

BANCO SANTANDER CHILE
Form 6-K
February 13, 2013

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

Commission File Number: 001-14554

Banco Santander Chile
Santander Chile Bank
(Translation of Registrant's Name into English)

Bandera 140
Santiago, Chile
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-Fx Form 40-Fo

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yeso Nox

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yeso Nox

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Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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Item

1. Fourth Quarter Earnings Report
2. December 2012 Financial Statements in English

IMPORTANT NOTICE

Santander-Chile is a Chilean bank and maintains its financial books and records in Chilean pesos. The consolidated interim unaudited financial statements included in this report have been prepared in accordance with Chilean accounting principles issued by the Superintendency of Banks and Financial Institutions "Chilean Bank GAAP" and the "SBIF," respectively). The accounting principles issued by the SBIF are substantially similar to IFRS but there are some exceptions. Therefore, the unaudited financial statements included in this 6K have some differences compared to the financial statements filed in our Annual Report on Form 20-F for the year ended December 31, 2011 (the "Annual Report"). For further details and a discussion on main differences between Chilean Bank GAAP and IFRS refer to "Item 5. Operating and Financial Review and Prospects. —A. Accounting Standards Applied in 2011" of our Annual Report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BANCO
SANTANDER-CHILE

By: /s/ Cristian Florence
Name: Cristian Florence
Title: General Counsel
Date: February 13, 2012

BANCO SANTANDER CHILE

FOURTH QUARTER 2012

EARNINGS REPORT

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CONTACT INFORMATION

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SECTION 1: SUMMARY OF RESULTS

4Q12 net income rises 124.3% QoQ and 11.0% YoY.

In 4Q12, **Net income** attributable to shareholders totaled Ch\$113,402 million (Ch\$0.60 per share and US\$0.50/ADR). Compared to 3Q12 (from now on QoQ), net income increased 124.3%. Compared to 4Q11 (from now on YoY) net income increased 11.0%. During the quarter, the Bank saw an important QoQ improvement in profitability as loan growth accelerated, the funding mix improved, margins rose in line with higher inflation and provision expenses declined, following the non-recurring charges recognized in 3Q12.

ROE reaches 21.6% in 4Q12

ROAE in the quarter reached 21.6%. **Core capital** reached 10.7% as of December 31, 2012 and the Bank's **BIS ratio** reached 13.7% at the same date.

Positive evolution of margins in the quarter

In 4Q12, **Net interest income** increased 18.5% QoQ. The **Net interest margin** (NIM) in 4Q12 reached 5.5% compared to 4.7% in 3Q12 and 5.3% in 4Q11. Inflation rebounded from -0.16% in 3Q12 to 1.11% in 4Q12 and this drove the strong QoQ rise in net interest income. Compared to 4Q11 net interest income increased 7.2% in line with loan growth.

Loan growth accelerating in segments the Bank has targeted for growth

In 4Q12, total loans increased 2.0% QoQ. In the quarter, loan growth continued to accelerate in the markets the Bank is targeting the most: high-income individuals, SMEs and middle market of companies. Loans in these combined markets increased 2.9% QoQ and 9.6% YoY. Loans to **high-income individuals** increased 2.1% QoQ. **Lending to SMEs** (defined as companies that sell less than Ch\$1,200 million per year) expanded 3.3% QoQ, reflecting the Bank's consistent focus on this segment. In the quarter, the Bank also focused its loan growth in the **middle-market companies segment** (companies with annual sales between Ch\$1,200 million and Ch\$10,000 million per year), which increased 3.9% QoQ.

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Solid growth of non-interest bearing demand deposits

Total deposits were flat QoQ and grew 5.6% YoY. In the quarter and throughout 2012, the Bank has focused on increasing its core deposits (demand deposits and time deposits from non-institutional sources), while reducing our dependence on institutional deposits that tend to be more expensive. As a result, at year-end 2012 total non-interest bearing demand deposits increased 8.0% QoQ and 12.6% YoY. This has improved the Bank's funding mix, as core deposits tend to be cheaper and more stable than other sources of funding.

