

Banco Santander Chile

Positive growth trends and outlook

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**
 - A leading bank with a clear focus on profitability
 - Activity and results
 - Annexes

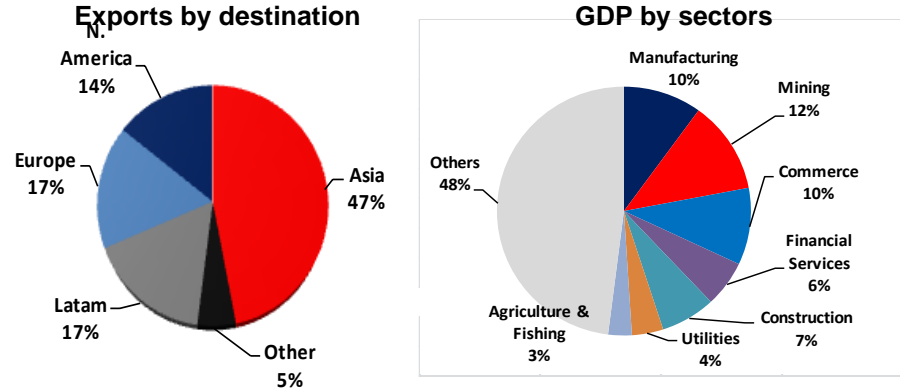
Macro-economic environment

Chile: a strong and diversified economy

Chile's key economic highlights⁽¹⁾

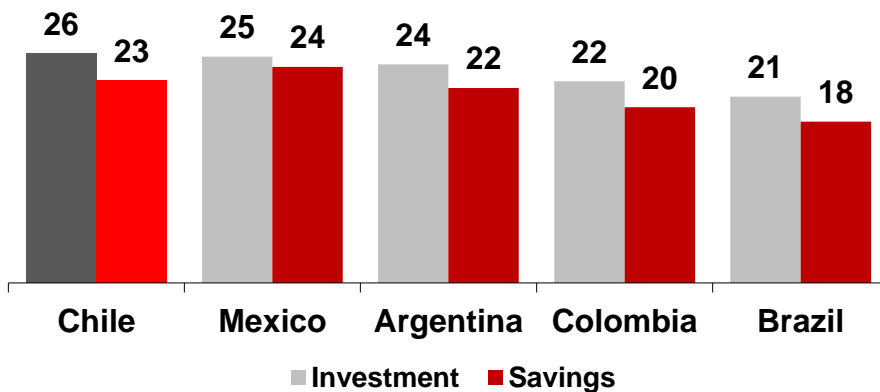
Population:	16.6 mn
GDP:	US\$268bn
GDP Per Capita (PPP):	US\$17,980
Exports / GDP:	31.7%
Investment / GDP:	26.0%
Net Public Debt / GDP:	- 6.9%
Current Ratings:	AA-/A+/Aa3

A diversified economy...⁽¹⁾

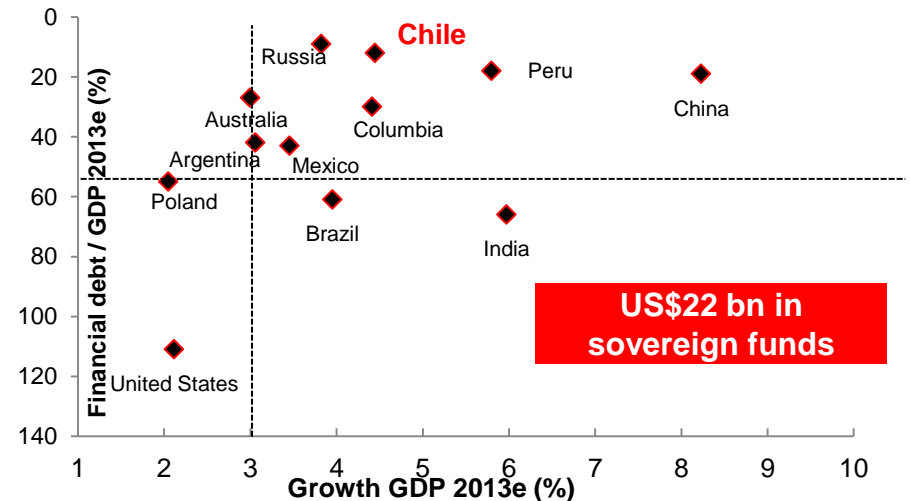


... with high investment & savings rates⁽²⁾

Investment & Savings / GDP (2013f, %)



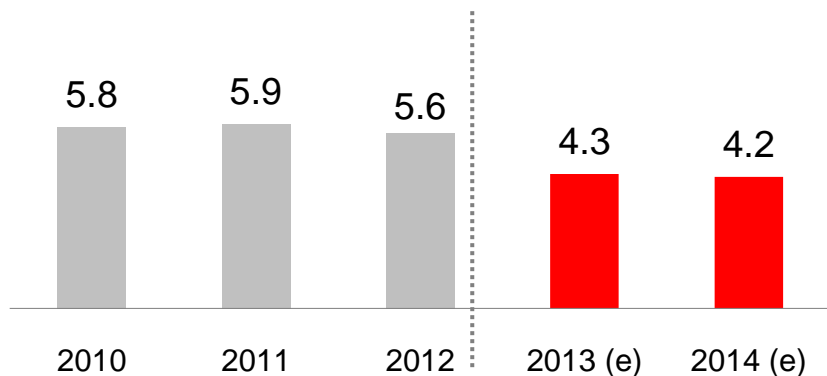
... and a solid fiscal position⁽²⁾



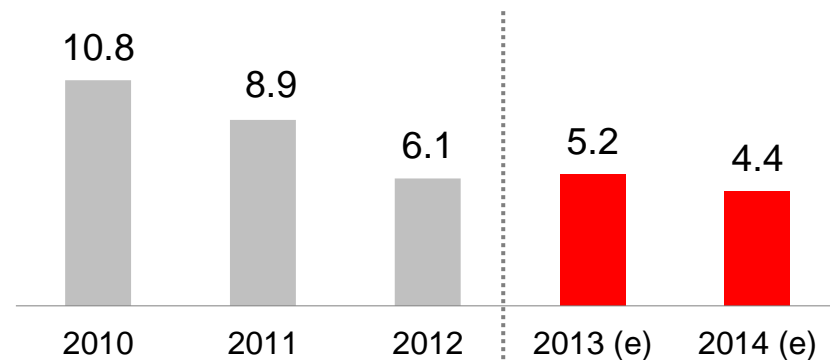
(1) Figures for 2012 or latest available data. Source: Central Bank of Chile. (2) Sovereign funds as of June 2013. Source: Ministry of Finance, IMF.

Our outlook for 2013 - 2014 remains is positive

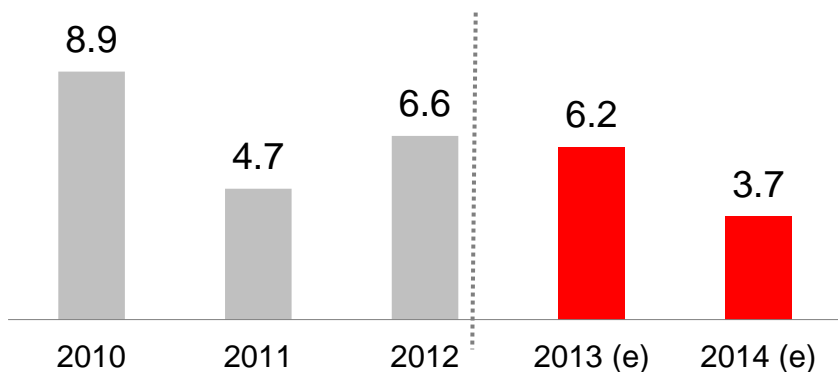
GDP (YoY growth, %)



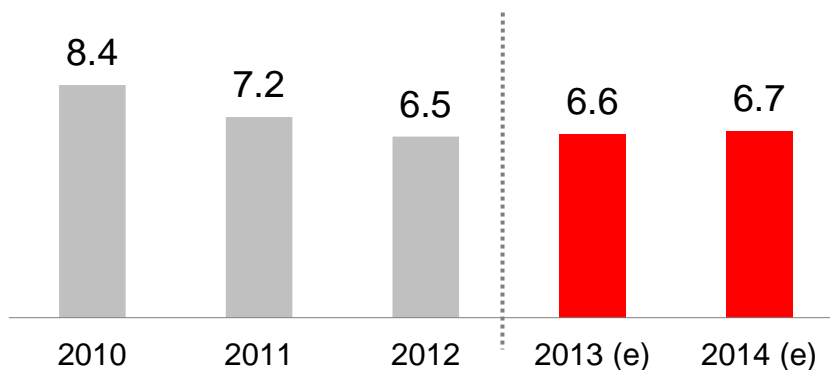
Private Consumption (YoY growth, %)



Salary Pool (YoY growth, %)



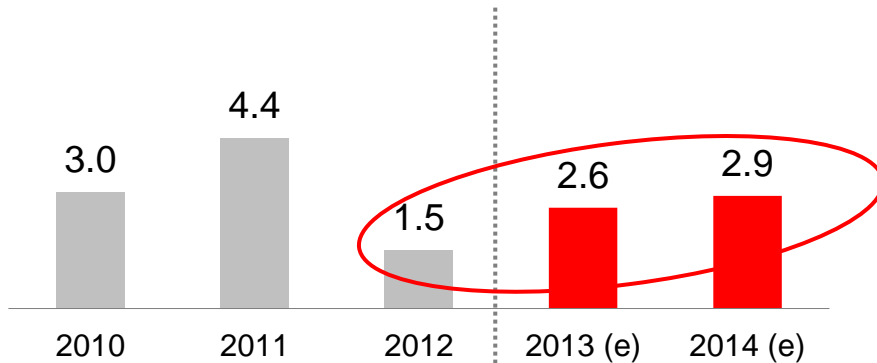
Unemployment (Annual average, %)



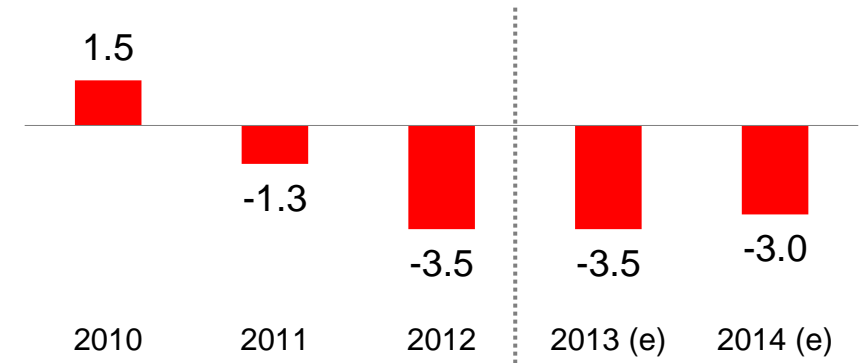
Source: Banco Central de Chile. (e): Estimates Santander Chile

The Central bank should start cutting interest rates in the 2H13

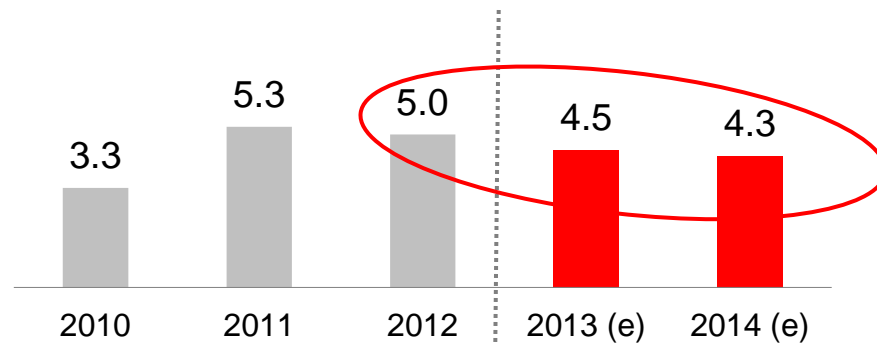
Annual inflation(%)



