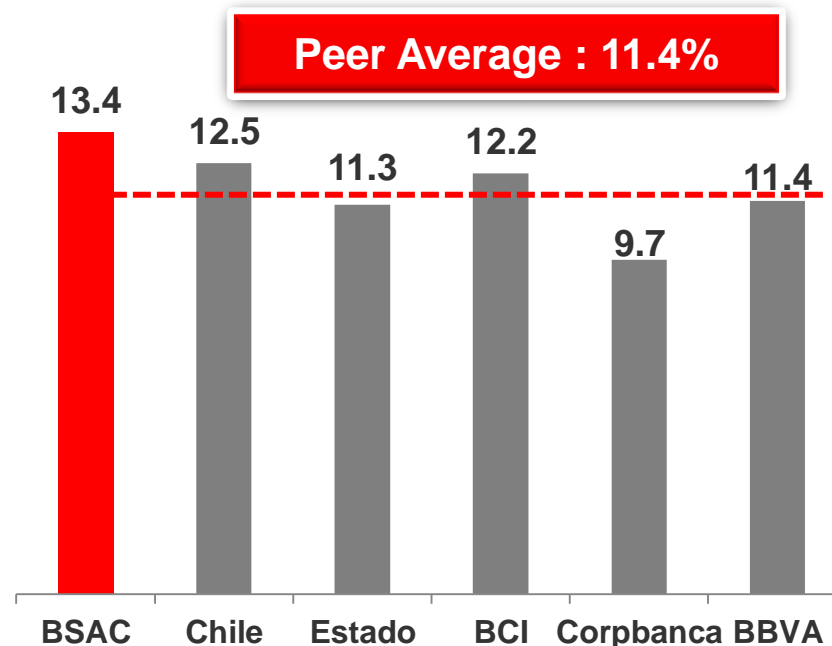
1. 90 days or more NPLs. 2. Impaired: NPL+ restructured loans

Solid capital levels for further growth

Core capital (%)¹



BIS ratio (%)²



Advanced preparation for the transition into Basel III

1. According to SBIF BIS I definitions. Figures are as of Oct. 2015, the latest date available.

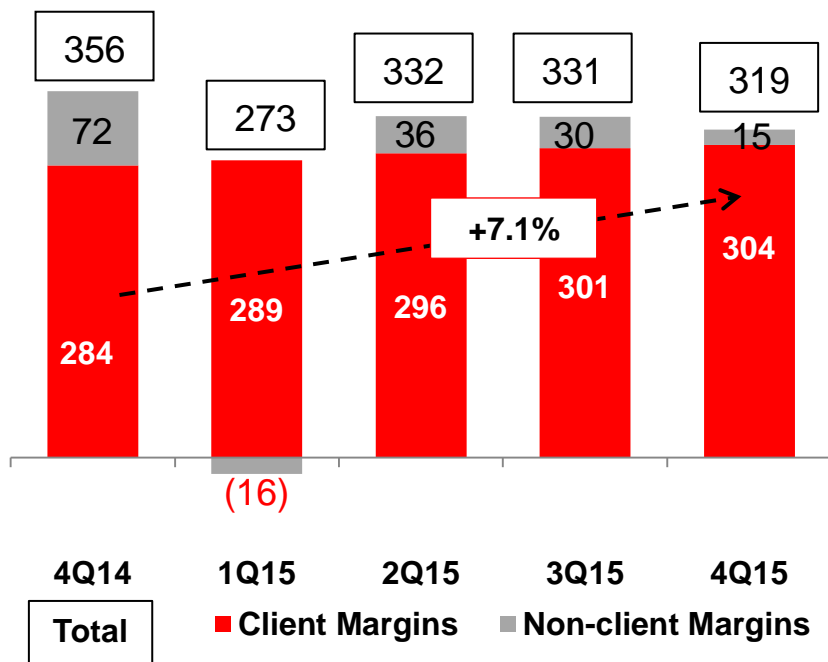
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Client net interest income increases 7.1% YoY