Provision expense decreases 24.3% QoQ

Net provision for loan losses in 4Q12 decreased 24.3% QoQ and increased 4.4% YoY. **Net provision expense in consumer loans** decreased 24.4% QoQ and increased 6.3% YoY. In 3Q12, the Bank **recalibrated the consumer loan-provisioning model** that increased the minimum provision set aside for renegotiated consumer loans. Excluding this effect, the QoQ decline in provision expense was 4.6% in 4Q12.

Cost growth moderates as key projects advance

Operating expenses in 4Q12 increased 4.0% QoQ and 7.0% YoY as the Bank continued with its projects of investing in a new Client Relationship Management system and the Transformation Initiatives aimed at enhancing productivity in retail banking. The efficiency ratio reached 40.0% in 4Q12 compared to 42.4% in 3Q12 and 38.5% in 4Q11. Operating expense growth has been decelerating in recent quarters as headcount has remained stable and the different productivity initiatives implemented since 2011 are starting to produce results.

In 2012, Santander Chile's ROE reached 18.9% with an efficiency ratio of 40.0%

In 2012 (12M11), **Net income** attributable to shareholders¹ totaled Ch\$387,967 million (Ch\$2.06 per share and US\$1.72/ADR²) and decreased 10.8% compared to net income achieved in 2011. **ROE** reached 18.9% in 12M11, among the highest returns in the Chilean financial system. The **Efficiency ratio** in 12M12 reached 40.0%, one of the best in Chile.

¹The results in this report are unaudited and are reported according to Chilean Bank GAAP.

²Earnings per ADR was calculated using the Observed Exchange Rate of Ch\$478.6 per US\$ as of December 31, 2012.

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Banco Santander Chile: Summary of Quarterly Results

| (Ch\$ million) | Quarter | | | Change % | |
|---|------------|------------|------------|----------|----------|
| | 4Q12 | 3Q12 | 4Q11 | 4Q12 | 4Q12 |
| | | | | / | / |
| | | | | 4Q11 | 3Q12 |
| Net interest income | 282,991 | 238,731 | 264,146 | 7.1 % | 18.5 % |
| Fee income | 66,837 | 67,037 | 68,406 | (2.3)% | (0.3)% |
| Core revenues | 349,828 | 305,768 | 332,552 | 5.2 % | 14.4 % |
| Financial transactions, net | 18,134 | 19,222 | 15,927 | 13.9 % | (5.7)% |
| Provision expense | (90,387) | (119,459) | (86,607) | 4.4 % | (24.3)% |
| Operating expenses | (141,059) | (135,665) | (131,815) | 7.0 % | 4.0 % |
| Operating income, net of provisions and costs | 136,516 | 69,866 | 130,057 | 5.0 % | 95.4 % |
| Other operating & Non-op. Income | (23,114) | (19,303) | (27,936) | (17.3)% | 19.7 % |
| Net income attributable to shareholders | 113,402 | 50,563 | 102,121 | 11.0 % | 124.3 % |
| Net income/share (Ch\$) | 0.60 | 0.27 | 0.54 | 11.0 % | 124.3 % |
| Net income/ADR (US\$) ¹ | 0.50 | 0.23 | 0.42 | 21.0 % | 120.5 % |
| Total loans | 18,876,079 | 18,503,174 | 17,347,094 | 8.8 % | 2.0 % |
| Deposits | 14,082,232 | 14,088,770 | 13,334,929 | 5.6 % | (0.0)% |
| Shareholders' equity | 2,135,660 | 2,058,231 | 2,001,222 | 6.7 % | 3.8 % |
| Net interest margin | 5.5 % | 4.7 % | 5.3 % | | |
| Efficiency ratio | 40.0 % | 42.4 % | 38.5 % | | |
| Return on average equity ² | 21.6 % | 9.9 % | 20.8 % | | |
| NPL / Total loans ³ | 3.17 % | 3.04 % | 2.95 % | | |
| Coverage NPLs | 92.0 % | 98.3 % | 102.4 % | | |
| Risk index ⁴ | 2.91 % | 2.98 % | 3.02 % | | |
| Cost of credit ⁵ | 1.92 % | 2.58 % | 2.00 % | | |
| Core capital ratio | 10.7 % | 10.6 % | 11.0 % | | |
| BIS ratio | 13.7 % | 13.9 % | 14.7 % | | |
| Branches | 503 | 496 | 499 | | |
| ATMs | 2,001 | 1,966 | 1,920 | | |
| Employees | 11,713 | 11,692 | 11,566 | | |

¹ The change in earnings per ADR may differ from the change in earnings per share due to exchange rate movements.