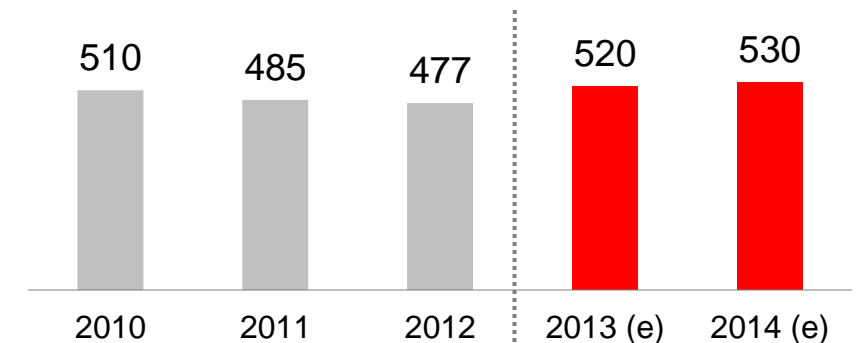
Current Account Deficit (% del GDP)



Central Bank Reference rate(%)



Avg. Exchange Rates(Ch\$ / US\$)

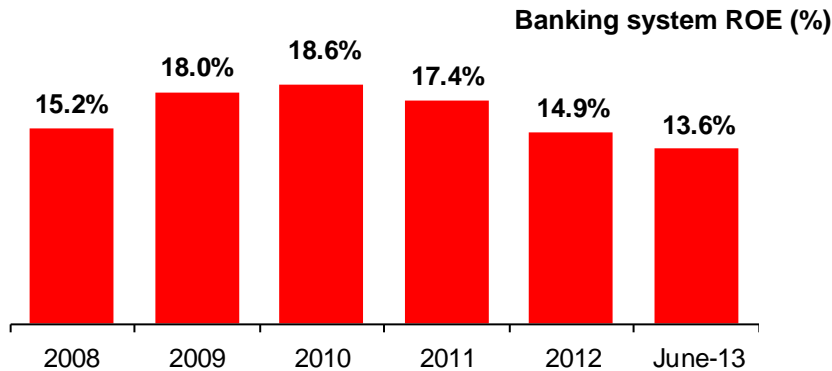


Source: Banco Central de Chile. (e): Estimates Santander Chile

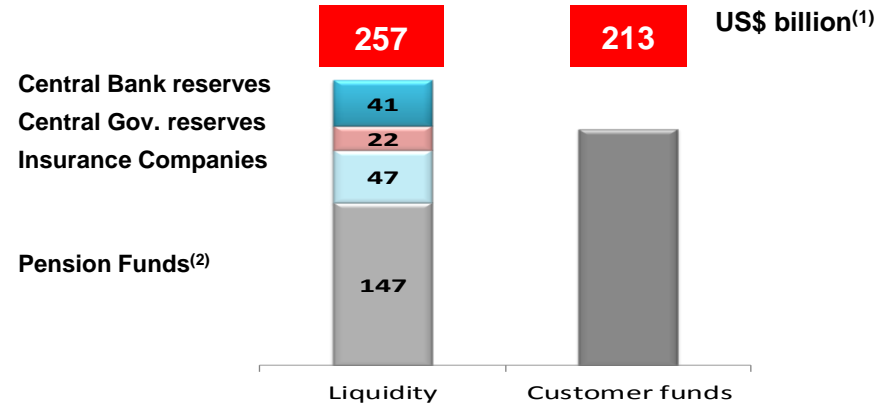
Financial system

A profitable and solid financial system...

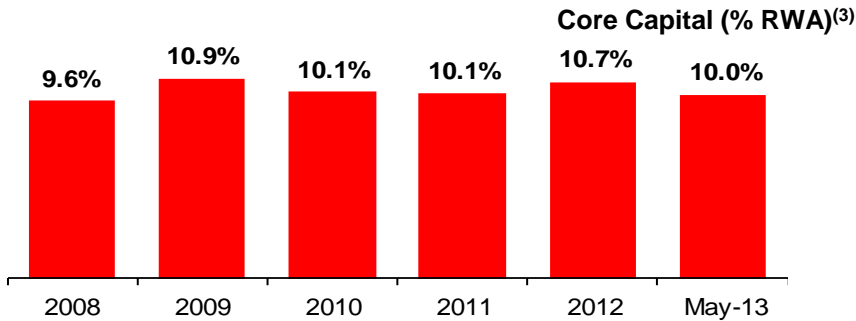
Attractive profitability



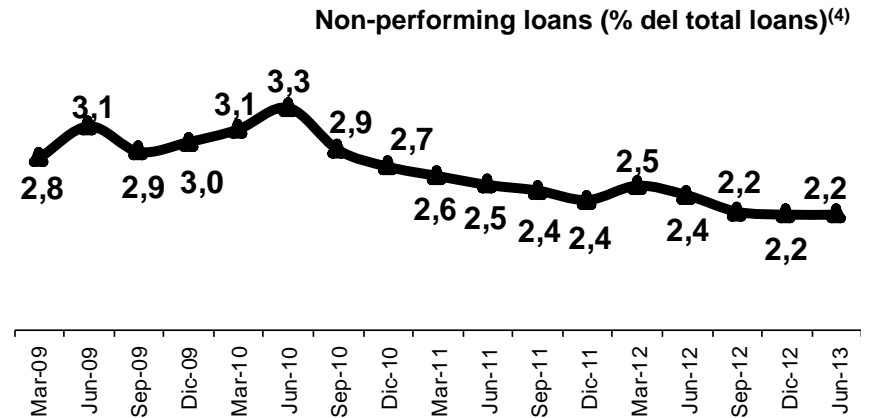
Ample liquidity to access



High capital ratios



Strong growth potential



(1) Figures as of June, 2013 or latest available information.

(2) Pension funds excludes deposits in Banks.

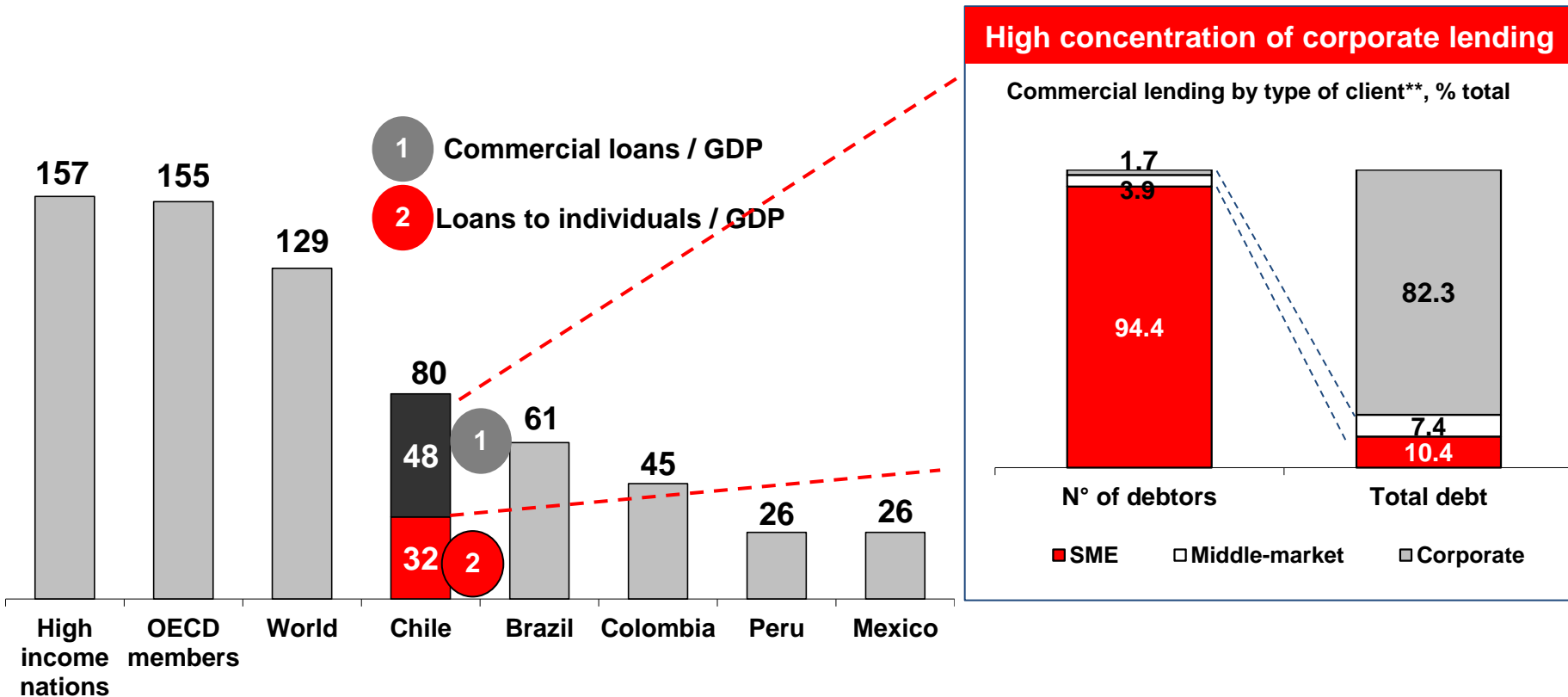
(3) Core Capital in Chile is 100% shareholder's voting equity.

(4) NPLs defined as portfolios with 90 or more days overdue.

Source: Superintendencia of Banks and of Pension Fund Managers, Ministry Finance and Central Bank of Chile.

