

Banco Santander Chile

Results 1Q14

Santiago, April 30, 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.

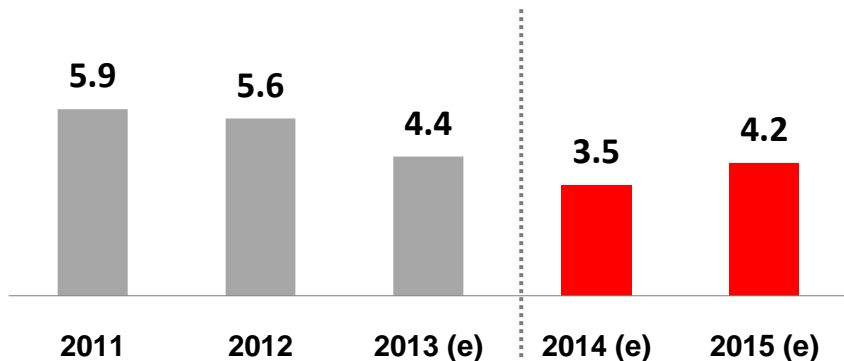
Note: the information contained in this presentation is not audited. Nevertheless, the consolidated accounts are prepared on the basis of generally accepted accounting principles. All figures presented are in nominal terms. Historical figures are not adjusted by inflation. Historical figures have been restated in accordance with the new accounting standards adopted by Chilean banks in 2009. Please note that this information is provided for comparative purposes only and that this restatement may undergo further changes during the year and, therefore, historical figures, including financial ratios, presented in this report may not be entirely comparable to future figures presented by the Bank.

Agenda

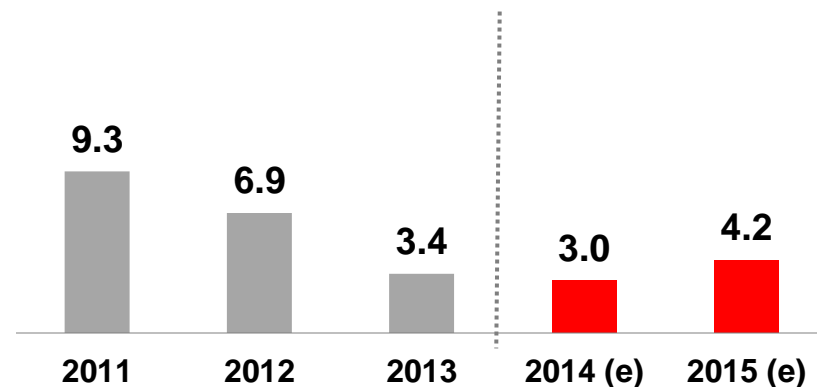
- **Macro-economic environment and financial system**
- Strategy and activity
- Results
- Annexes

Despite slight deceleration, macro environment still healthy

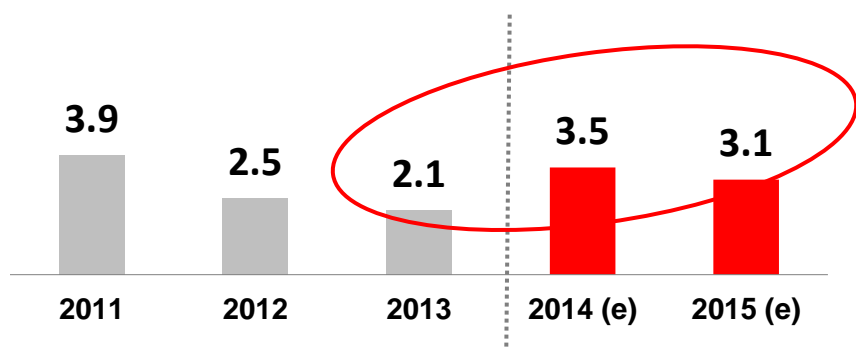
GDP (YoY growth, %)



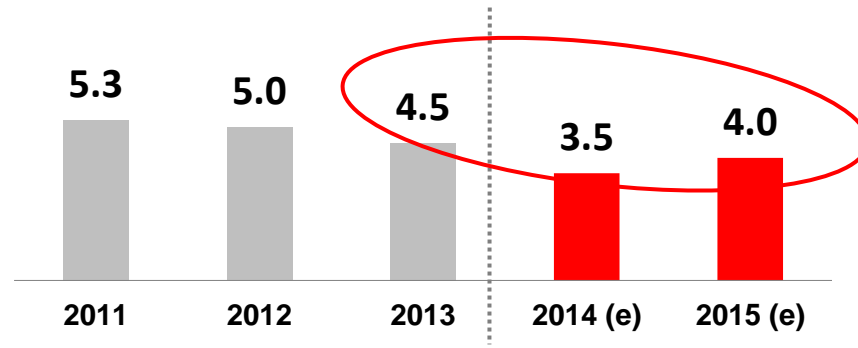
Internal Demand (YoY growth, %)



Inflation (YoY var. of UF, %)*



Central Bank Reference rate (%)



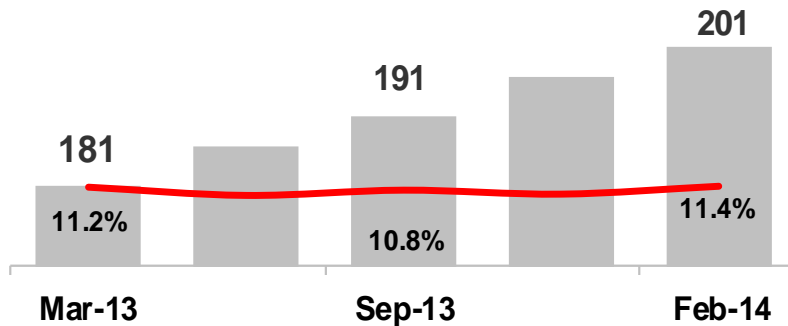
* Inflation measured by the annual change in the Unidad de Fomento (UF).