² Earnings per ADR was calculated using the Observed Exchange Rate Ch\$478.6 per US\$ as of Dec. 31, 2012.

³ Annualized Quarterly net income attributable to shareholders / Average equity attributable to shareholders in the quarter.

⁴ NPLs: Non-performing loans: full balance of loans with one installment 90 days or more overdue.

⁵ Risk Index: Loan loss allowances / Total loans: measures the percentage of loans the banks must provision for given

⁶ their internal models and the Superintendency of Banks guidelines.

⁷ Cost of credit: Provision expenses annualized divided by total loans.

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SECTION 2: BALANCE SHEET ANALYSIS**LOANS**

Loan growth accelerating in the markets the Bank has targeted for growth

| Loans (Ch\$ million) | Quarter ended, | | | % Change | |
|---|-------------------|-------------------|-------------------|----------------------------|-----------------------------|
| | Dec-12 | Sep-12 | Dec-11 | Dec. 12 / Dec. 11 | Dec. 12 / Sept. 12 |
| Total loans to individuals ¹ | 9,723,801 | 9,613,857 | 9,289,345 | 4.7 % | 1.1 % |
| Consumer loans | 3,115,477 | 3,039,998 | 2,943,846 | 5.8 % | 2.5 % |
| Residential mortgage loans | 5,271,581 | 5,208,217 | 5,115,663 | 3.0 % | 1.2 % |
| SMEs | 2,836,695 | 2,745,928 | 2,560,736 | 10.8 % | 3.3 % |
| Total retail lending | 12,560,496 | 12,359,785 | 11,850,081 | 6.0 % | 1.6 % |
| Institutional lending | 356,465 | 355,119 | 355,199 | 0.4 % | 0.4 % |
| Middle-Market & Real estate | 4,072,191 | 3,918,324 | 3,650,709 | 11.5 % | 3.9 % |
| Corporate | 1,858,116 | 1,874,749 | 1,494,752 | 24.3 % | (0.9)% |
| Total loans ² | 18,876,079 | 18,503,174 | 17,347,094 | 8.8 % | 2.0 % |

1. Includes consumer loans, residential mortgage loans and other commercial loans to individuals.

2. Total loans gross of loan loss allowances. Total loans include other non-segmented loans and excludes interbank loans.

In 4Q12, total loans increased 2.0% QoQ and 8.8% YoY. In the quarter, loan growth continued to accelerate in the markets the Bank is targeting the most: high-income individuals, SMEs and middle market of companies. Loans in these combined markets increased 2.9% QoQ and 9.6% YoY. This is in line with the Bank's strategy for 2013 of expanding loan volumes with a clear focus on spreads, net of provisions.

Loans to individuals, which include consumer, mortgage and commercial loans to individuals, increased of 1.1% QoQ in 3Q12 and 4.7% YoY. In the quarter, the Bank focused on expanding its loan portfolio in higher income segments, while remaining more selective in the mass consumer market. Loans to high-income individuals increased 2.1% QoQ in comparison to a decrease of 1.3% QoQ in the low-income segment. In the middle-income segment, loans decreased 0.7% QoQ. By products, total **consumer loans** increased 2.5% QoQ (5.8% YoY) and **residential mortgage loans** expanded 1.2% QoQ (3.0% YoY). The Bank has reduced the growth rate of this product due to

profitability concerns by implementing stricter admissions policies since 2Q12 such as limiting loan to value levels at origination. **Lending to SMEs** (defined as companies that sell less than Ch\$1,200 million per year) expanded 3.3% QoQ (10.8% YoY), reflecting the Bank's consistent focus on this segment.

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In 4Q12, the Bank also focused its loan growth in the middle-market segment (companies with annual sales between Ch\$1,200 million and Ch\$10,000 million per year), which increased 3.9% QoQ and 11.5% YoY. This segment continues to show healthy loan demand given the high level of investment in the Chilean economy, which is expected to reach approximately 26% of GDP in 2012 and 2013. This segment is also generating more and more business volumes in other areas such as cash management and treasury services.