...with strong growth potential in **1** SMEs, Middle-market

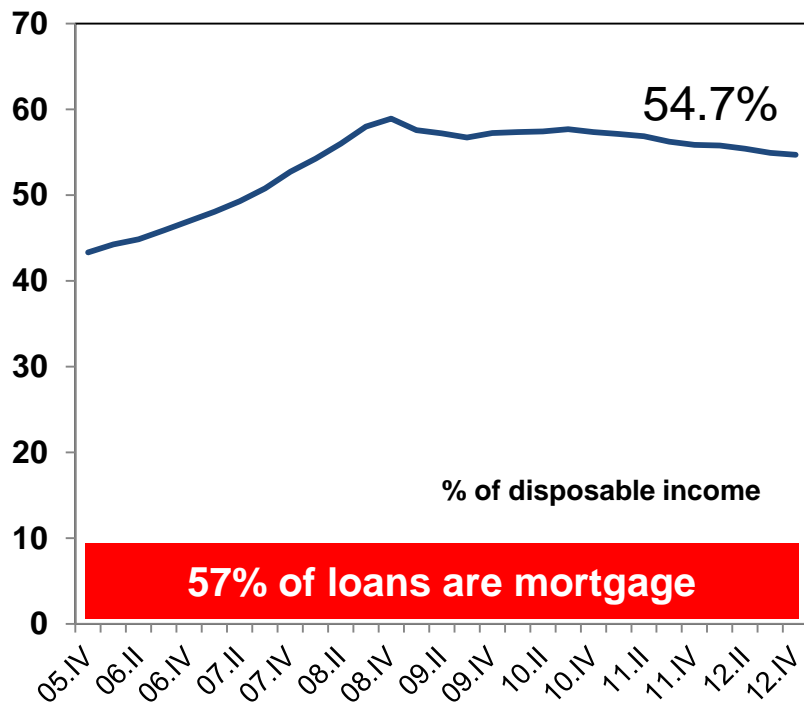
Loans / GDP as of Dec. 2012*, %



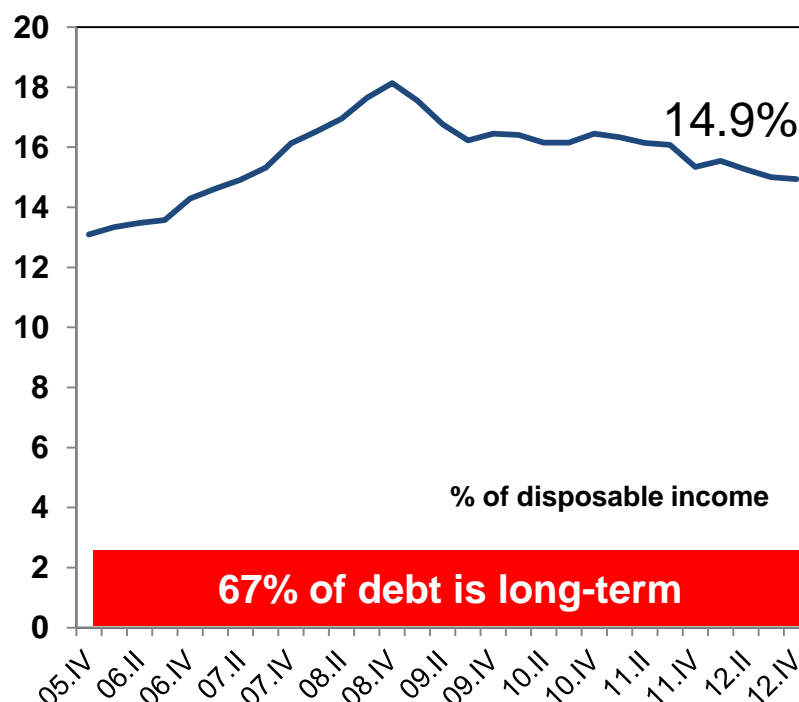
* Or latest available information. Source: World Bank, weighted by size of world economies. **Source Chile: Santander Chile based on information from SBIF, Central Bank and www.cajasdechile.cl

2 ...and individuals, especially mid-high income segments

Household indebtedness¹



Debt servicing ratio²

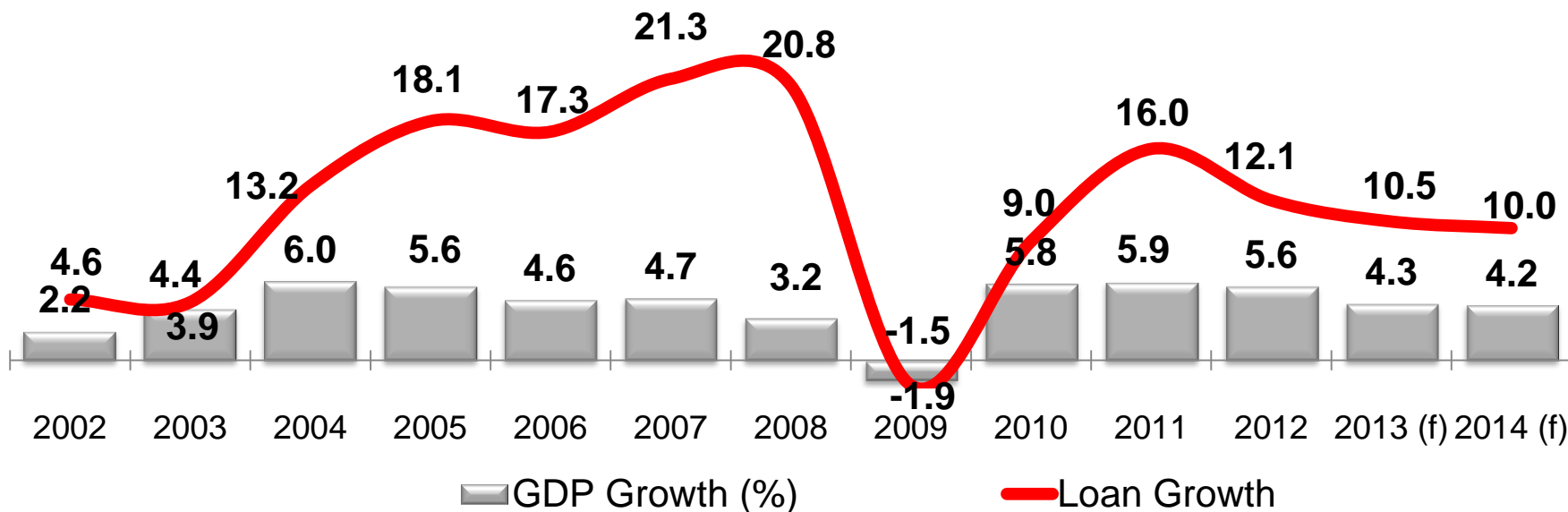


Once the regulatory environment normalizes the growth potential in emerging segments should also rebound

Source: Banco Central de Chile. 1. Total household debt divided by annual disposable income. 2. Debt servicing ratio is total debt payments including amortization and interest divided by disposable income

Attractive growth outlook

Chile's GDP growth in real terms and the banking industry's loan growth in nominal terms, %



Chile today offers one of the best combinations of expected growth, profitability and the lowest risk of the surrounding regions.

Source: Central Bank of Chile and Superintendency of Banks of Chile and Santander Chile's forecasts (f)

Agenda

- Macro-economic environment and financial system
- **A leading bank with a clear focus on profitability**
- Activity and results
- Annexes

A leading bank

Santander Chile is the nation's leading bank

Figures as of June 2013¹

Figures			Clients & Network		
	US\$bn	Share			
Assets:	US\$50.2	17.3%	Clients	3.3mn	26.4% ²
Loans:	US\$38.9	19.1% ⁵	Internet clients	771ths.	26.1% ³
Deposits:	US\$28.8	16.6% ⁵	Checking acct.	752ths	23.5%
Equity:	US\$4.2	18.3%	Credit cards	1.8mn	18.2% ⁴
Net income:	US\$328mn	21.6%	Debit cards	3.1mn	20.9%
			Branches:	485	18.8%
			Employees:	11,558	19.0%

100% of our business is in Chile

1. Or latest available figures using the period-end exchange rate. 2. Market share of clients with checking accounts and credit cards. 3, Excludes Banco del Estado. 4. Market share is over total monetary transactions using a credit card and includes department stores. 5. Excludes Corpbanca Colombia
Source: Superintendency of Banks of Chile

A leading bank

Solid governance standards

Independent Board

	<u>Asset and Liability Committee</u>	<u>Directors and Auditing Committee</u>	<u>Executive Credit Committee</u>
<u>Oscar Von Chrismar</u>	Member		Member
<u>Marco Colodro Hadjes</u>	Member		Member
<u>Vittorio Corbo</u>	Member		
<u>Victor Arbulu Crousillat</u> Financial Expert		Member	
<u>Mauricio Larrain Garcés</u>	Chairperson		Chairperson
<u>Carlos Olivos Marchant</u>		Chairperson	
<u>Roberto Zahler Mayanz</u>	Member		
<u>Lisandro Serrano Spoerer</u>		Member	
<u>Roberto Méndez Torres</u>			Member
<u>Jesús María Zabalza Lotina</u> Vice Chair			

 Chairperson
  Member
  Financial Expert
 Vice Chair

Corporate Governance Standards

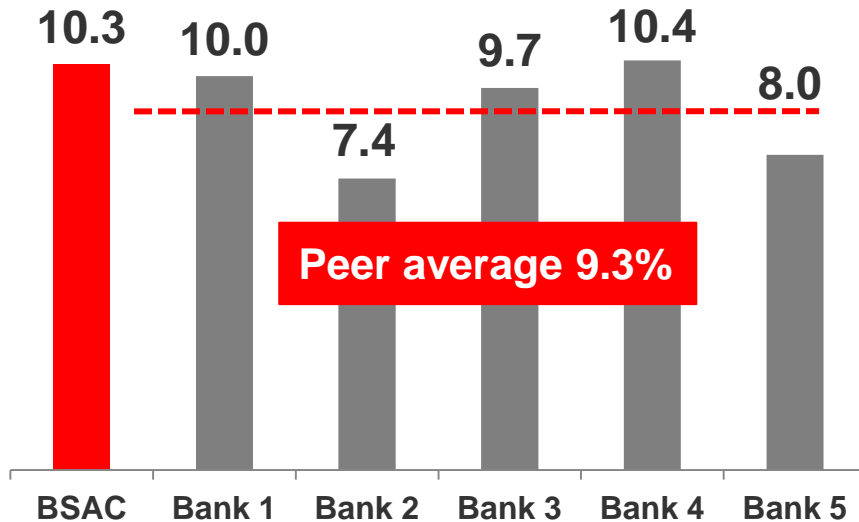
- ✓ **Independence:** 8 of the 11 directors are external
- ✓ **Participation:** Major decisions have active participation of independent directors
 - ✓ ALCO: capital, liquidity, funding
 - ✓ Audit Committee: internal control
 - ✓ Credit Executive Committee: main credit risks
- ✓ **Division of functions:** independent risk areas of commercial
- ✓ **Chief Risk Officer:** responsible for controlling risks reporting directly to the Board
- ✓ **Internal Audit:** Independent with direct reporting to the Board
- ✓ **Regulated:** We have to comply with regulations: Superintendence of Banks, SEC, NYSE and SOX