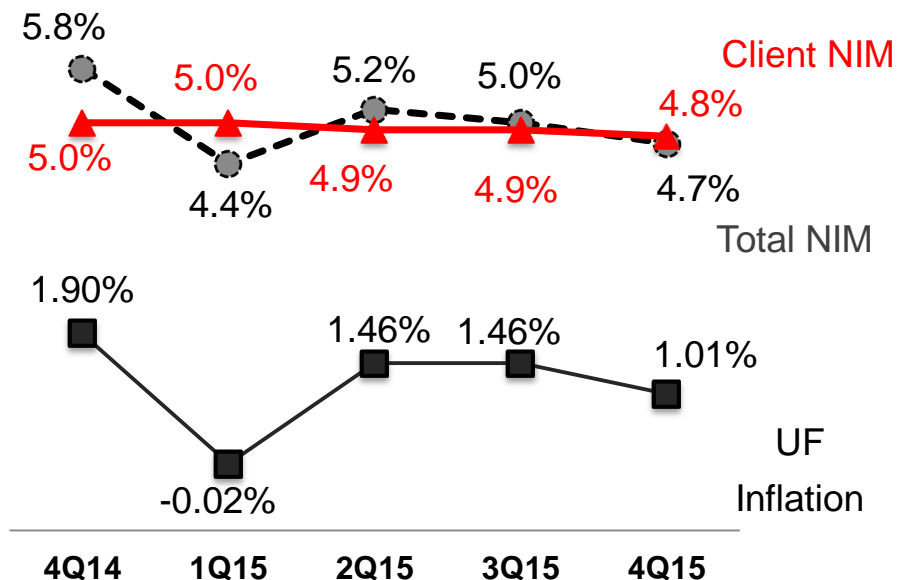
Client and total net interest income¹

Ch\$bn



NIM, client NIM and inflation

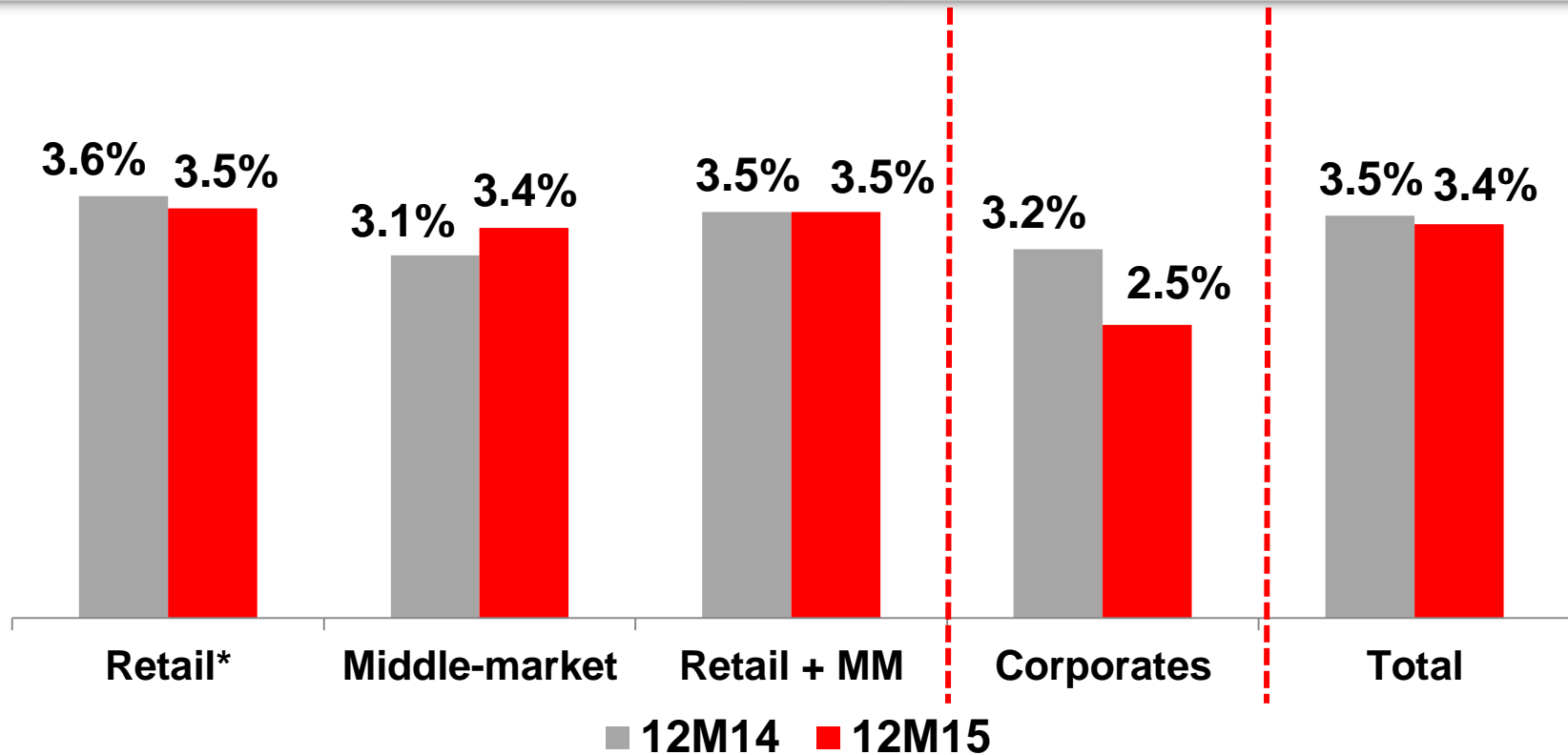
Net Interest Margin (NIM), %



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

Client NIM, net of prov. stable despite higher provisions in Corporates

Client NIM¹, net of provisions



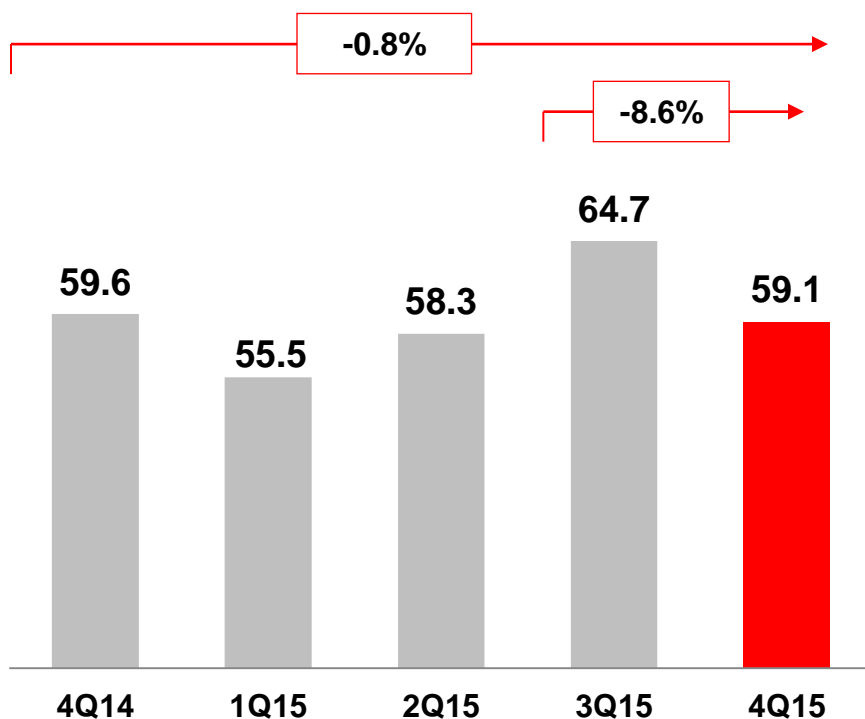
In 2016, the cost of credit should fall due to the less riskier loan mix and lower provisions in Corporate banking