In the large corporate segment (companies with sale over Ch\$10,000 million per year or that are part of a large foreign or local economic group), loans decreased 0.9% QoQ. The sharp turn-around in the cost of external funding for companies throughout the second half of 2012 resulted in lower local loan demand from these clients and pre-payment of some large corporate loans. The Bank's non-lending business with these clients, especially cash management services continues to thrive.

FUNDING

Non-interest bearing deposits grow 8.0% QoQ, reflecting the Bank's focus on core deposits

| Funding (Ch\$ million) | Quarter ended, | | | % Change | |
|--------------------------------------|----------------|------------|------------|----------------------------|-----------------------------|
| | Dec-12 | Sep-12 | Dec-11 | Dec. 12 / Dec. 11 | Dec. 12 / Sept. 12 |
| Demand deposits | 4,970,019 | 4,601,160 | 4,413,815 | 12.6% | 8.0 % |
| Time deposits | 9,112,213 | 9,487,610 | 8,921,114 | 2.1 % | (4.0)% |
| Total deposits | 14,082,232 | 14,088,770 | 13,334,929 | 5.6 % | (0.0)% |
| Mutual funds (off-balance sheet) | 2,713,776 | 3,080,130 | 2,941,773 | (7.8)% | (11.9)% |
| Total customer funds | 16,796,008 | 17,168,900 | 16,276,702 | 3.2 % | (2.2)% |
| Loans to deposits¹ | 101.6 | % 98.7 | % 95.4 | % | |

1. (Loans - marketable securities that fund mortgage loans) / (Time deposits + demand deposits).

Customer funds (deposits + mutual funds) decreased 2.2% QoQ and increased 3.2% YoY. **Total deposits** were flat QoQ and grew 5.6% YoY. In the quarter and throughout 2012, the Bank has focused on increasing its core deposits (demand deposits and time deposits from non-institutional sources), while reducing dependence on institutional deposits that tend to be more expensive. As a result, at year-end 2012 total non-interest bearing demand deposits increased 8.0% QoQ and 12.6% YoY. This has improved the Bank's funding mix, as non-institutional deposits tend to be cheaper and more stable than other sources of funding.

Assets under management decreased 11.9% mainly because of QoQ decline in money market funds in the month of December due to inflation volatility in the local market. We expect this business to continue to be volatile in line with general market trends.

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SHAREHOLDERS' EQUITY AND REGULATORY CAPITAL*Core capital ratio at 10.7% and ROAE reached 21.6% in the quarter*

| Shareholders' Equity (Ch\$ million) | Quarter ended, | | | Change % | |
|--|----------------|-----------|------------|-------------------|--------------------|
| | Dec-12 | Sep-12 | Dec-11 | Dec. 12 / Dec. 11 | Dec. 12 / Sept. 12 |
| Capital | 891,303 | 891,303 | 891,303 | 0.0 % | 0.0 % |
| Reserves | 976,561 | 976,561 | 51,539 | 1794.8% | 0.0 % |
| Valuation adjustment | (3,781) | (1,828) | 2,832 | — % | — % |
| Retained Earnings: | 271,577 | 192,195 | 1,055,548 | (74.3)% | 41.3 % |
| Retained earnings prior periods | 0 | 0 | 750,989 | — % | — % |
| Income for the period | 387,967 | 274,565 | 435,084 | (10.8)% | 41.3 % |
| Provision for mandatory dividend | (116,390) | (82,370) | (130,525) | (10.8)% | 41.3 % |
| Equity attributable to shareholders | 2,135,660 | 2,058,231 | 2,001,222 | 6.7 % | 3.8 % |
| Non-controlling interest | 34,265 | 33,485 | 33,801 | 1.4 % | 2.3 % |
| Total Equity | 2,169,925 | 2,091,716 | 2,035,023 | 6.6 % | 3.7 % |
| Quarterly ROAE | 21.6 % | 9.9 % | 20.8 % | | |

Shareholders' equity totaled Ch\$2,153,660 million (US\$4.5 billion) as of December 31, 2012. **Core capital** reached 10.7% as of December 31, 2012 and the Bank's **BIS ratio** reached 13.7% at the same date. **ROAE** in the quarter reached 21.6% and 18.9% for the whole 2012. Voting common shareholders' equity is the sole component of our Tier I capital. Tier II declined in the quarter as some subordinated bonds came due in the quarter.