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

Financial system with stable growth trends

Total Loans

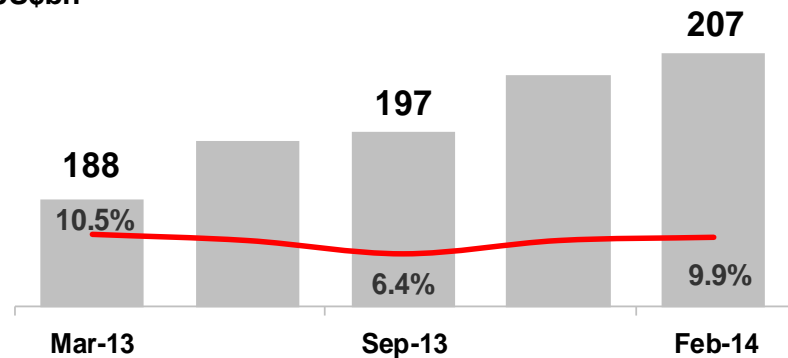
US\$bn*



- Stable loan growth in 2014
- Loan growth less affected by lower investment as slowdown concentrated in reconstruction / large mining projects with little bank financing

Total Customer Funds**

US\$bn*



- Deposit growth remains healthy
- Financial system gross operating income up 24.7% YoY as of February 2014

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

** Demand and time deposits + mutual funds

Agenda

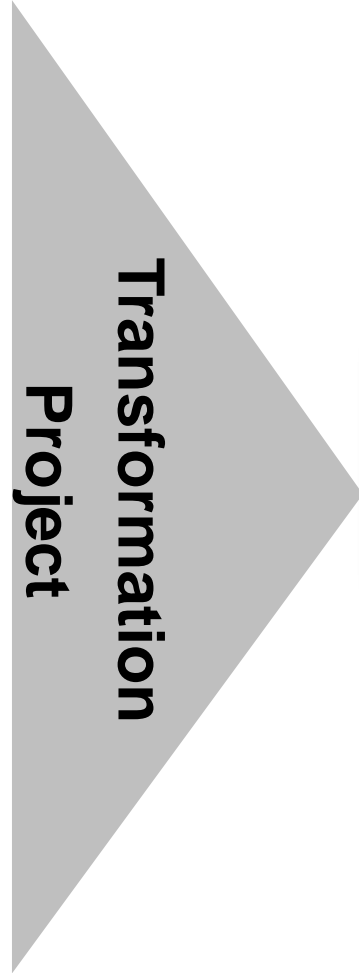
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3 objectives for healthy growth / higher profitability

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

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

III. ... and managing risks conservatively

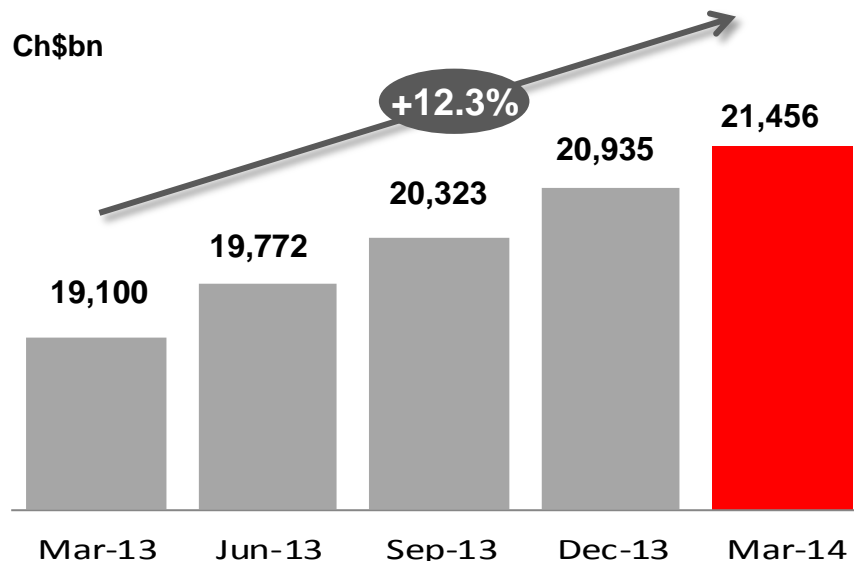


Optimizing the risk return relation



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

Total Loans



Ch\$bn

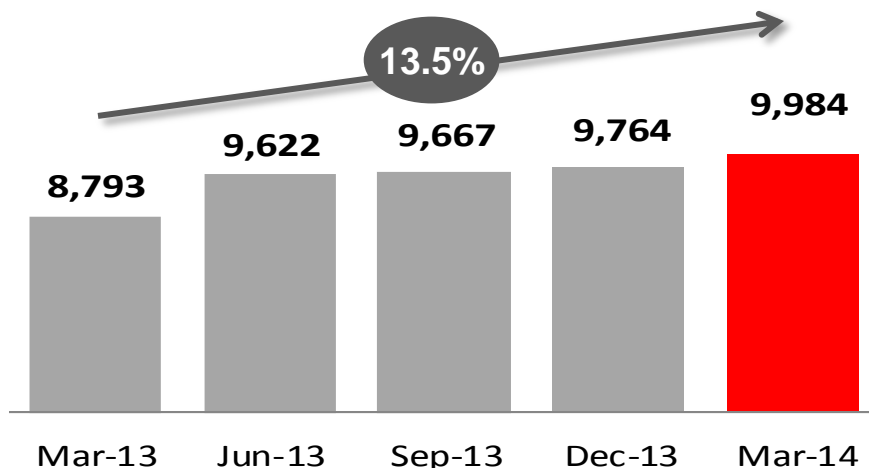
	3M'14	YoY	QoQ
Individuals	10,828	11.4%	3.7%
– Consumer	3,696	16.8%	2.5%
– Mortgage	5,841	10.0%	3.8%
SMEs	3,289	10.9%	2.9%
Middle-Market	5,117	10.7%	1.7%
Corporate	2,169	15.4%	(2.3%)