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

Weaker fee income in the quarter due to market conditions

Net fee income

Ch\$bn



Fee income from business segments

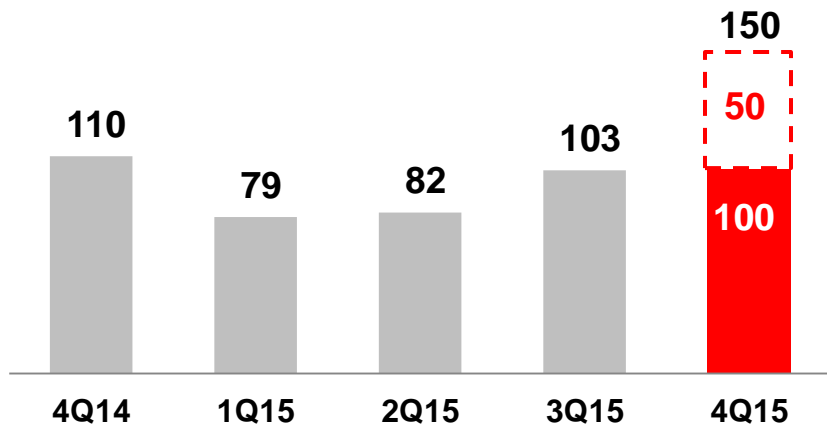
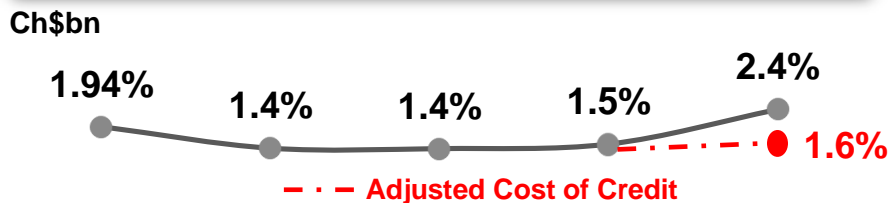
Ch\$bn

	4Q'15	YoY (%)	QoQ (%)
Retail	48.1	6.9	-6.7
Middle Market	7.1	3.7	-9.1
Corporate	3.4	-53.2	-25.9
Subtotal	58.6	-0.8	-8.3
Others	0.5	-4.6	-32.8
Total fees	59.1	-0.8	-8.6