| Capital Adequacy (Ch\$ million) | Quarter ended, | | | Change % | |
|------------------------------------|----------------|------------|------------|-------------------|--------------------|
| | Dec-12 | Sep-12 | Dec-11 | Dec. 12 / Dec. 11 | Dec. 12 / Sept. 12 |
| Tier I (Core Capital) | 2,135,660 | 2,058,231 | 2,001,222 | 6.7 % | 3.8 % |
| Tier II | 599,656 | 642,650 | 686,171 | (12.6)% | (6.7)% |
| Regulatory capital | 2,735,316 | 2,700,881 | 2,687,393 | 1.8 % | 1.3 % |
| Risk weighted assets | 19,940,397 | 19,479,092 | 18,243,142 | 9.3 % | 2.4 % |
| Tier I (Core capital) ratio | 10.7 % | 10.6 % | 11.0 % | | |
| BIS ratio | 13.7 % | 13.9 % | 14.7 % | | |

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SECTION 3: ANALYSIS OF QUARTERLY INCOME STATEMENT**NET INTEREST INCOME**

Client margins remain stable. Higher inflation and the improved funding mix drives NIMs

| Net Interest Income / Margin (Ch\$ million) | Quarter | | | Change % | |
|---|------------|------------|------------|----------------|----------------|
| | 4Q12 | 3Q12 | 4Q11 | 4Q12 / 4Q11 | 4Q12 / 3Q12 |
| Client net interest income¹ | 273,022 | 274,076 | 261,348 | 4.5 % | (0.4)% |
| Non-client net interest income ² | 9,969 | (35,345) | 2,798 | 256.2% | (128.2)% |
| Net interest income | 282,991 | 238,731 | 264,146 | 7.1 % | 18.5 % |
| Average interest-earning assets | 20,762,771 | 20,410,407 | 19,836,214 | 4.7 % | 1.7 % |
| Average loans | 18,666,166 | 18,546,119 | 17,494,801 | 6.7 % | 0.6 % |
| Interest earning asset yield ³ | 10.1 % | 8.0 % | 10.0 % | | |
| Cost of funds ⁴ | 4.7 % | 3.3 % | 4.8 % | | |
| Client net interest margin⁵ | 5.9 % | 5.9 % | 6.0 % | | |
| Net interest margin (NIM)⁶ | 5.5 % | 4.7 % | 5.3 % | | |
| Avg. equity + non-interest bearing demand deposits / Avg. interest earning assets | 32.8 % | 32.5 % | 32.0 % | | |
| Quarterly inflation rate ⁷ | 1.11 % | (0.16)% | 1.28 % | | |
| Central Bank reference rate | 5.00 % | 5.00 % | 5.25 % | | |
| Avg. 10 year Central Bank yield (real) | 2.45 % | 2.42 % | 2.61 % | | |

1. Client net interest income is mainly net interest income from the from all client activities such as loans and deposits minus the internal transfer rate. See footnote 3 at the end of this page.

2. Non-client interest income is net interest income mainly from the Bank's ALCO positions and treasury. See footnote 3 at the end of this page.

3. Interest income divided by interest earning assets.

4. Interest expense divided by interest bearing liabilities + demand deposits.

5. Client net interest income annualized divided by average loans

6. Net interest income divided by average interest earning assets annualized.

7. Inflation measured as the variation of the Unidad de Fomento in the quarter.

In 4Q12, **Net interest income** increased 18.5% QoQ and 7.1% YoY. The **Net interest margin** (NIM) in 4Q12 reached 5.5% compared to 4.7% in 3Q12 and 5.3% in 4Q11. In order to improve the explanation of margins, we have divided the analysis of net interest income between client interest income³ and non-client net interest income.

³ In order to explain better the evolution of net interest income, we have divided net interest income between client net interest income and non-client net interest income. Client net interest income is net interest income from all client activities such as loans and deposits minus the internal transfer rate. Non-client interest income is net interest income from Bank's inflation gap, the financial cost of hedging, the financial cost of the Bank's structural liquidity position, net interest income from treasury positions and the interest expense of the Bank's financial investments classified as trading, since interest income from this portfolio is recognized as financial transactions net.