Total loans	21,456	12.3%	2.5%
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... and improving funding mix, with strong growth of retail deposits

Retail Deposits*

Ch\$bn



Ch\$bn	3M'14	YoY	QoQ
Demand	5,610	13.0%	-0.2%
Time	9,640	5.3%	-0.4%
Total deposits	15,251	8.1%	-0.3%

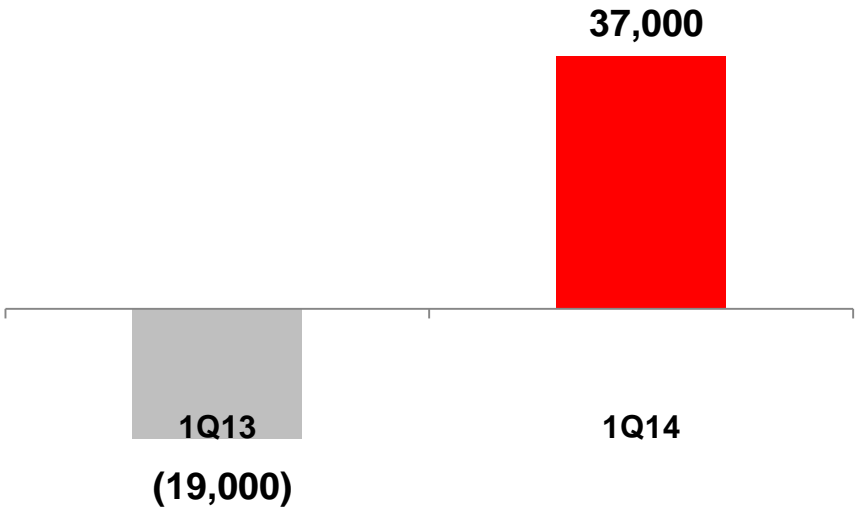
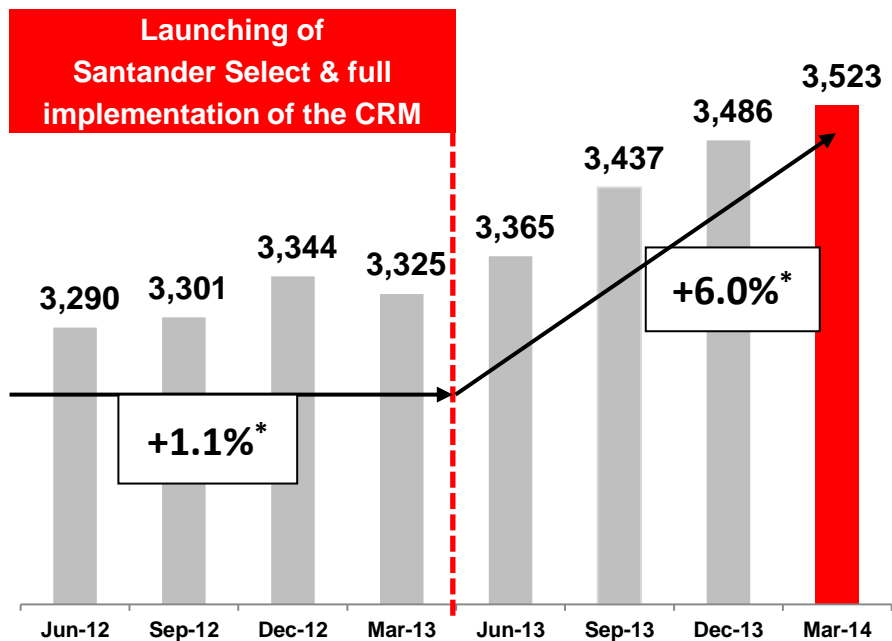
Transformation Project is boosting commercial activity

* Deposits from individuals, SMEs and the Middle-market

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

Total Clients (ths.)

New clients (net)