A leading bank

A healthy risk-return relation

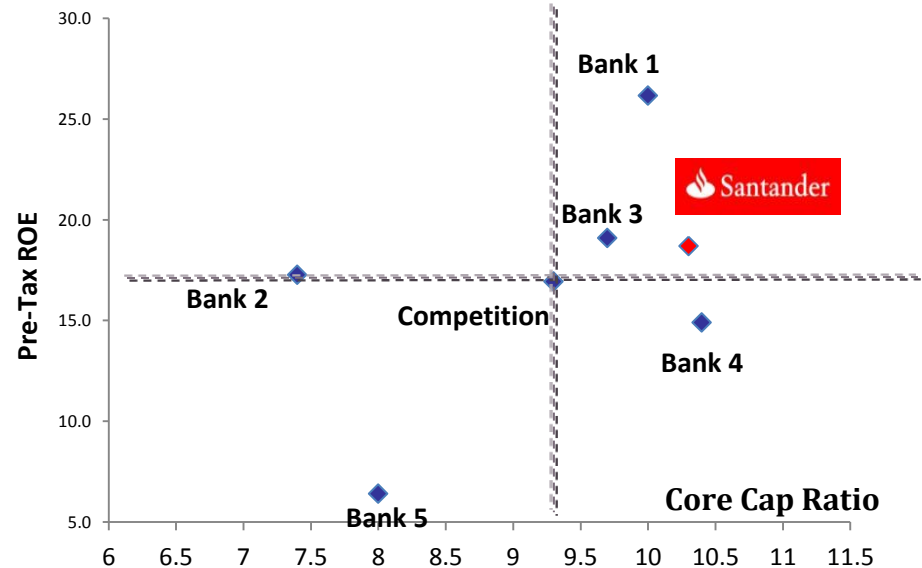
High capital base

Core Capital ratios, %



Best risk-return ratio in Chile

Pre-tax ROE & Core Capital ratios^(1,2), %

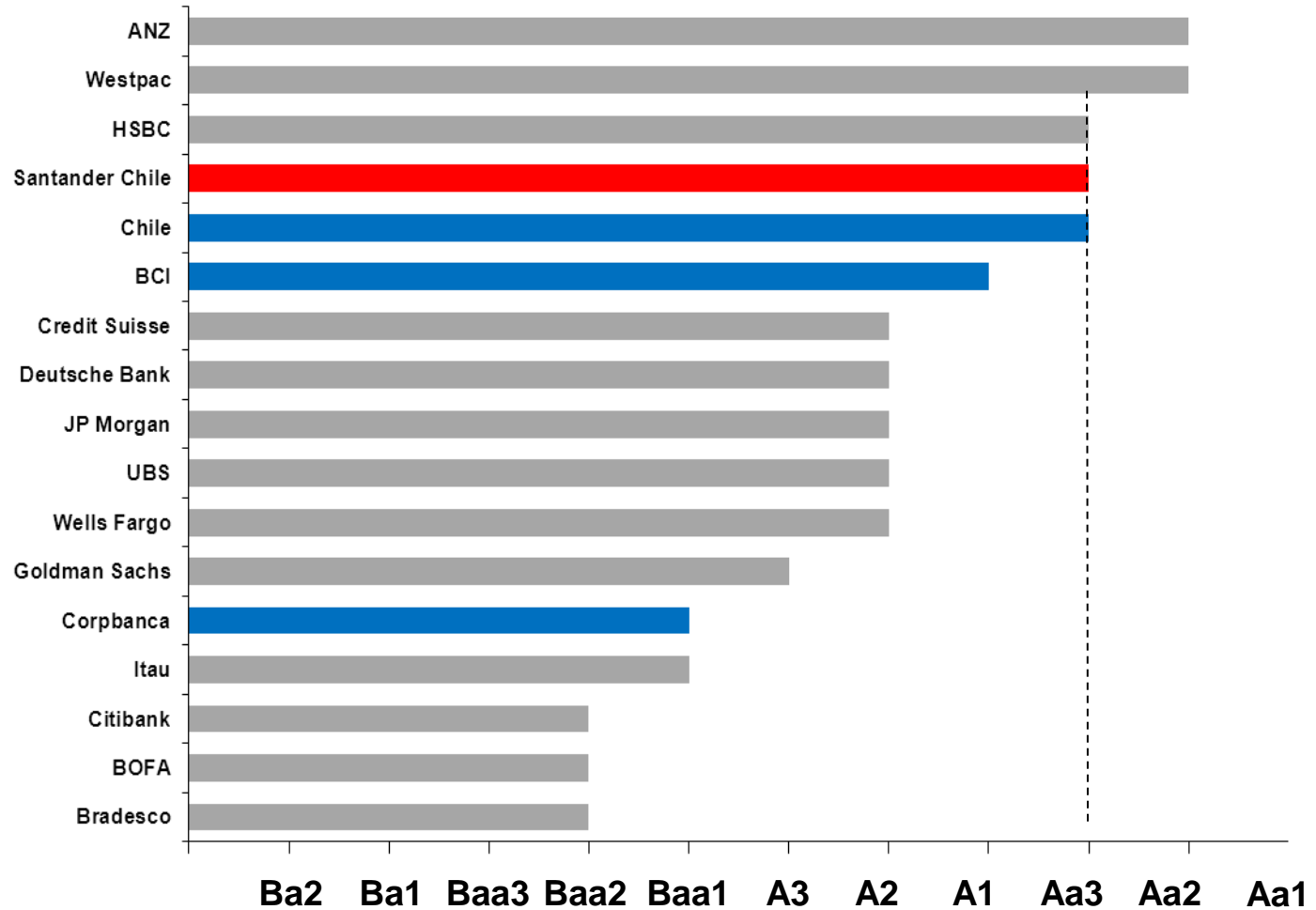


Dividend yield = 3.7%
No new shares issued since 2002

(1) Tier I is as of May 2013 (2) Pre-Tax ROE annualized as per June 2013 (3) Competition = System minus Santander Chile. Source: Superintendencia of Banks of Chile. Santander Chile figures as of June 2013

One of the highest credit ratings in the region

Risk Rating: Moody's scale



Source: Moody's

4 targets for healthy growth / higher profitability

I. Transforming our Retail Bank since 2011...

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

III. ... and managing risks conservatively

IV. Strengthening our SME & Middle-market segments

Transformation
Project

Healthy growth /
high and stable
ROEs

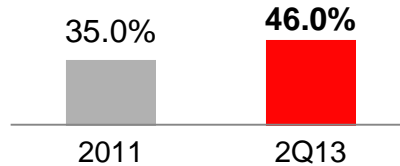


I. Transforming our Retail Bank since 2011

**Increase
% of pre-approved
loans**

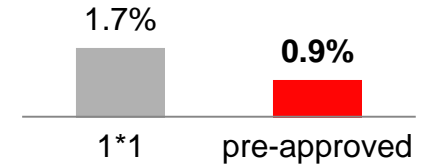
Pre-Approved Sales

% of total consumer loans



Provisions

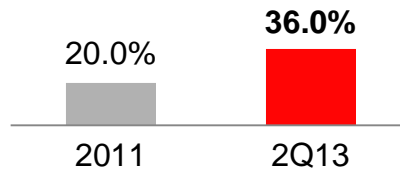
Cost of Credit (%) consumer



**Increase
alternative sales
channels**

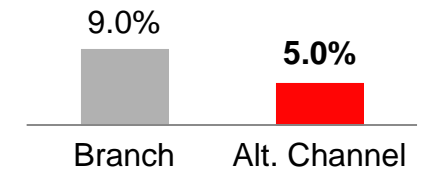
% alternative sales channels

% of consumer sales



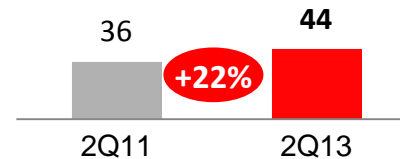
Cost per sale

% of consumer sales

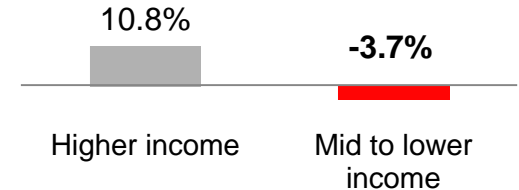


**Increase
business with
Mid-high income
segment**

Number of specialized branches(% total)



Loans (YoY%)



I. Transforming our Retail Bank since 2011

Launching new model of service for high incomes

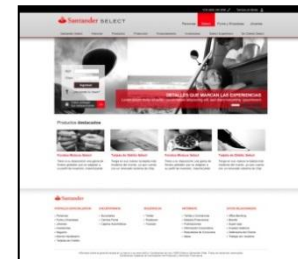


- Value-added products
 - Select Debit Card
 - Black Credit Card
 - Select Mutual Funds
 - Investor Account
 - Insurance with Savings

- Select Network

- Differentiated Channels
 - Web Select
 - Vox Select
 - Mobile
 - Budget Manager

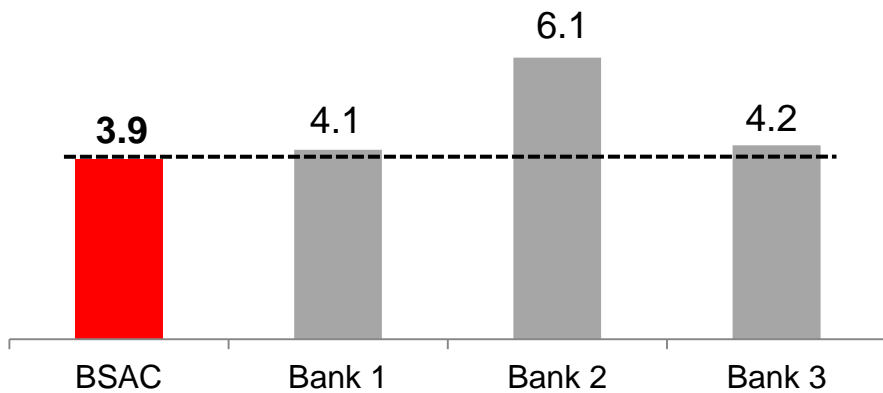
- Investment Advice



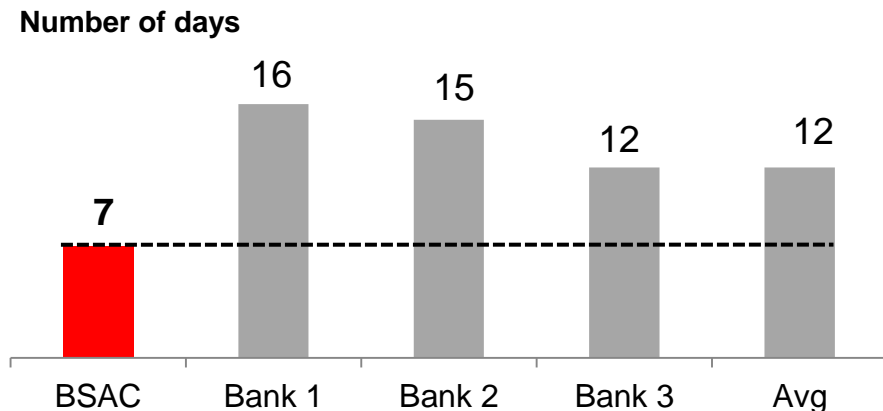
**Increase
business with
Mid-high income
segment**