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Client net interest income. In 4Q12 client net interest income was flat QoQ and increased 4.5% YoY. Average loans increased 0.6% QoQ and 6.7% YoY. **Client net interest margin** (defined as client net interest income divided by average loans) reached 5.9% in 4Q12 compared to 5.9% in 3Q12 and 6.0% in 4Q11. The improved funding mix and stable pricing policies has kept client margins relatively unchanged since the second half of 2011.

Non-client net interest income. The volatility of our total net interest margin and income is mainly due to the quarterly fluctuations of inflation. In 4Q12, the variation of the Unidad de Fomento (an inflation indexed currency unit), was 1.11% compared to deflation of 0.16% in 3Q12 and inflation of 1.28% in 4Q11. It is important to point out that the Bank has more assets than liabilities linked to inflation and, as a result, margins have a positive sensitivity to variations in inflation. The gap between assets and liabilities indexed to the UF averaged approximately US\$7 billion in 4Q12. Therefore, the QoQ rise in inflation explains the sharp rise in non-client net interest income in 4Q12 compared to 3Q12. Despite lower inflation in 4Q12 compared to 4Q11, the Bank's non-client margins increased due to the improved funding mix and lower negative carry from our structural liquidity position, which has reached more normalized levels, following the sharp rise in structural liquidity at year-end 2011.

For 2013, the evolution of margins should reflect various factors. Client margins should remain relatively stable as the Bank continues to focus on retail lending. Inflation in 2013 is expected to reach 3.0%, which is positive for margins, but inflation in 1Q13 should be considerably lower than in 4Q12 and 1Q12. In 2013, the negative effects of possible regulations regarding maximum rates may have a negative impact on margins. The final law regulating this change is still being discussed in Congress and there is no clarity as to when it will be approved. To counterbalance this we expect: (1) healthier loan growth both in terms of volumes and in terms of margins, post provision expense and, (2) an improved funding mix via healthy growth of core deposits.

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PROVISION FOR LOAN LOSSES AND ASSET QUALITY*Net provision expense normalizing following non-recurring charge in 3Q12*

| Provision for loan losses (Ch\$ million) | Quarter | | | Change % | |
|---|------------|------------|------------|----------------|----------------|
| | 4Q12 | 3Q12 | 4Q11 | 4Q12 / 4Q11 | 4Q12 / 3Q12 |
| Gross provisions | 1,720 | (32,952) | (9,548) | (118.0)% | (105.2)% |
| Charge-offs | (102,882) | (96,256) | (96,866) | 6.2 % | 6.9 % |
| Gross provisions and charge-offs | (101,162) | (129,208) | (106,414) | (4.9)% | (21.7)% |
| Loan loss recoveries | 10,775 | 9,749 | 19,807 | (45.6)% | 10.5 % |
| Net provisions for loan losses | (90,387) | (119,459) | (86,607) | 4.4 % | (24.3)% |
| Total loans ¹ | 18,876,079 | 18,503,174 | 17,347,094 | 8.8 % | 2.0 % |
| Total reserves (RLL) | 550,122 | 552,138 | 523,687 | 5.0 % | (0.4)% |
| Non-performing loans ² (NPLs) | 597,767 | 561,730 | 511,357 | 16.9 % | 6.4 % |
| NPLs commercial loans | 320,461 | 307,658 | 251,881 | 27.2 % | 4.2 % |
| NPLs residential mortgage loans | 159,802 | 149,936 | 152,911 | 4.5 % | 6.6 % |
| NPLs consumer loans | 117,504 | 104,136 | 106,565 | 10.3 % | 12.8 % |
| Cost of credit³ | 1.94 | % 2.58 | % 1.98 | % | % |
| Risk index ⁴ (RLL / Total loans) | 2.91 | % 2.98 | % 3.02 | % | % |
| NPL / Total loans | 3.17 | % 3.04 | % 2.95 | % | % |
| NPL / Commercial loans | 3.06 | % 3.00 | % 2.71 | % | % |
| NPL / Residential mortgage loans | 3.03 | % 2.88 | % 2.99 | % | % |
| NPL / consumer loans | 3.77 | % 3.43 | % 3.62 | % | % |
| Coverage of NPLs⁵ | 92.0 | % 98.3 | % 102.4 | % | % |
| Coverage of NPLs ex-mortgage⁶ | 117.4 | % 125.2 | % 136.2 | % | % |
| Coverage of commercial NPLs | 78.3 | % 80.0 | % 97.3 | % | % |
| Coverage of residential mortgage NPLs | 22.5 | % 24.5 | % 23.3 | % | % |
| Coverage of consumer NPLs | 224.0 | % 258.6 | % 228.1 | % | % |