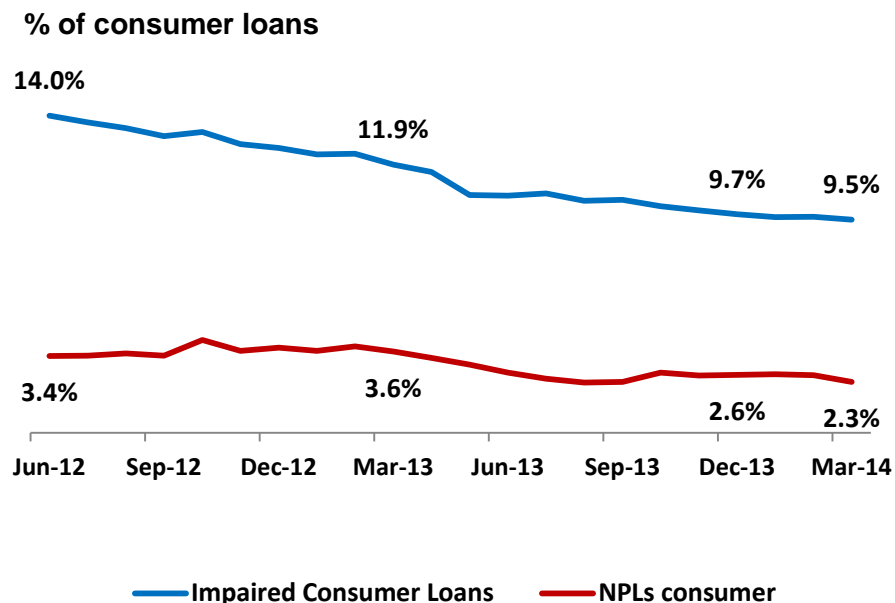


Client base growth should help to drive fee growth

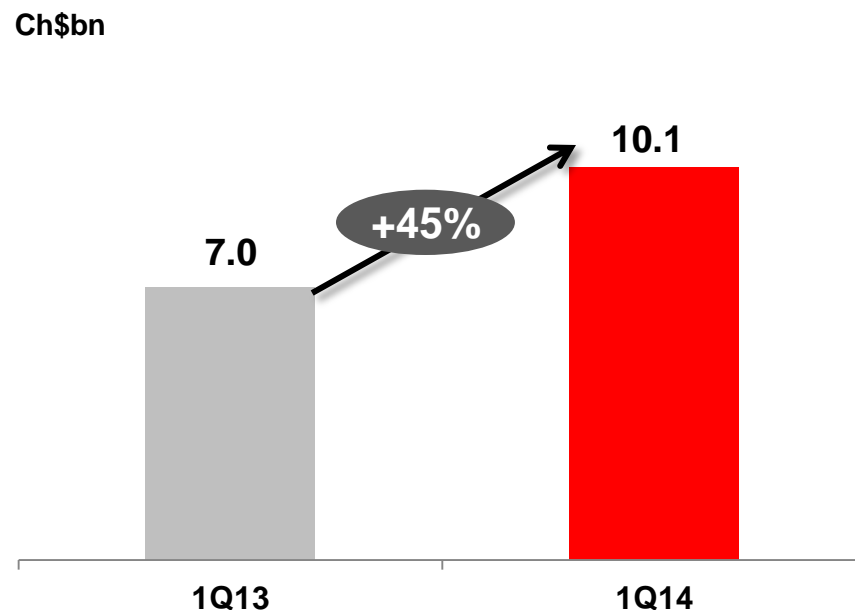
* Annualized rates

Steady improvement in asset quality indicators

Impaired + NP consumer loans



Consumer loan recoveries

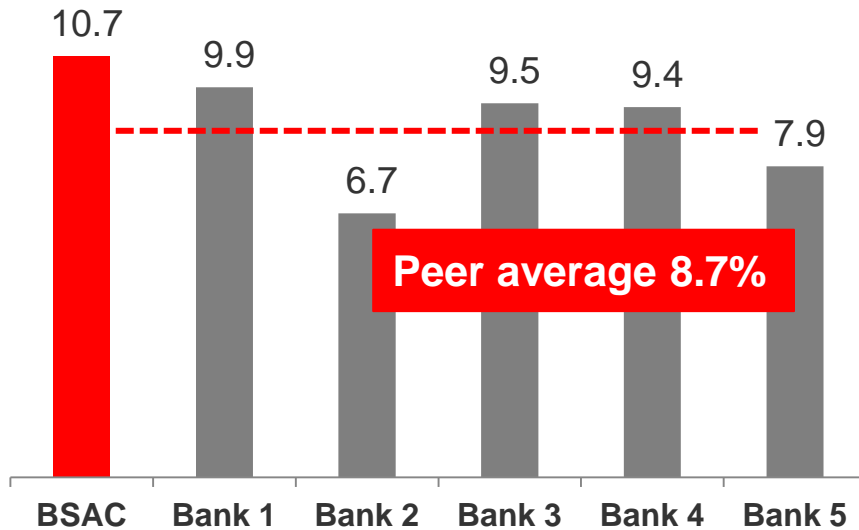


Risk reduction in consumer loans also reflects: (i) the portfolio mix change, (ii) improvements in risk models, (iii) origination focusing on pre-approved loans, and (iv) improvements in collection efforts

Optimizing the risk-return relation

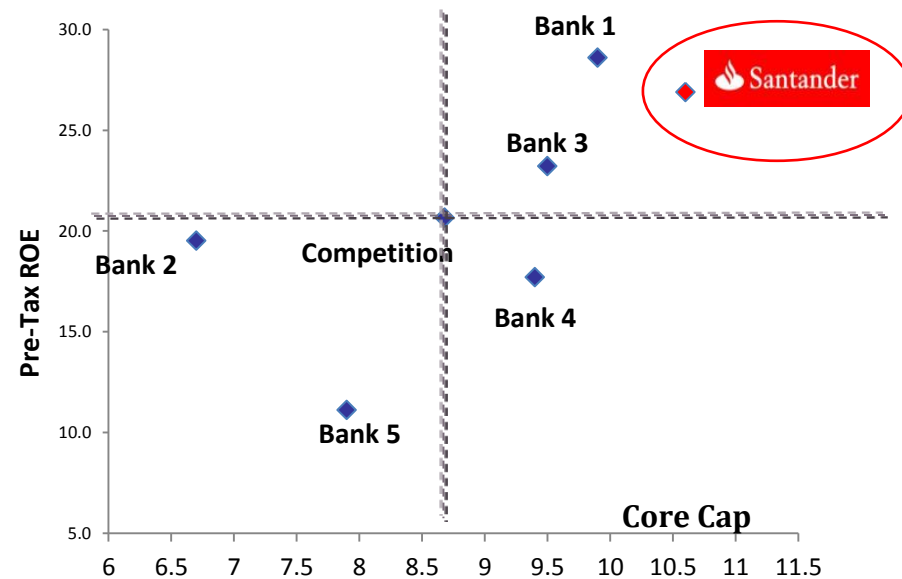
High capital base*

Core Capital ratios, %



Solid risk-return ratio

Pre-tax ROE & Core Capital ratios*, %



Dividend yield = 4.1%
Dividend up 13.8% in 2014

One of the highest credit risk ratings in the banking world

* As of Dec. 2013 for Competition (Financial System ex-Santander) and as of March 2014 for Santander Chile. ROEs as of Feb. 2014. Source: SBIF