II. Improving relationships with customers and quality of service

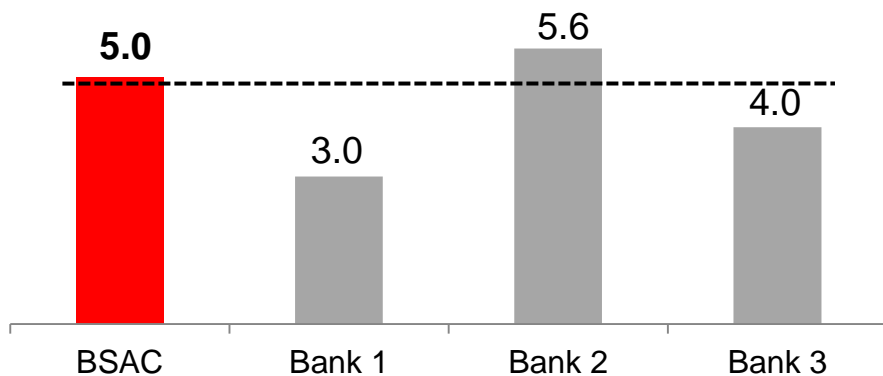
SBIF: Complaints per 10,000 debtors*



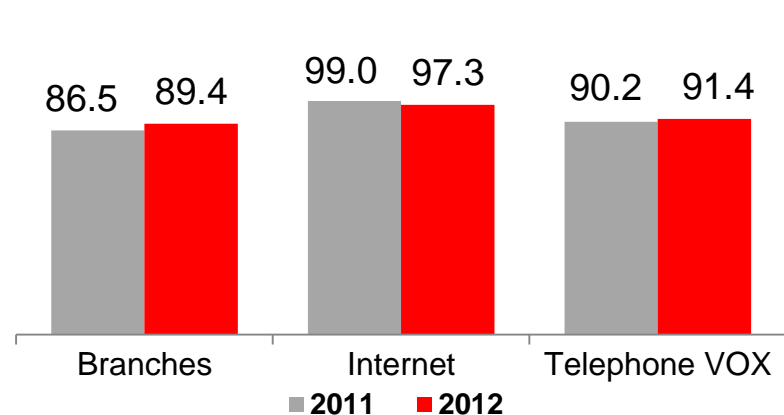
Time of response*



SERNAC: Complaints per 10,000 debtors*



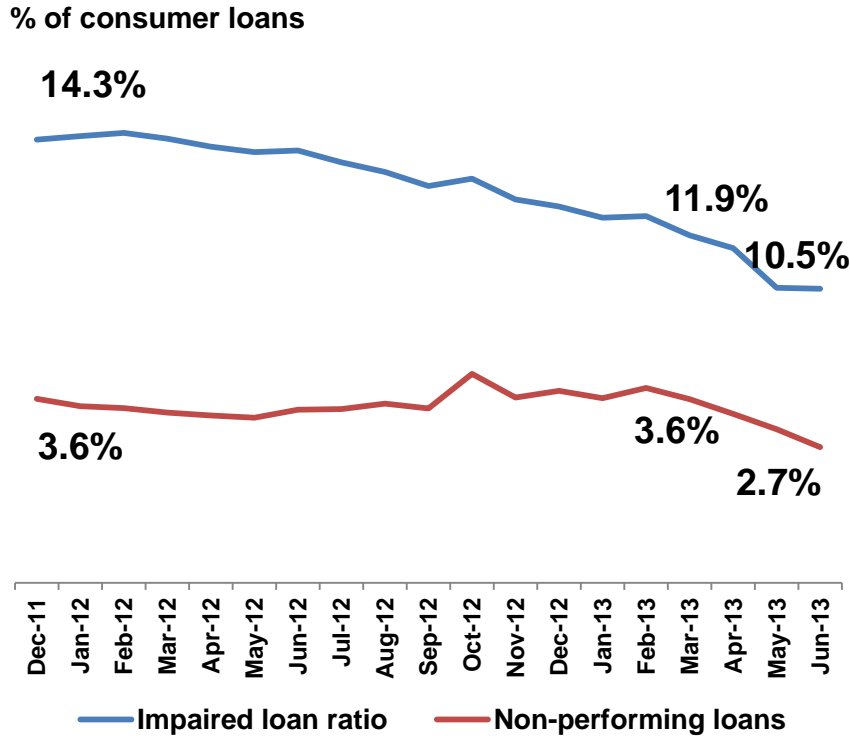
Satisfaction of use of different channels**



* Source: SBIF Dec. 2012 and SERNAC Financiero April 2013 ** Percentage rate service at good or very good

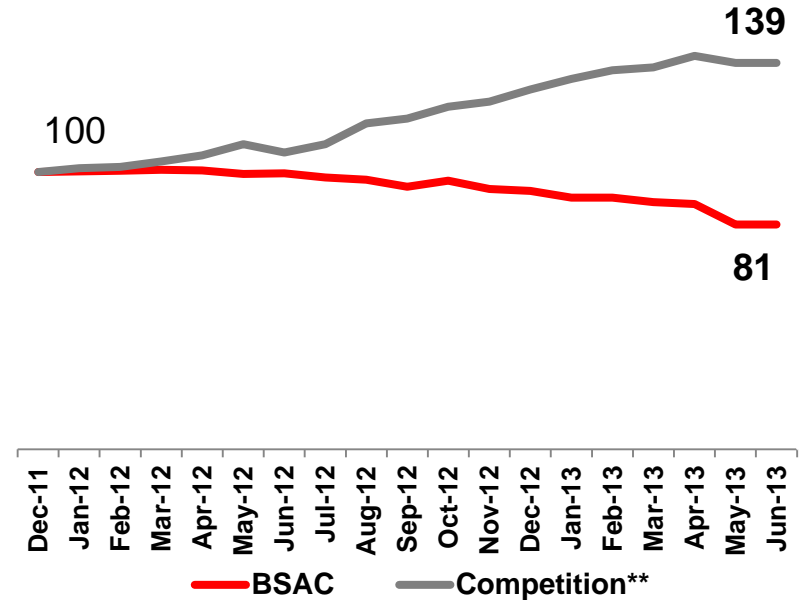
III. Managing risks conservatively

Santander Chile: consumer loans impaired* & NPL ratio (%)



Impaired loans

Base 100 = 12/11



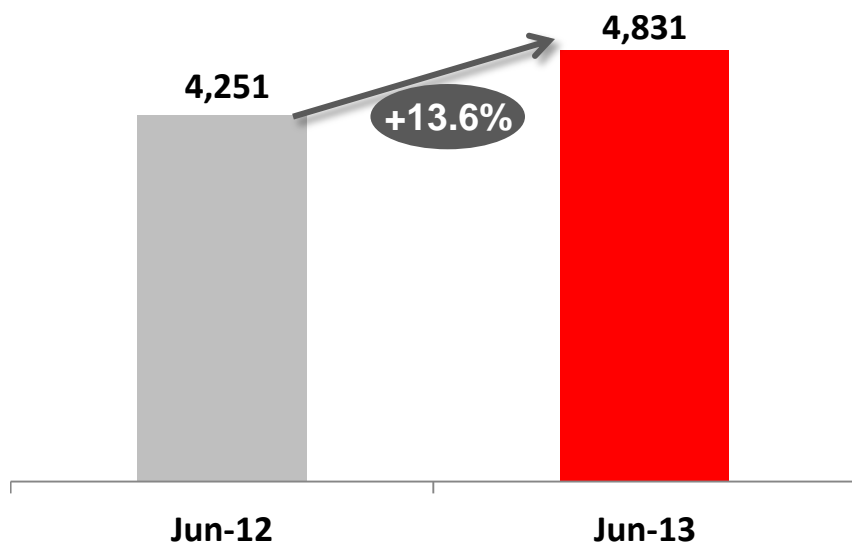
Consumer loan loss recoveries up 103% YoY in 2Q13

* Impaired consumer loans includes renegotiated loans and NPLs. ** Competition: All banks excluding Santander Chile. Source: SBIF

IV. Strengthening our SME & Middle-market segments

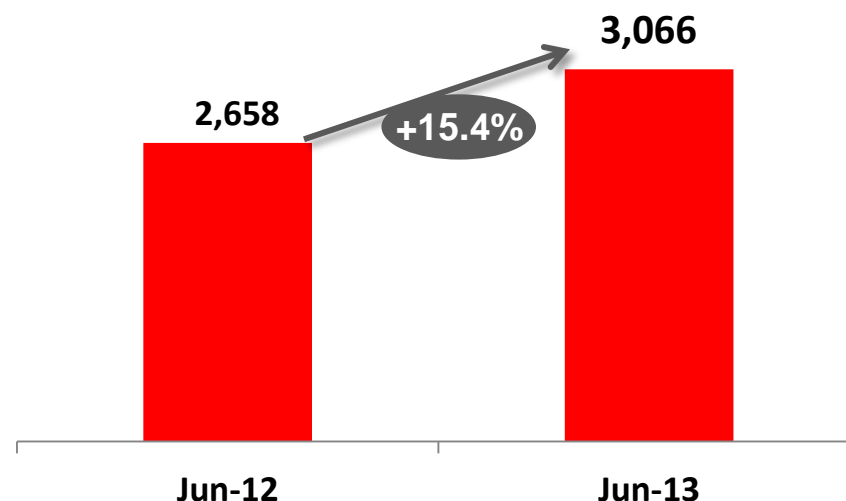
Middle-Markets + Institutions*

Ch\$bn



SMEs

Ch\$bn



Segment less affected by regulatory changes with strong growth potential in loans & transactional services

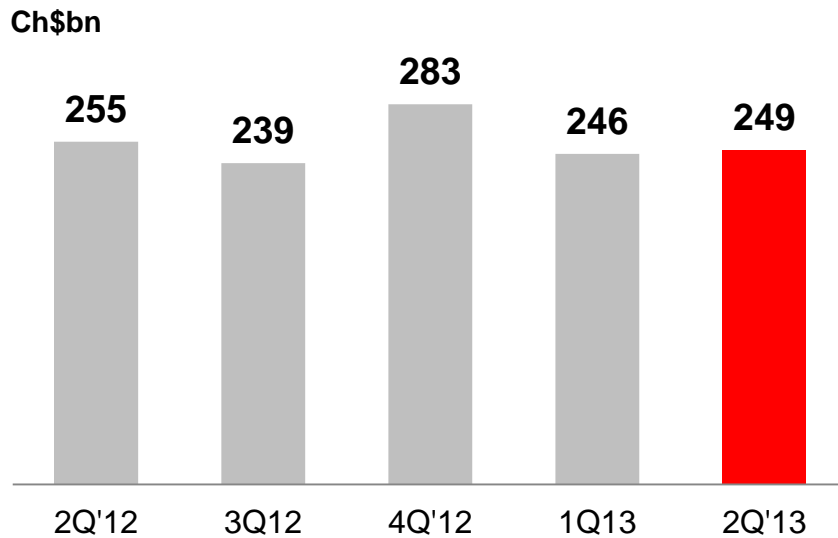
* Includes middle market of corporates and universities

Agenda

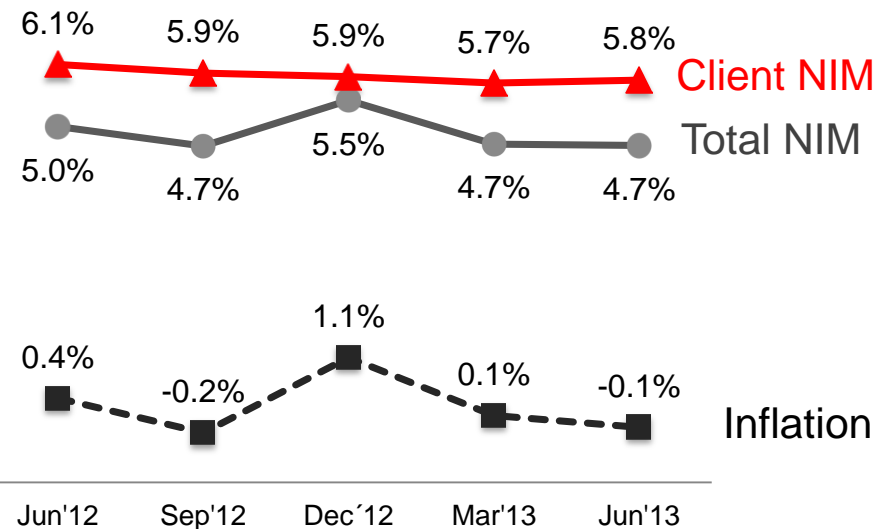
- Macro-economic environment and financial system
- A leading bank with a clear focus on profitability
- **Activity and results**
- Annexes

NIM and client margins remain stable QoQ, despite negative inflation

Net interest income

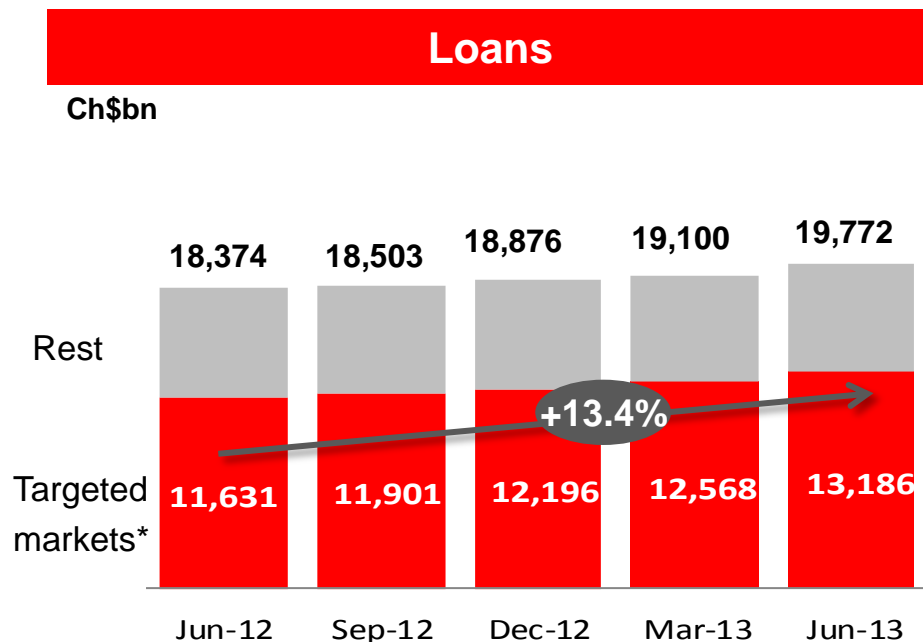


NIM, client NIM and inflation



NIMs should rise with improved funding mix, higher expected inflation and lower interest rates