Improvements in customer loyalty starting to benefit fee income in retail areas

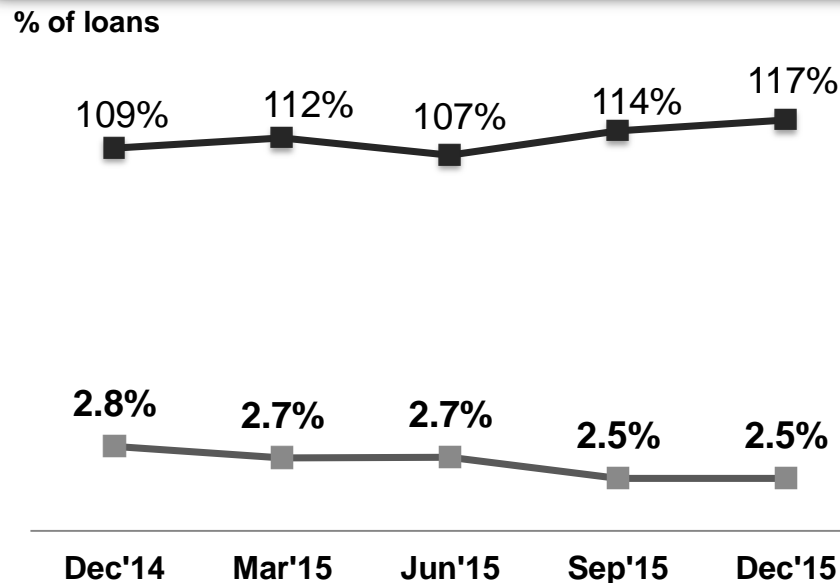
Stable asset quality metrics

Provision expense & cost of credit¹



□ One time Provision expense

NPL and coverage ratio



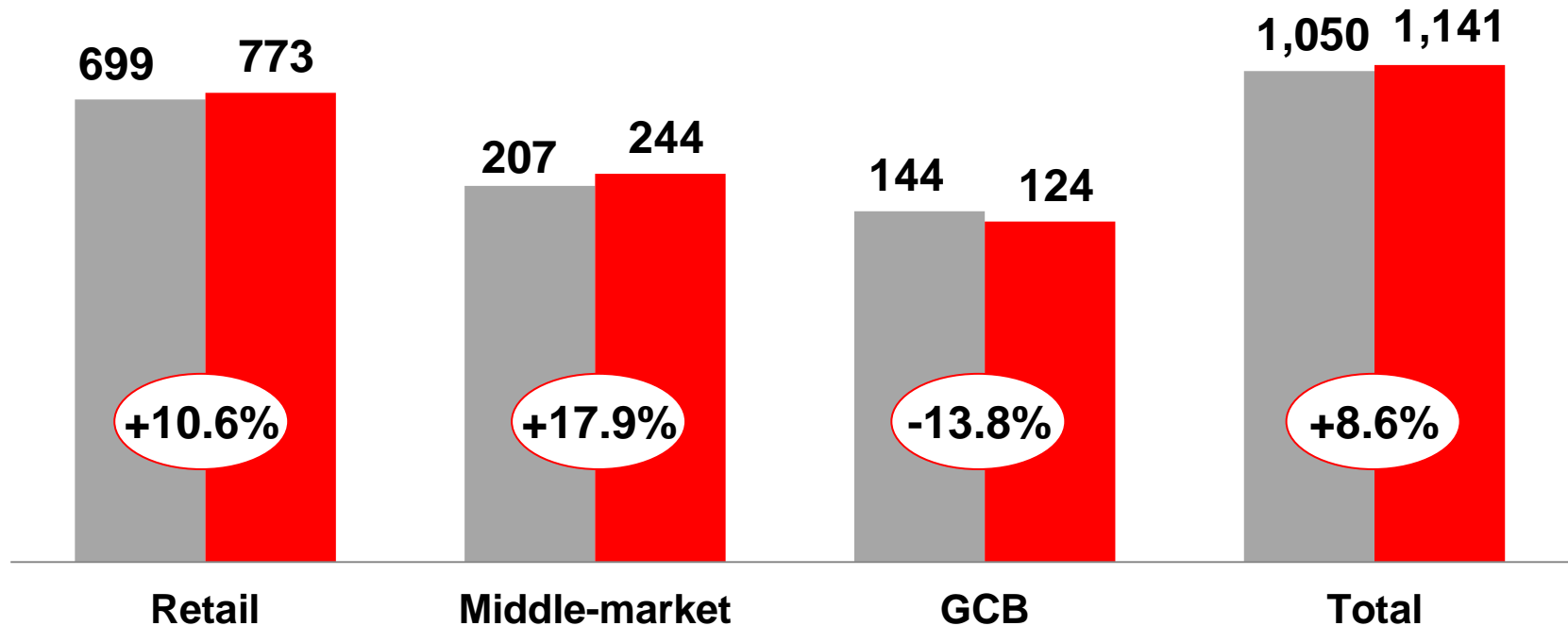
4Q15's provisions impacted by regulatory changes in provisioning models (Ch\$35bn) and strengthening corporate clients coverage (Ch\$15bn)

1. Annualized quarterly provision expense / total loans. 2. 90 days or more NPLs. 3. Loan loss reserves over NPLs. 4. Client NIMs = NI from our business segments (excludes the impacts of inflation)-provisions divided by average loans