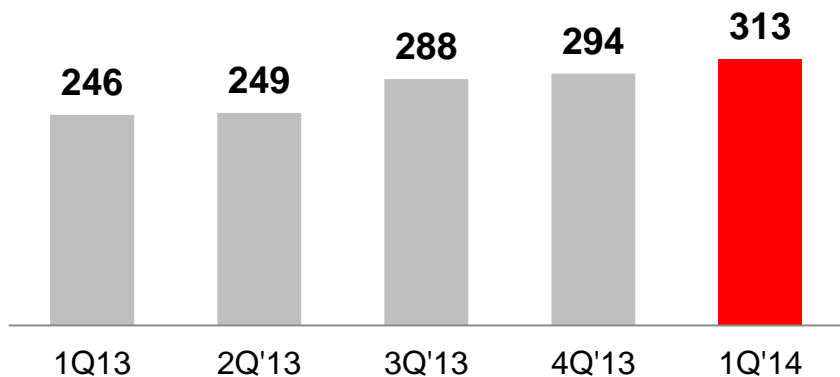
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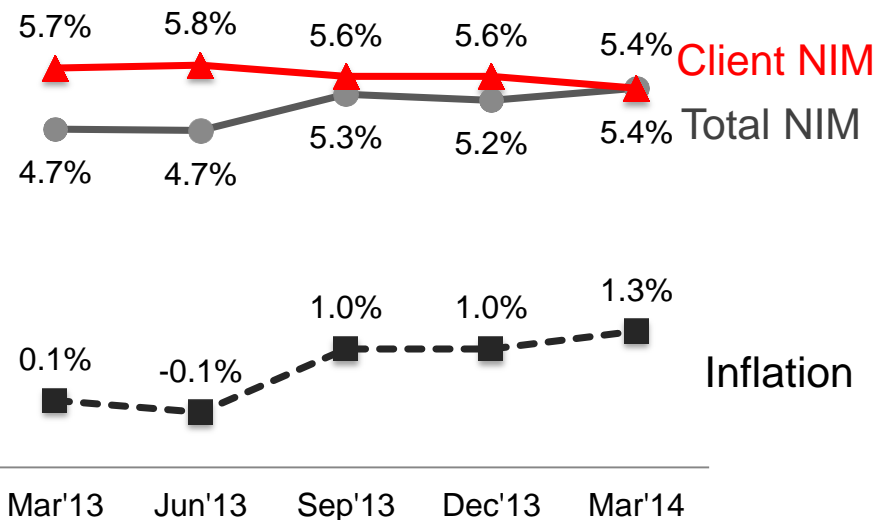
NIM trending up due to better funding mix and higher inflation