**Solid loan growth in the segments the Bank is targeting:
13.4% compared to 7.6% for the total loan book**



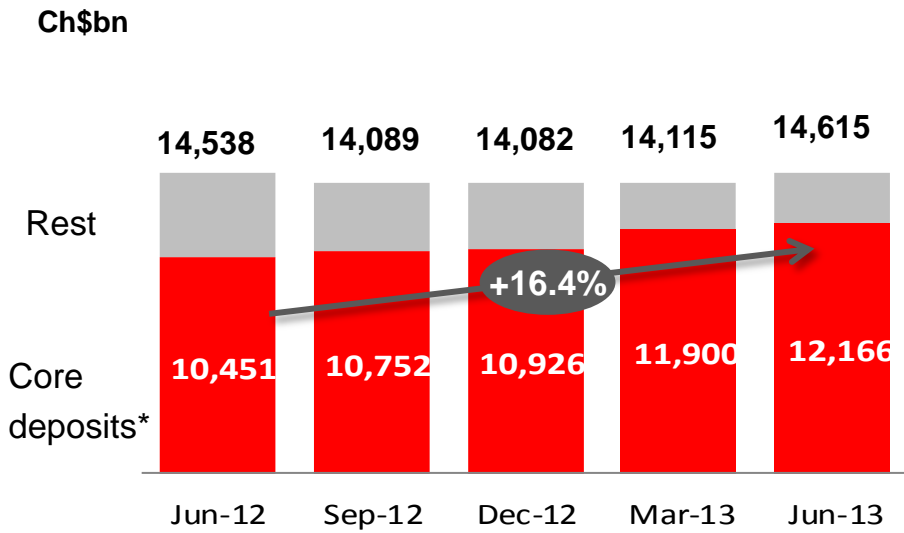
Ch\$bn	2Q'13	YoY	QoQ
Individuals	9,888	3.7%	0.5%
– Consumer	3,267	9.3%	3.2%
– Mortgage	5,356	2.6%	0.9%
SMEs	3,066	15.4%	7.2%
Institutions & univ.	386	5.2%	4.3%
Middle-market	4,445	15.5%	4.9%
Corporate	1,993	-0.7%	10.3%
Total loans**	19,772	7.6%	3.5%

Our main strategic focus continues to be profitability over market share

* High income banking + SMEs + Middle-market. ** Total includes non-segmented loans

Improving funding mix with strong growth of core deposits leads to...

Deposits

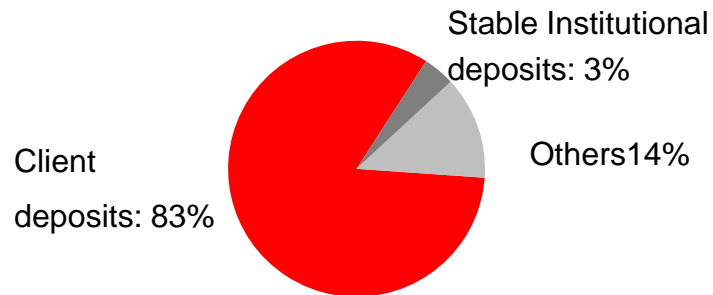


Ch\$bn

	2Q'13	YoY	QoQ
Demand	5,189	12.2%	4.5%
Time	9,426	-4.9%	3.0%

Total deposits	14,615	0.5%	3.5%
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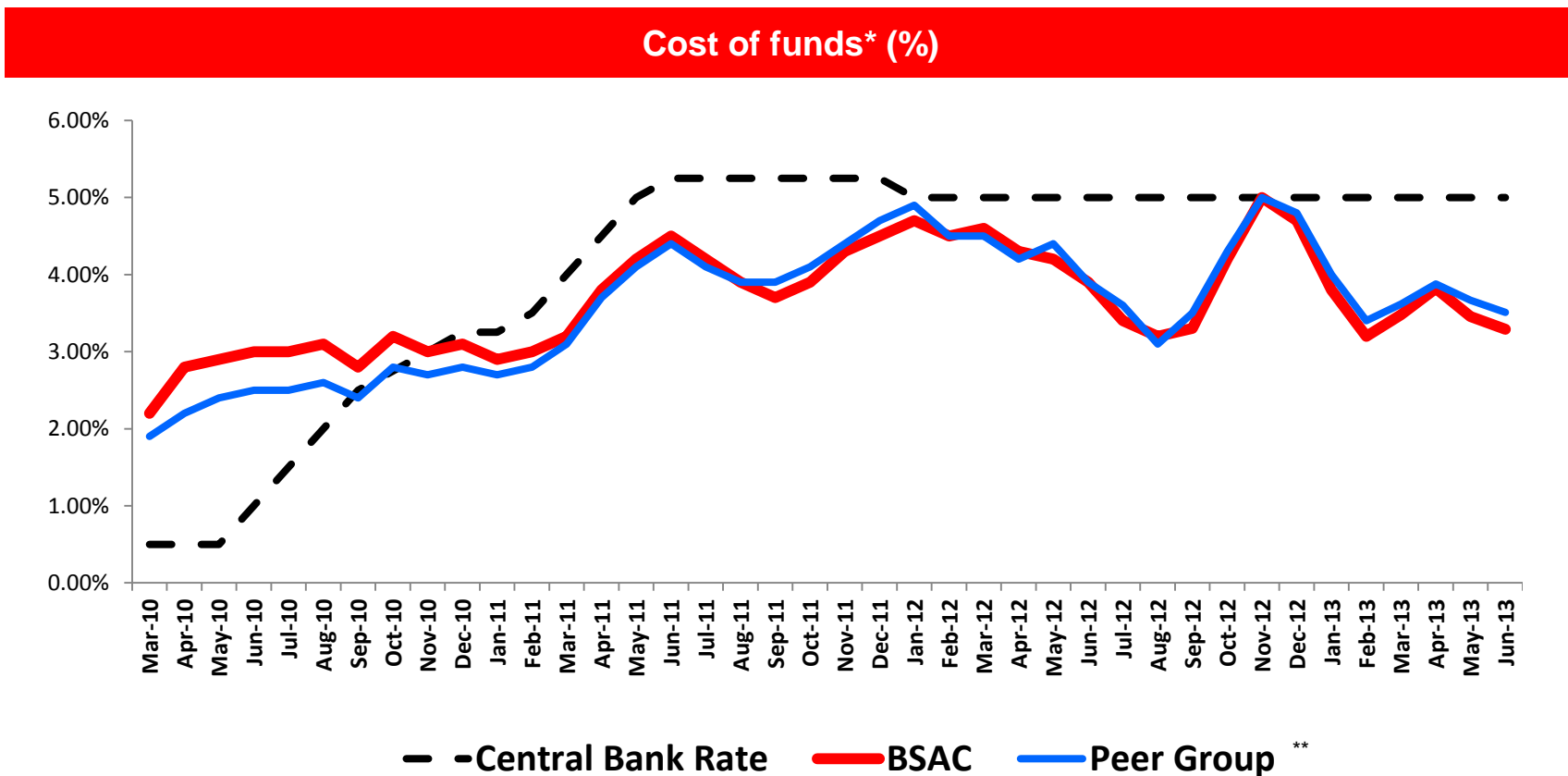
Deposit Structure (06.30.13)



Core Deposits up 16.4% YoY

* Deposits from non institutional sources

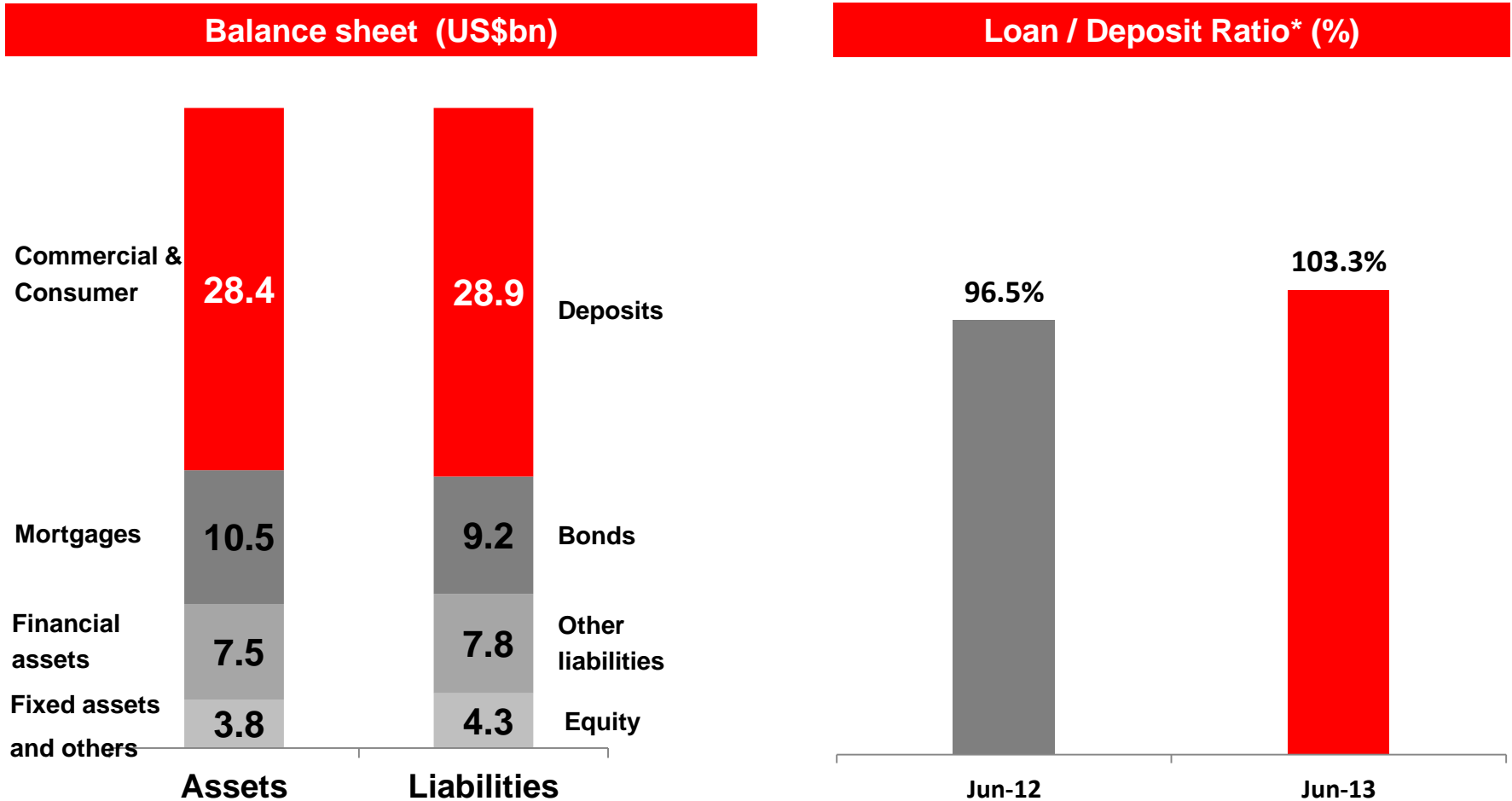
...better funding costs and...