Results from business segments reflects sound business trends

Operating profit from business segments in 2015*

Ch\$bn



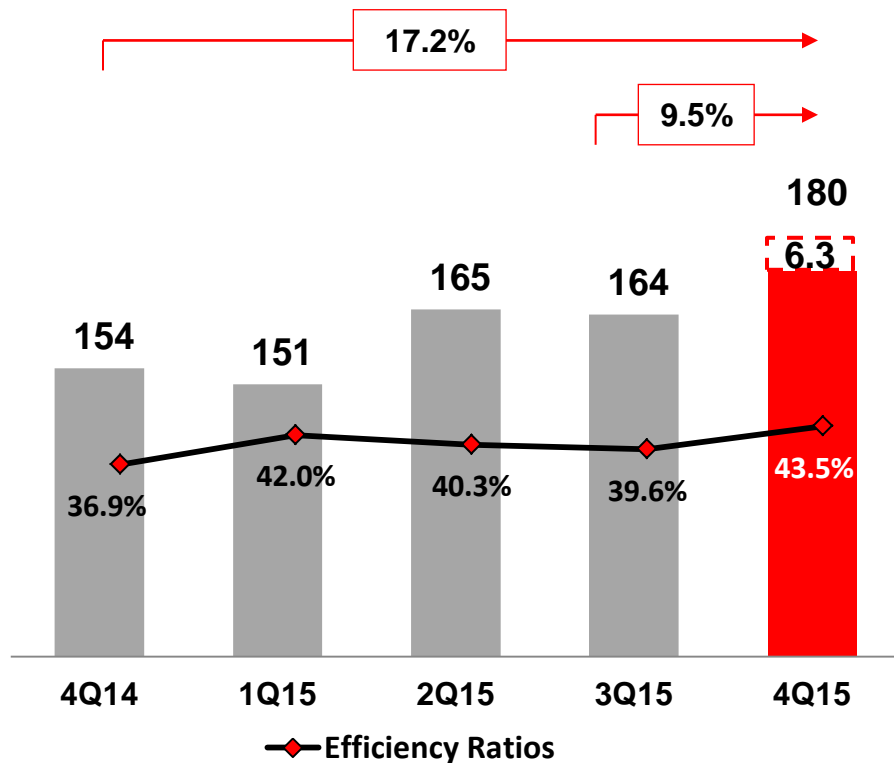
Loan and deposits growth, rebound in fees and positive evolution of credit risk drives business segments profitability

* Net operating profit from business segments: Net interest income + Net fee and commission income + total financial transactions, net - provision for loan losses. These results exclude our Corporate Activities, which include, among other items, the impact of the inflation on results

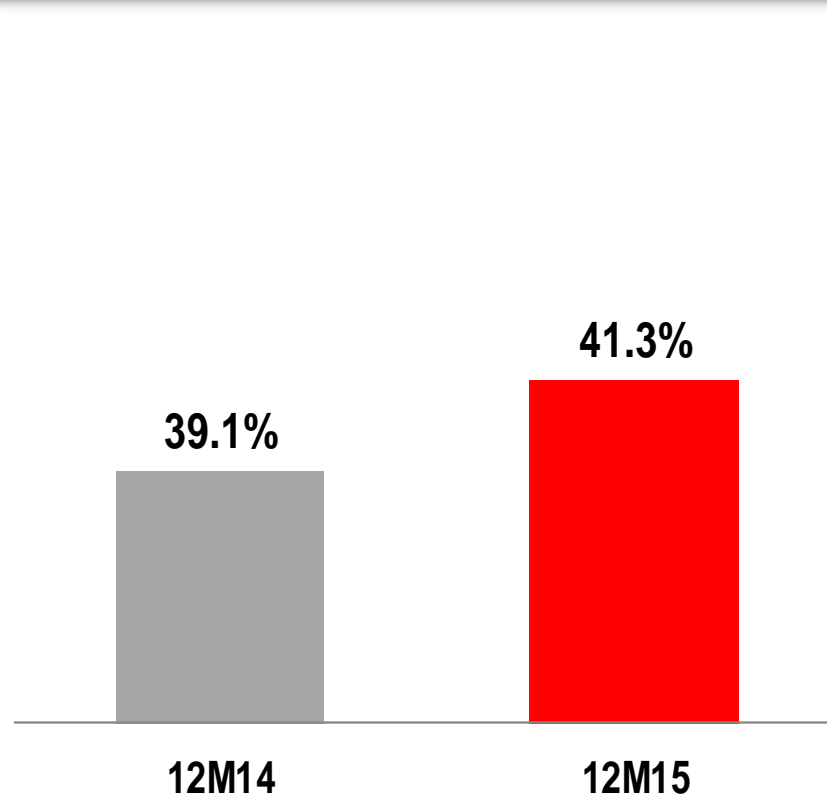
Efficiency ratio reached 41.3% in 12M15

Operating expenses

Ch\$bn



Efficiency ratio¹

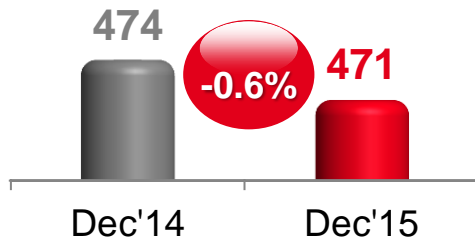


In 4Q15, the Bank recognized Ch\$6.3bn in extraordinary severance payments

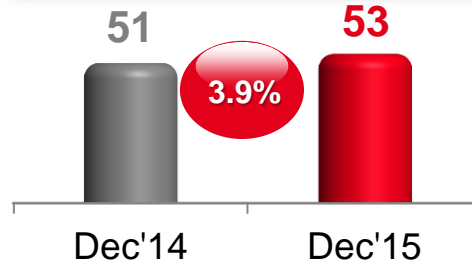
1. Efficiency ratio: oper. expenses excluding impairment / Net interest income + Fee income + Financial transactions, net and Other operating income, net