Net interest income

Ch\$bn

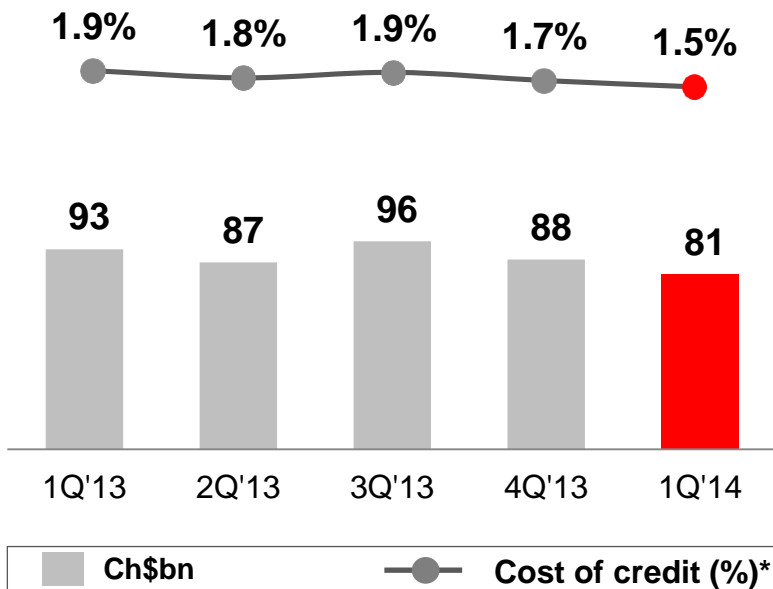


NIM, client NIM and inflation



Sustained improvement of most asset quality metrics

Provision expense & cost of credit

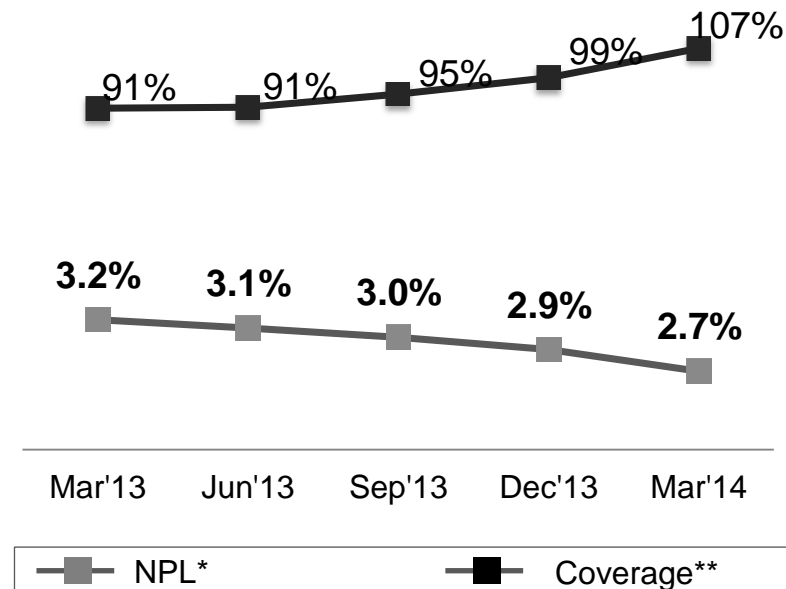


Cost of credit declines to 1.5% in quarter

* Annualized quarterly provision expense / total loans

NPL and coverage ratio

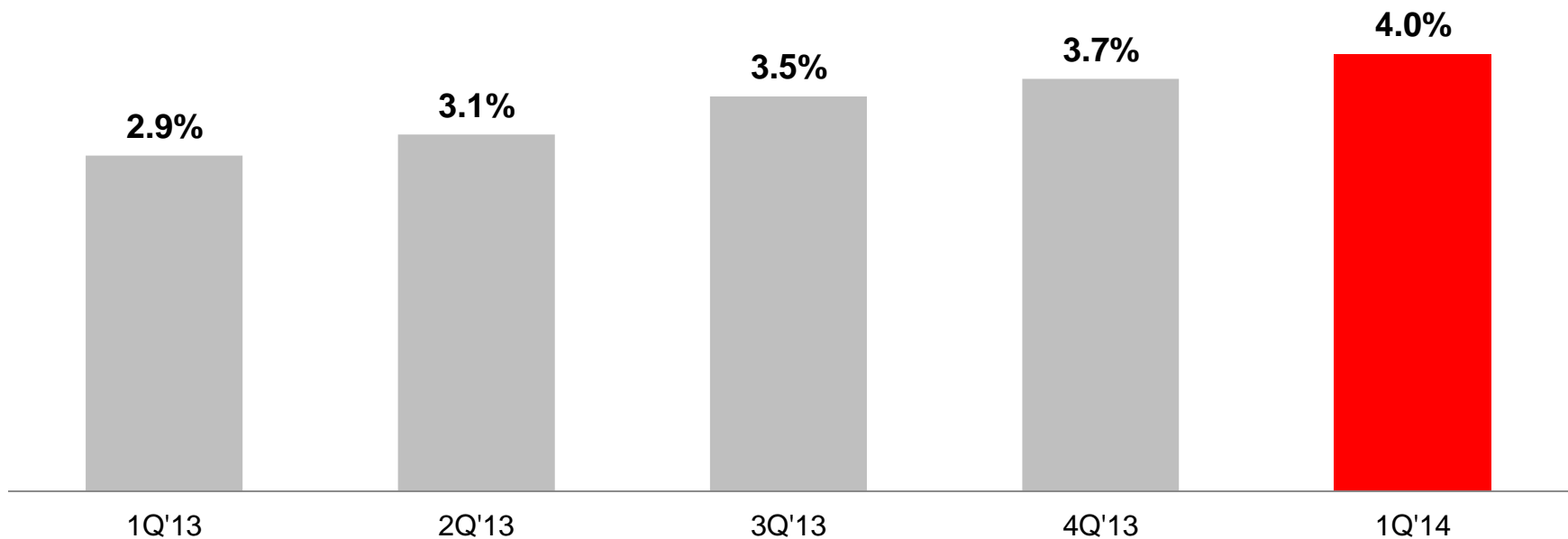
% of loans



NPLs at 2.7%. Coverage at 107%

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

NIM, net of provisions, is steadily rising

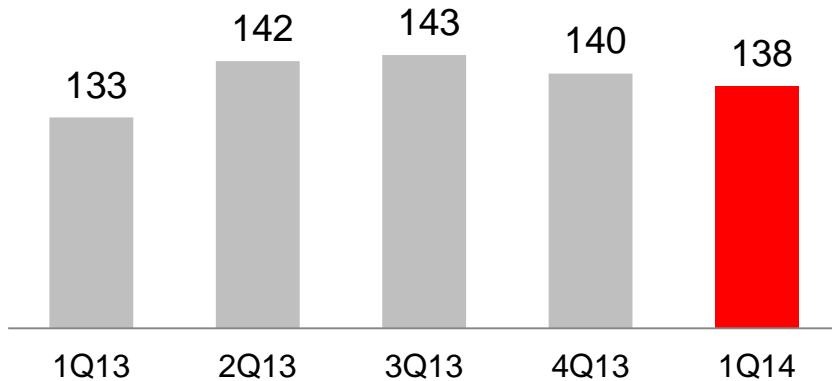


The Bank's focus is to maximize spreads net of provisions, gaining market share in segments with higher risk-adjusted contribution

Transformation Project enhancing productivity

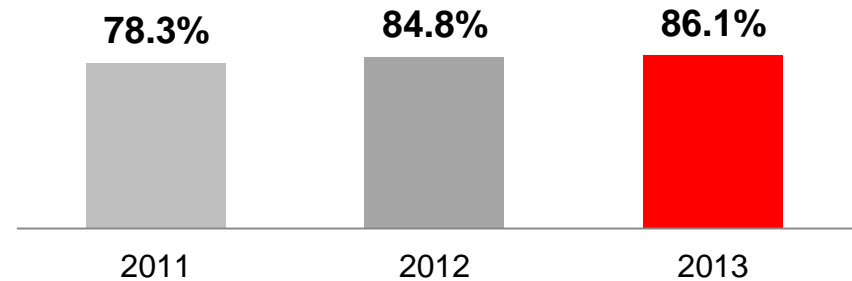
Operating expenses

Ch\$bn



Transactions using complimentary channels

% of transactions through Internet, Phone, Mobile, Automatic Bill Payments and POS