* Cost of funds = interest expense annualized divided by interest bearing liabilities plus demand deposits. ** Peer Group = BCI, Corpbanca, Chile and BBVA. Source: Superintendency of Banks of Chile

...a healthy balance structure

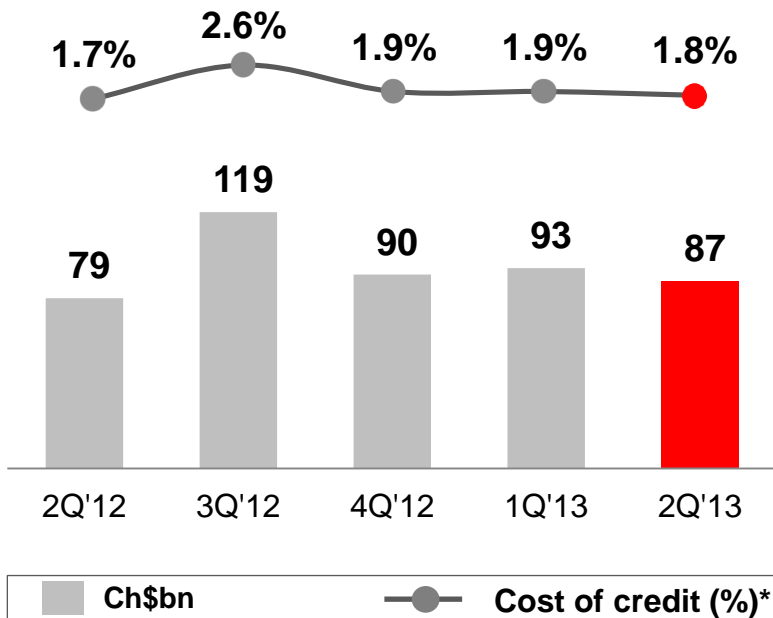
Figures as of June 2013



* Ratio = Loans – bonds that finance mortgage loans / Time deposits + demand deposits

Lower provision expense & cost of credit

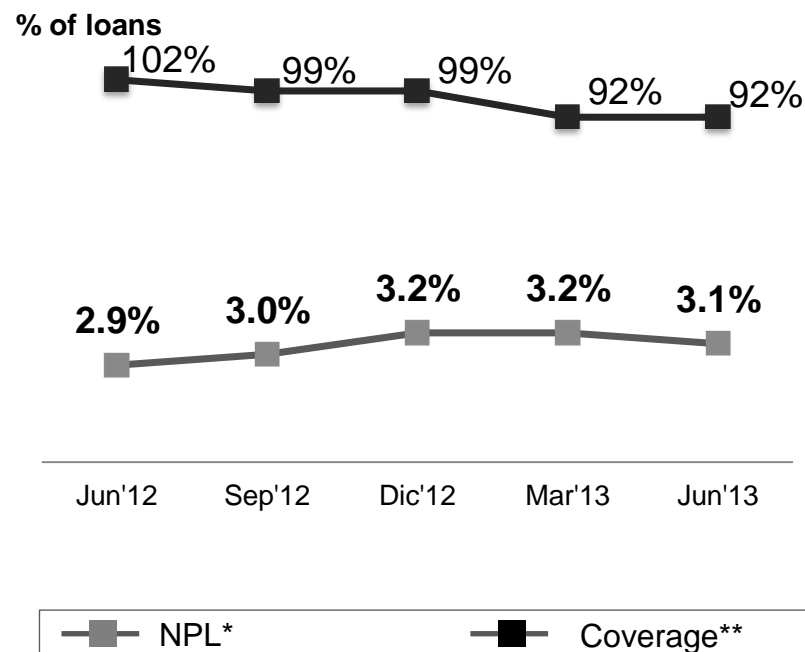
Provision expense & cost of credit



Cost of credit evolving as forecast

* Annualized quarterly provision expense net of loan loss recoveries / total loans

NPL and coverage ratio

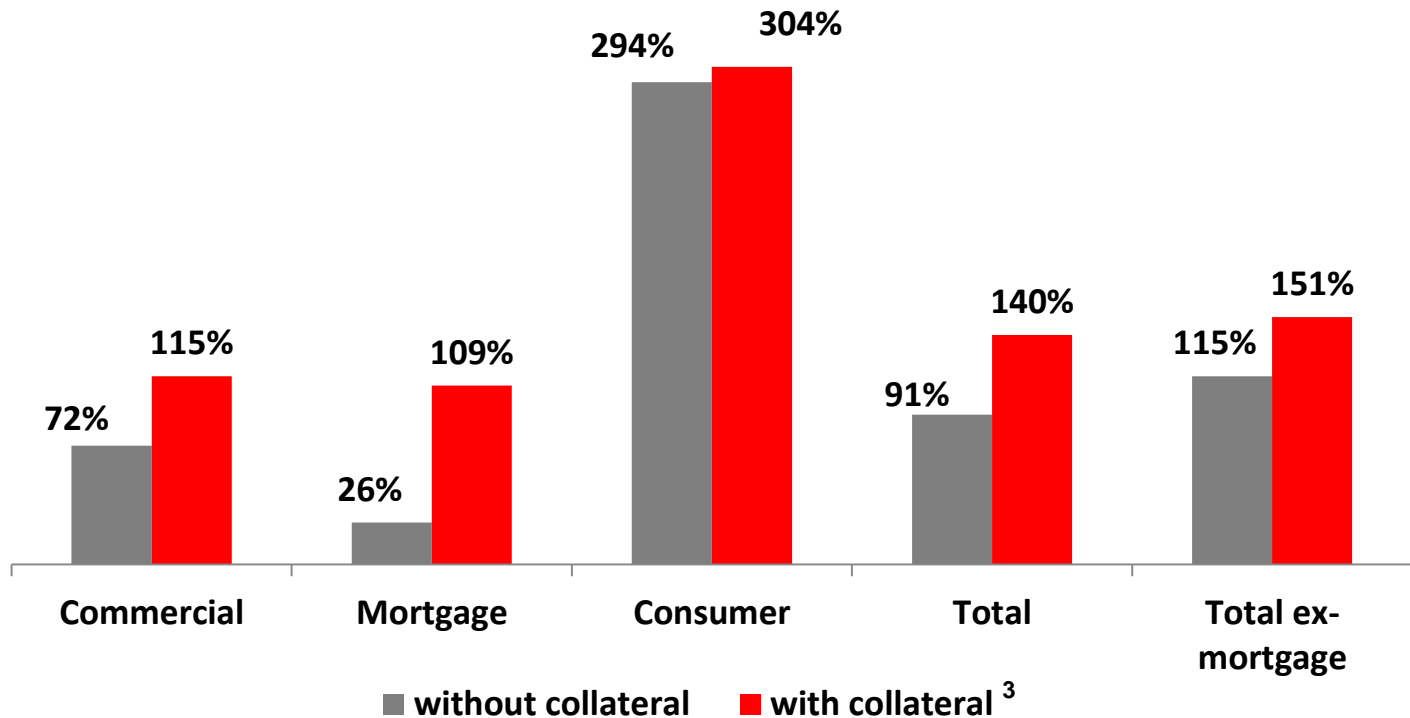


NPL ratio stable as asset quality in consumer loans improves

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

Comfortable coverage levels

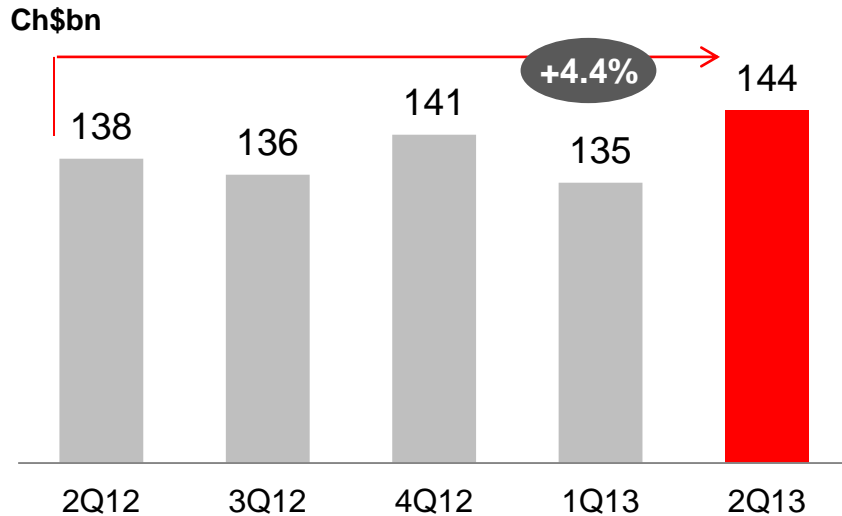
NPL¹ ratio and coverage² (%) as of June 2013



1. NPL: Non-performing loans, full balance of loans with one installment 90 days or more overdue. 2. Coverage ratio = Loan loss reserves over NPLs. 3. Coverage w/ collateral = loan loss reserves + collateral / NPLs

Costs under control. QoQ rise in expenses is due to seasonality

Operating expenses

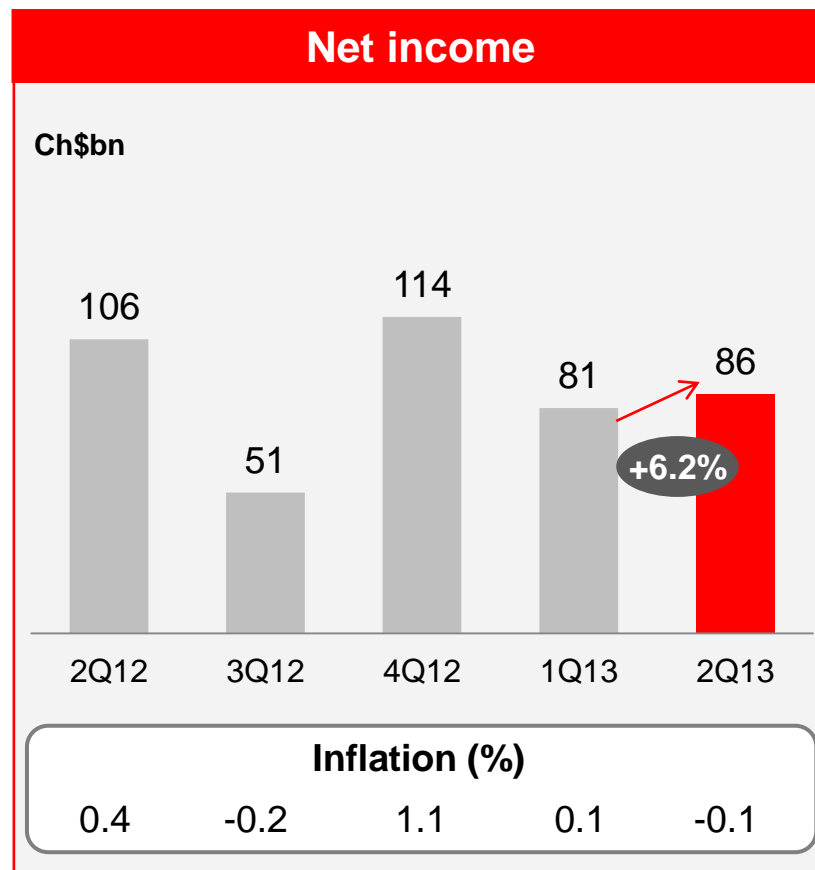
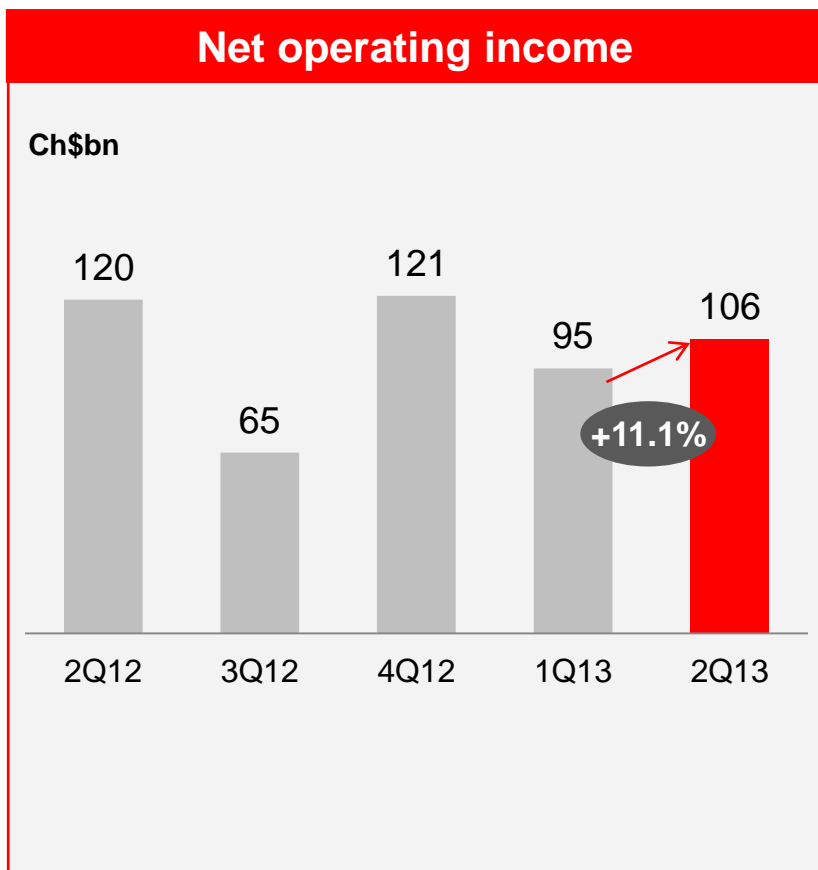