Important transformation of our branch network carried out in 2015

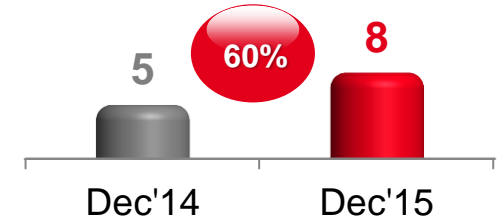
Total branches



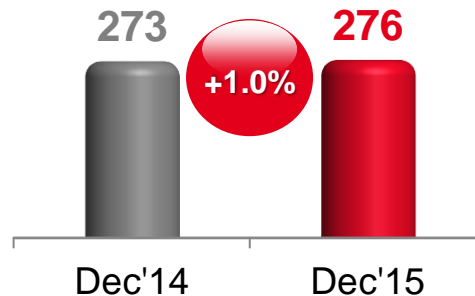
Select branches¹



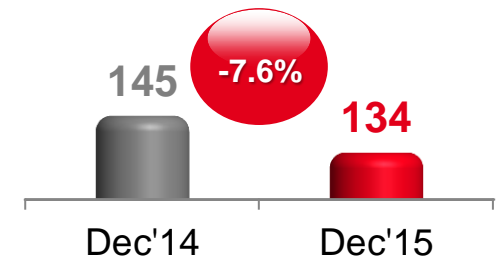
Middle-market centres



Standard branch



Banefe² & payment centres



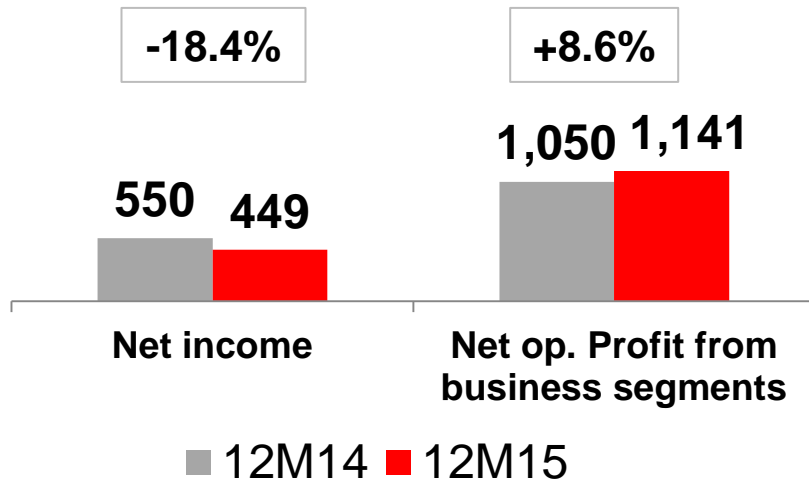
Greater focus on alternative distribution channels such as e-banking and mobile services, in line with the new digital strategy

1. Branches targeting affluent customers. 2. Branches targeting mass market.

Adjusted ROE reached 18.1% in 12M15

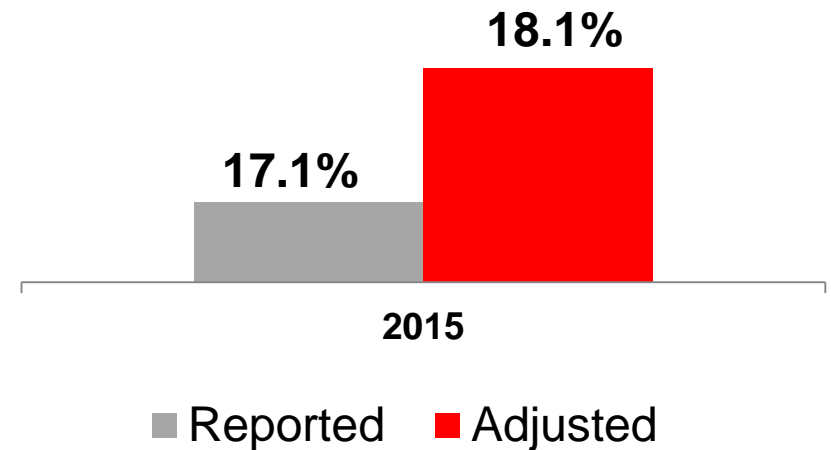
Net income and Net Operating profit¹

Ch\$bn



ROE²

%



Reported 12M15 net income impacted by lower yearly inflation, extraordinary provision expense and higher tax rate