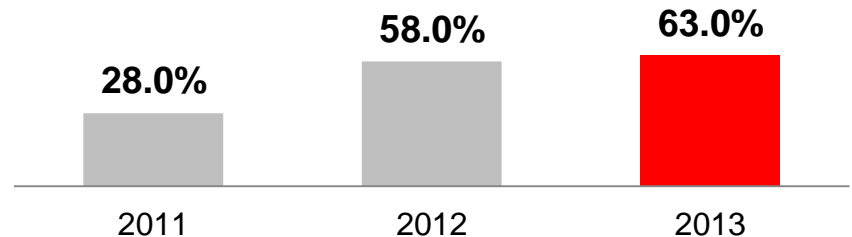


Network

	1Q'13	1Q'14	%
▪ Branches	497	484	-2.6%
--Traditional	360	366	1.7%
--Select	44	44	0.0%
--Banefe	93	74	-20.4%
▪ Employees	11,679	11,455	-1.9%

Pre-approved consumer loans

% of pre-approved consumer loans over total consumer loans

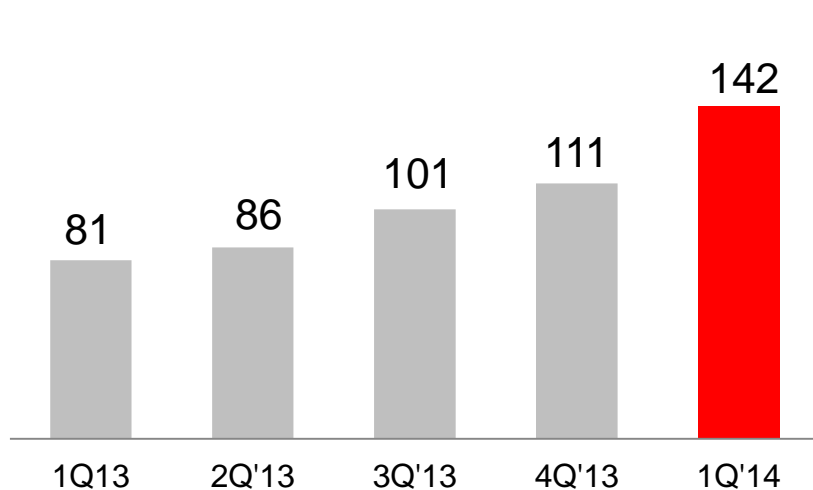


Efficiency ratio improves to 35.6% in 1Q14

Net income up 27.9% QoQ and 75.4% YoY

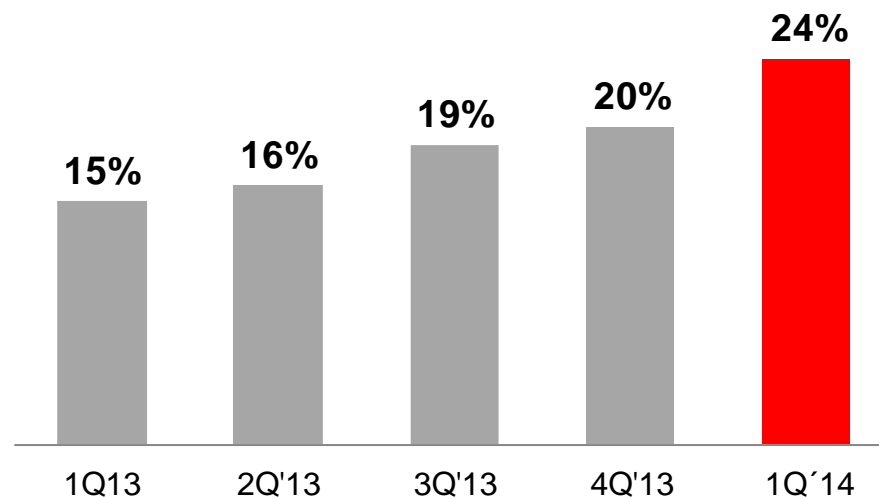
Net income*

Ch\$bn



ROE*

%



ROE reaches 23.9% in 1Q14

* Excludes gain from the sale of Santander Asset Management in 4Q13

Sound outlook for 2014

- **Chile: Economy on track, but a slight slowdown is expected in 2014**
- **Financial system continues to show healthy growth rates**
- **Santander Chile: 1Q14 Net income up 27.9% QoQ and 75.4% YoY. ROE at 23.9%**
 - **Transformation Project is boosting commercial activity:**
 - **Loan growth accelerates to 12.3% YoY, especially in segments with higher risk-adjusted contribution**
 - **Improving funding mix. 13.5% YoY growth of retail deposits**
 - **High Core Capital ratio: 10.7%**
 - **NIM, net of provisions, rises to 4.0% (+110 bp YoY). Gross NIM trending up due to better funding mix and higher inflation, while cost of credit declines to 1.5%**
 - **Fees still affected by regulatory changes. Client base continues growing steadily**
 - **Transformation Project enhancing productivity: efficiency ratio at 35.6%**