Network

	1H'12	1H'13	%
▪ Branches	497	485	-2.4
-- Select	43	44	2.3
-- Banefe	98	77	-21.4
▪ Employees	11,621	11,558	-0.5

Transformation Project enhancing productivity

Net op. income up 11.1% QoQ



- Chile: economy on track, but a slight slowdown is expected in 2H13 and 2014.
- Financial system results fall 6.3% in June 2013 due to higher provisions and regulations. Better results expected in second half
- Santander 2Q13 results affected mainly by lower inflation / higher tax rates
 - MIN should rebound with rising inflation and lower interest rates
 - Solid loan growth in targeted segments
 - Improved deposit mix
 - Lower credit risk and provision expense
 - Transformation Project has been evolving according to plan, which will continue to boost growth and efficiency



Medium-term outlook is improving

Agenda

- Macro-economic environment and financial system
 - A leading bank with a clear focus on profitability
 - Activity and results
- **Annexes**

Annexes

- Balance Sheet
- Income Statement
- Quarterly Income Statement

Balance Sheet: Assets

Unaudited Balance Sheet	Jun-13	Jun-13	Dec-12	June 13 / Dec. 12
Assets	US\$ths	Ch\$ million		% Chg.
Cash and balances from Central Bank	2,615,330	1,328,980	1,250,414	6.3%
Funds to be cleared	1,339,575	680,705	520,267	30.8%
Financial assets held for trading	473,311	240,513	338,287	(28.9%)
Investment collateral under agreements to repurchase	21,401.16	10,875	6,993	55.5%
Derivatives	2,834,618	1,440,411	1,293,212	11.4%
Interbank loans	241,995	122,970	90,527	35.8%
Loans, net of loan loss allowances	37,798,617	19,207,367	18,325,957	4.8%
Available-for-sale financial assets	3,002,255	1,525,596	1,826,158	(16.5%)
Held-to-maturity investments	-	-	-	--%
Investments in other companies	15,814	8,036	7,614	5.5%
Intangible assets	139,392	70,832	87,347	(18.9%)
Fixed assets	317,072	161,120	162,214	(0.7%)
Current tax assets	1,909	970	10,227	(90.5%)
Deferred tax assets	348,326	177,002	186,407	(5.0%)
Other assets	1,035,954	526,420	655,217	(19.7%)
Total Assets	50,185,569	25,501,797	24,760,841	3.0%

Balance Sheet

	Jun-13 US\$ths	Jun-13 Ch\$ million	Dec-12	June 13 / Dec. 12 % Chg.
Liabilities and Equity				
Demand deposits	10,210,977	5,188,708	4,970,019	4.4%
Funds to be cleared	1,093,986	555,909	284,953	95.1%
Investments sold under agreements to repurchase	615,267	312,648	304,117	2.8%
Time deposits and savings accounts	18,550,286	9,426,328	9,112,213	3.4%
Derivatives	2,430,826	1,235,224	1,146,161	7.8%
Deposits from credit institutions	2,790,017	1,417,747	1,438,003	(1.4%)
Marketable debt securities	9,201,385	4,675,684	4,571,289	2.3%
Other obligations	365,979	185,972	192,611	(3.4%)
Current tax liabilities	9,275	4,713	525	797.7%
Deferred tax liability	12,654	6,430	9,544	(32.6%)
Provisions	273,344	138,900	221,089	(37.2%)
Other liabilities	372,390	189,230	341,274	(44.6%)
Total Liabilities	45,926,386	23,337,493	22,591,798	3.3%
Equity				
Capital	1,754,016	891,303	891,303	0.0%
Reserves	2,225,646	1,130,962	975,460	15.9%
Unrealized gain (loss) Available-for-sale financial assets	(4,270)	(2,170)	(3,781)	(42.6%)
Retained Earnings:	229,735	116,740	271,796	(57.0%)
Retained earnings previous periods	-	-	-	--%
Net income	328,192	166,771	388,282	(57.0%)
Provision for mandatory dividend	(98,457)	(50,031)	(116,486)	(57.0%)
Total Shareholders' Equity	4,205,126	2,136,835	2,134,778	0.1%
Minority Interest	54,057	27,469	34,265	(19.8%)
Total Equity	4,259,183	2,164,304	2,169,043	(0.2%)
Total Liabilities and Equity	50,185,569	25,501,797	24,760,841	3.0%

Income Statement

YTD Income Statement Unaudited	Jun-13 US\$ths.	Jun-13 Ch\$ million	Jun-12	June '13 / June'12 % Chg.
Interest income	1,652,008	839,468	958,813	(12.4%)
Interest expense	(677,595)	(344,320)	(437,801)	(21.4%)
Net interest income	974,413	495,148	521,012	(5.0%)
Fee and commission income	341,505	173,536	181,891	(4.6%)
Fee and commission expense	(98,626)	(50,117)	(47,672)	5.1%
Net fee and commission income	242,879	123,419	134,219	(8.0%)
Net income from financial operations	(3,609)	(1,834)	(13,780)	(86.7%)
Foreign exchange profit (loss), net	112,858	57,349	58,723	(2.3%)
Total financial transactions, net	109,249	55,515	44,943	23.5%
Other operating income	23,137	11,757	7,054	66.7%
Net operating profit before loan losses	1,349,678	685,839	707,228	(3.0%)
Provision for loan losses	(353,268)	(179,513)	(156,856)	14.4%
Net operating profit	996,411	506,326	550,372	(8.0%)
Personnel salaries and expenses	(297,800)	(151,327)	(147,855)	2.3%
Administrative expenses	(191,432)	(97,276)	(89,199)	9.1%
Depreciation and amortization	(60,836)	(30,914)	(26,270)	17.7%
Impairment	(340)	(173)	(88)	96.6%
Operating expenses	(550,408)	(279,690)	(263,412)	6.2%
Other operating expenses	(50,522)	(25,673)	(29,350)	(12.5%)
Total operating expenses	(600,931)	(305,363)	(292,762)	4.3%
Operating income	395,480	200,963	257,610	(22.0%)
Income from investments in other companies	2,261	1,149	1,107	3.8%
Income before taxes	397,741	202,112	258,717	(21.9%)
Income tax expense	(67,952)	(34,530)	(33,108)	4.3%
Net income from ordinary activities	329,788	167,582	225,609	(25.7%)
Net income discontinued operations	-	-	-	--%
Net income attributable to:				
Minority interest	1,596	811	1,607	(49.5%)
Net income attributable to shareholders	328,192	166,771	224,002	(25.5%)

Quarterly Income Statement

Unaudited Quarterly Income Statement

	2Q13	2Q13	1Q13	2Q12	2Q13 / 2Q12	2Q13 / 1Q13
	US\$ths.		Ch\$mn		% Chg.	
Interest income	814,073	413,671	425,797	455,980	(9.3%)	(2.8%)
Interest expense	(324,715)	(165,004)	(179,316)	(201,040)	(17.9%)	(8.0%)
Net interest income	489,357	248,667	246,481	254,940	(2.5%)	0.9%
Fee and commission income	169,257	86,008	87,528	90,940	(5.4%)	(1.7%)
Fee and commission expense	(49,952)	(25,383)	(24,734)	(24,355)	4.2%	2.6%
Net fee and commission income	119,305	60,625	62,794	66,585	(9.0%)	(3.5%)
Net income from financial operations	29,596	15,039	(16,873)	20,416	(26.3%)	--%
Foreign exchange profit (loss), net	35,844	18,214	39,135	5,224	248.7%	(53.5%)
Total financial transactions, net	65,439	33,253	22,262	25,640	29.7%	49.4%
Other operating income	14,145	7,188	4,569	3,072	134.0%	57.3%
Net operating profit before loan losses	688,248	349,733	336,106	350,237	(0.1%)	4.1%
Provision for loan losses	(170,530)	(86,655)	(92,858)	(78,575)	10.3%	(6.7%)
Net operating profit	517,717	263,078	243,248	271,662	(3.2%)	8.2%
Personnel salaries and expenses	(157,028)	(79,794)	(71,533)	(78,395)	1.8%	11.5%
Administrative expenses	(96,908)	(49,244)	(48,032)	(45,115)	9.2%	2.5%
Depreciation and amortization	(30,032)	(15,261)	(15,653)	(14,198)	7.5%	(2.5%)
Impairment	(287)	(146)	(27)	(34)	329.4%	440.7%
Operating expenses	(284,257)	(144,445)	(135,245)	(137,742)	4.9%	6.8%
Other operating expenses	(25,327)	(12,870)	(12,803)	(14,042)	(8.3%)	0.5%
Total operating expenses	(309,584)	(157,315)	(148,048)	(151,784)	3.6%	6.3%
Operating income	208,133	105,763	95,200	119,878	(11.8%)	11.1%
Income from investments in other companies	1,313	667	482	660	1.1%	--%
Income before taxes	209,446	106,430	95,682	120,538	(11.7%)	11.2%
Income tax expense	(39,935)	(20,293)	(14,237)	(14,027)	44.7%	42.5%
Net income from ordinary activities	169,511	86,137	81,445	106,511	(19.1%)	5.8%
Net income discontinued operations	-	-	-	-	--%	--%
Net income attributable to:						
Minority interest	482	245	566	816	(70.0%)	(56.7%)
Net income attributable to shareholders	169,029	85,892	80,879	105,695	(18.7%)	6.2%



Chile