¹ See definitions in page 22. ² Excludes pre-tax voluntary provision of Ch\$35bn for 2015

Sound outlook for Santander Chile in 2016

- **Chile: economy is expected to maintain growth levels of 2-2.3% in 2016**
- **Financial system with stable growth and risk trends**
- **Santander Chile: positive business and client profitability trends sustained in 4Q15**
 - **Loan growth up 10.5% YoY, especially in segments with higher risk-adjusted profitability**
 - **Deposits increase 15.7% YoY with double digit growth of demand deposits in all segments**
 - **Customer loyalty continues to expand in targeted segments**
 - **Coverage ratio rises to 118% / NPLs stable at 2.5% by year-end**
 - **Net operating profit from business segments up 8.6% YoY in 2015**
 - **Efficiency ratio reached 41.3% in 2015. Cost control and branch optimization plans launched**
 - **ROE reached 17.1% in 2015 (18.1% adjusted for regulatory changes)**
- **For 2016, we expect these sound business trends to continue**

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Annexes

- Balance Sheet
- Income Statement
- Quarterly Income Statement

Balance Sheet: Assets

Unaudited Balance Sheet Assets	Dec-15 US\$ths	Dec-15 Ch\$ million	Dec-14	Dec. 15 / Dec. 14 % Chg.
Cash and deposits in banks	2,917,217	2,064,806	1,608,888	28.3%
Cash items in process of collection	1,023,624	724,521	531,373	36.3%
Trading investments	458,139	324,271	774,815	(58.1%)
Investments under resale agreements	3,480	2,463	-	--%
Financial derivative contracts	4,529,424	3,205,926	2,727,563	17.5%
Interbank loans, net	15,345	10,861	11,918	(8.9%)
Loans and account receivables from customers, net	34,664,031	24,535,201	22,179,938	10.6%
Available for sale investments	2,888,402	2,044,411	1,651,598	23.8%
Held-to-maturity investments	-	-	-	--%
Investments in associates and other companies	28,693	20,309	17,914	13.4%
Intangible assets	72,248	51,137	40,983	24.8%
Property, plant and equipment	340,010	240,659	211,561	13.8%
Current taxes	-	-	2,241	--%
Deferred taxes	468,655	331,714	282,211	17.5%
Other assets	1,551,040	1,097,826	493,173	122.6%
Total Assets	48,960,307	34,654,105	30,534,176	13.5%

Balance Sheet: Liabilities & Equity

	Dec-15 US\$ths	Dec-15 Ch\$ million	Dec-14	Dec. 15 / Dec. 14 % Chg.
Liabilities				
Deposits and other demand liabilities	10,392,937	7,356,121	6,480,497	13.5%
Cash items in process of being cleared	652,949	462,157	281,259	64.3%
Obligations under repurchase agreements	203,008	143,689	392,126	(63.4%)
Time deposits and other time liabilities	17,212,160	12,182,767	10,413,940	17.0%
Financial derivatives contracts	4,044,371	2,862,606	2,561,384	11.8%
Interbank borrowings	1,847,378	1,307,574	1,231,601	6.2%
Issued debt instruments	8,416,353	5,957,095	5,785,112	3.0%
Other financial liabilities	311,567	220,527	205,125	7.5%
Current taxes	25,143	17,796	1,077	1552.4%
Deferred taxes	5,520	3,907	7,631	(48.8%)
Provisions	464,987	329,118	310,592	6.0%
Other liabilities	1,477,632	1,045,868	220,853	373.6%
Total Liabilities	45,054,005	31,889,225	27,891,197	14.3%
Equity				
Capital	1,259,258	891,303	891,303	0.0%
Reserves	2,158,651	1,527,893	1,307,761	16.8%
Valuation adjustments	1,820	1,288	25,600	(95.0%)
Retained Earnings:	443,932	314,215	385,232	(18.4%)
Retained earnings from prior years	-	-	-	--%
Income for the period	634,188	448,878	550,331	(18.4%)
Minus: Provision for mandatory dividends	(190,256)	(134,663)	(165,099)	(18.4%)
Total Shareholders' Equity	3,863,661	2,734,699	2,609,896	4.8%
Non-controlling interest	42,641	30,181	33,083	(8.8%)
Total Equity	3,906,301	2,764,880	2,642,979	4.6%
Total Liabilities and Equity	48,960,307	34,654,105	30,534,176	13.5%