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Annexes

- Balance Sheet
- Income Statement
- Quarterly Income Statement

Balance Sheet: Assets

Unaudited Balance Sheet Assets	Mar-14 US\$ths	Mar-14 Ch\$ million	Dec-13	Mar. 14 / 13 % Chg.
Cash and balances from Central Bank	2,446,052	1,344,228	1,571,810	(14.5%)
Funds to be cleared	1,347,735	740,648	604,077	22.6%
Financial assets held for trading	772,865	424,728	287,567	47.7%
Investment collateral under agreements to repurchase	-	-	17,469	--%
Derivatives	3,531,682	1,940,836	1,494,018	29.9%
Interbank loans	7,745	4,256	125,395	(96.6%)
Loans, net of loan loss allowances	37,902,680	20,829,418	20,327,021	2.5%
Available-for-sale financial assets	3,356,444	1,844,534	1,700,993	8.4%
Held-to-maturity investments	-	-	-	--%
Investments in other companies	18,133	9,965	9,681	2.9%
Intangible assets	112,610	61,885	66,703	(7.2%)
Fixed assets	322,193	177,061	180,215	(1.8%)
Current tax assets	3,807	2,092	1,643	27.3%
Deferred tax assets	348,416	191,472	230,215	(16.8%)
Other assets	612,871	336,803	400,025	(15.8%)
Total Assets	50,783,234	27,907,926	27,016,832	3.3%

Balance Sheet: Liabilities

	Mar-14 US\$ths	Mar-14 Ch\$ million	Dec-13	Mar. 14 / 13 % Chg.
Liabilities and Equity				
Demand deposits	10,209,031	5,610,373	5,620,763	(0.2%)
Funds to be cleared	774,157	425,438	276,379	53.9%
Investments sold under agreements to repurchase	352,629	193,787	208,972	(7.3%)
Time deposits and savings accounts	17,542,719	9,640,601	9,675,272	(0.4%)
Derivatives	3,136,837	1,723,849	1,300,109	32.6%
Deposits from credit institutions	3,384,038	1,859,698	1,682,377	10.5%
Marketable debt securities	9,288,871	5,104,699	5,198,658	(1.8%)
Other obligations	365,827	201,040	189,781	5.9%
Current tax liabilities	34,659	19,047	50,242	(62.1%)
Deferred tax liability	38,477	21,145	25,088	(15.7%)
Provisions	493,607	271,262	236,232	14.8%
Other liabilities	697,438	383,277	198,777	92.8%
Total Liabilities	46,318,290	25,454,216	24,662,650	3.2%
Equity				
Capital	1,621,878	891,303	891,303	0.0%
Reserves	2,058,031	1,130,991	1,130,991	0.0%
Unrealized gain (loss) Available-for-sale financial assets	(11,044)	(6,069)	(5,964)	1.8%
Retained Earnings:	743,587	408,638	309,348	32.1%
Retained earnings previous periods	804,160	441,926	-	--%
Net income	258,108	141,843	441,926	(67.9%)
Provision for mandatory dividend	(318,681)	(175,131)	(132,578)	32.1%
Total Shareholders' Equity	4,412,452	2,424,863	2,325,678	4.3%
Minority Interest	52,492	28,847	28,504	1.2%
Total Equity	4,464,944	2,453,710	2,354,182	4.2%
Total Liabilities and Equity	50,783,234	27,907,926	27,016,832	3.3%

Income Statement

Unaudited Quarterly Income Statement

	1Q14	1Q14	4Q13	1Q13	1Q14 / 1Q13	1Q14 / 4Q13
	US\$ths.		Ch\$mn		% Chg.	
Interest income	984,273	540,907	515,130	425,797	27.0%	5.0%
Interest expense	(413,819)	(227,414)	(221,121)	(179,316)	26.8%	2.8%
Net interest income	570,454	313,493	294,009	246,481	27.2%	6.6%
Fee and commission income	165,010	90,681	87,979	87,540	3.6%	3.1%
Fee and commission expense	(63,537)	(34,917)	(31,839)	(26,919)	29.7%	9.7%
Net fee and commission income	101,472	55,764	56,140	60,621	-8.0%	-0.7%
Net income from financial operations	53,757	29,542	(82,592)	(16,873)	-275.1%	-135.8%
Foreign exchange profit (loss), net	6,241	3,430	115,575	39,135	-91.2%	-97.0%
Total financial transactions, net	59,998	32,972	32,983	22,262	48.1%	0.0%
Other operating income	10,026	5,510	4,639	4,569	20.6%	18.8%
Total operating income	741,951	407,739	387,771	333,933	22.1%	5.1%
Provision for loan losses	(147,819)	(81,234)	(88,039)	(92,858)	-12.5%	-7.7%
Net operating profit	594,132	326,505	299,732	241,075	35.4%	8.9%
Personnel salaries and expenses	(135,869)	(74,667)	(78,433)	(71,533)	4.4%	-4.8%
Administrative expenses	(89,941)	(49,427)	(47,024)	(45,860)	7.8%	5.1%
Depreciation and amortization	(24,506)	(13,467)	(14,448)	(15,653)	-14.0%	-6.8%
Impairment	(24)	(13)	(31)	(27)	-51.9%	-58.1%
Operating expenses	(250,339)	(137,574)	(139,936)	(133,073)	3.4%	-1.7%
Other operating expenses	(37,993)	(20,879)	(21,216)	(12,802)	63.1%	-1.6%
Total operating expenses	(288,332)	(158,453)	(161,152)	(145,875)	8.6%	-1.7%
Operating income	305,799	168,052	138,580	95,200	76.5%	21.3%
Income from investments in other companies	522	287	78,050	482	-40.5%	-99.6%
Income before taxes	306,322	168,339	216,630	95,682	75.9%	-22.3%
Income tax expense	(47,588)	(26,152)	(41,520)	(14,237)	83.7%	-37.0%
Net income from ordinary activities	258,734	142,187	175,110	81,445	74.6%	-18.8%
Net income discontinued operations	-	-	-	-		
Net income attributable to:						
Minority interest	626	344	1,128	566	-39.2%	-69.5%
Net income attributable to shareholders	258,108	141,843	173,982	80,879	75.4%	-18.5%



Chile