Income Statement: YTD

YTD Income Statement Unaudited	Dec-15 US\$ths.	Dec-15 Ch\$ million	Dec-14	Dec. 15 / Dec.14 % Chg.
Interest income	2,947,143	2,085,988	2,227,018	(6.3%)
Interest expense	(1,173,752)	(830,782)	(909,914)	(8.7%)
Net interest income	1,773,391	1,255,206	1,317,104	(4.7%)
Fee and commission income	569,229	402,900	366,729	9.9%
Fee and commission expense	(233,502)	(165,273)	(139,446)	18.5%
Net fee and commission income	335,726	237,627	227,283	4.6%
Net income (expense) from financial operations	(646,930)	(457,897)	(151,323)	202.6%
Net foreign exchange gain	852,495	603,396	272,212	121.7%
Total financial transactions, net	205,565	145,499	120,889	20.4%
Other operating income	22,099	15,642	14,834	5.4%
Net operating profit before provisions for loan losses	2,336,782	1,653,974	1,680,110	(1.6%)
Provision for loan losses	(584,479)	(413,694)	(374,431)	10.5%
Net operating profit	1,752,303	1,240,280	1,305,679	(5.0%)
Personnel salaries and expenses	(546,854)	(387,063)	(338,888)	14.2%
Administrative expenses	(311,572)	(220,531)	(205,149)	7.5%
Depreciation and amortization	(75,747)	(53,614)	(44,172)	21.4%
Operating expenses excluding Impairment and Other operating expenses	(934,173)	(661,208)	(588,209)	12.4%
Impairment of property, plant and equipment	(30)	(21)	(36,664)	(99.9%)
Other operating expenses	(76,571)	(54,197)	(81,108)	(33.2%)
Total operating expenses	(1,010,774)	(715,426)	(705,981)	1.3%
Operating income	741,529	524,854	599,698	(12.5%)
Income from investments in associates and other companies	3,656	2,588	2,165	19.5%
Income before tax	745,185	527,442	601,863	(12.4%)
Income tax expense	(106,387)	(75,301)	(45,552)	65.3%
Net income from ordinary activities	638,798	452,141	556,311	(18.7%)
Net income discontinued operations	-	-	-	--%
Net income attributable to:				
Non-controlling interest	4,610	3,263	5,980	(45.4%)
Net income attributable to equity holders of the Bank	634,188	448,878	550,331	(18.4%)

Income Statement: Quarters

Unaudited Quarterly Income Statement	4Q15	4Q15	3Q15	4Q14	4Q15 / 4Q14	4Q15 / 3Q15
	US\$ths.		Ch\$mn		% Chg.	
Interest income	776,596	549,675	573,230	617,604	(11.0%)	(4.1%)
Interest expense	(326,369)	(231,004)	(241,847)	(261,144)	(11.5%)	(4.5%)
Net interest income	450,227	318,671	331,383	356,460	(10.6%)	(3.8%)
Fee and commission income	148,829	105,341	108,826	97,310	8.3%	(3.2%)
Fee and commission expense	(65,264)	(46,194)	(44,081)	(37,671)	22.6%	4.8%
Net fee and commission income	83,565	59,147	64,745	59,639	(0.8%)	(8.6%)
Net income (expense) from financial operations	(158,213)	(111,983)	(154,831)	(101,975)	9.8%	(27.7%)
Net foreign exchange gain	205,722	145,610	195,381	132,012	10.3%	(25.5%)
Total financial transactions, net	47,509	33,627	40,550	30,037	12.0%	(17.1%)
Other operating income	6,352	4,496	361	2,111	113.0%	1145.4%
Net operating profit before provisions for loan losses	587,653	415,941	437,039	448,247	(7.2%)	(4.8%)
Provision for loan losses	(212,287)	(150,257)	(102,619)	(109,796)	36.9%	46.4%
Net operating profit	375,366	265,684	334,420	338,451	(21.5%)	(20.6%)
Personnel salaries and expenses	(153,943)	(108,961)	(97,611)	(90,869)	19.9%	11.6%
Administrative expenses	(78,192)	(55,344)	(53,846)	(51,880)	6.7%	2.8%
Depreciation and amortization	(22,352)	(15,821)	(13,013)	(10,851)	45.8%	21.6%
Operating expenses excluding Impairment and Other operating expenses	(254,487)	(180,126)	(164,470)	(153,600)	17.3%	9.5%
Impairment of property, plant and equipment	(1)	(1)	-	(53)	(98.1%)	--%
Other operating expenses	(2,974)	(2,105)	(21,676)	(32,000)	(93.4%)	(90.3%)
Total operating expenses	(257,463)	(182,232)	(186,146)	(185,653)	(1.8%)	(2.1%)
Operating income	117,903	83,452	148,274	152,798	(45.4%)	(43.7%)
Income from investments in associates and other companies	862	610	705	826	(26.2%)	(13.5%)
Income before tax	118,765	84,062	148,979	153,624	(45.3%)	(43.6%)
Income tax expense	(6,329)	(4,480)	(17,972)	(13,262)	(66.2%)	(75.1%)
Net income from ordinary activities	112,436	79,582	131,007	140,362	(43.3%)	(39.3%)
Net income discontinued operations	-	-	-	-		
Net income attributable to:						
Non-controlling interest	(5,935)	(4,201)	1,753	1,621	--%	--%
Net income attributable to equity holders of the Bank	118,371	83,783	129,254	138,741	(39.6%)	(35.2%)



Chile