1. Excludes interbank loans.

2. NPLs: Non-performing loans: full balance of loans with one installment 90 days or more overdue.

3. Cost of credit: Quarterly provision expense annualized divided by average loans

4. Risk Index: Loan loss allowances / Total loans; measures the percentage of loans the banks must provision for given their internal models and the Superintendency of Banks guidelines.

5. Loan loss allowances / NPLs.

6. Loan loss reserves of commercial + consumer loans divided by NPLs of commercial and consumer loans

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Net provision for loan losses in the quarter totaled Ch\$90,387 million a decrease of 24.3% QoQ and an increase of 4.4% YoY. The net provision expense by loan product was as follows:

| Net provisions for loan losses by segment (Ch\$ million) | Quarter | | | Change % | |
|--|----------|-----------|----------|----------|---------|
| | 4Q12 | 3Q12 | 4Q11 | 4Q12 | 4Q12 |
| | | | | / | / |
| Commercial loans | (19,000) | (30,791) | (34,428) | (44.8)% | (38.3)% |
| Residential mortgage loans | (7,777) | (4,488) | 7,685 | — % | 73.3 % |
| Consumer loans | (63,610) | (84,180) | (59,864) | 6.3 % | (24.4)% |
| Net provisions for loan losses | (90,387) | (119,459) | (86,607) | 4.4 % | (24.3)% |

Net provision expense in consumer loans decreased 24.3% QoQ and increased 6.3% YoY. In 3Q12, the Bank **recalibrated the consumer loan-provisioning model** that increased the minimum provision set aside for renegotiated consumer loans. As a result, gross provision expenses in 3Q12 includes a **non-recurring provision expense** of Ch\$24,753 million. Excluding this charge, the QoQ decline in provision expense was 4.6%.

In 2012, the Bank implemented a series of measures to stabilize provision expense and the cost of credit. The most important changes were:

Tightening of admission and approval policies in consumer lending. This mainly consisted of incrementing minimum debt servicing levels for loan approvals and restricting growth with clients with no history of positive (i) credit bureau information. This has resulted in a positive evolution of the consumer loan vintage rates. Despite the rise in NPLs in consumer loans in 4Q compared to 3Q, the credit quality of the loans originated under the stricter admissions policies is beginning to have a positive impact on asset quality.

Restricting renegotiation policies and strengthening our collection efforts. This, on the one hand, resulted in an (ii) increase in charge-offs and NPLs, but at the same time a rise in **consumer loan loss recoveries**. These increased 6.1% QoQ and 140.4% YoY in 4Q12.

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Provision expense for mortgage residential loans increased 73.3% QoQ. Mortgage loan NPLs reached 3.0% in 4Q12 compared to 2.9% in 3Q12. Including collateral, the coverage of residential mortgage NPLs reached 112.5%. In 4Q11, the Bank recognized an extraordinary recovery of Ch\$15bn from the mortgage portfolio and this explains the difference in provision expenses in this product between 4Q12 and 4Q11. The Bank, since the end of the first half of 2012, has been enforcing stricter loan to value requisites at origination as a precautionary measure.

Provision expense in commercial loans decreased 38.3% QoQ as some problem loans in the middle-market were paid. As a reminder, in 4Q11, the Bank upgraded its provisioning model for loans to SMEs (See Annex 1 of the 4Q11 Earnings Report). This signified a one-time charge of Ch\$16.6 billion in 4Q11 and this explains the 44.8% decrease in commercial provision expenses between 4Q12 and 4Q11. Commercial loan NPLs reached 3.1% in 4Q12 compared to 3.0% in 3Q12. The rise in NPLs in commercial loans is mainly due to an increase in NPLs in SMEs, which has been the fastest growing segment. The Bank experienced a rise in NPLs mainly among SME loans granted through the government's guarantee program designed to aid the entrance of SME to the banking market. Therefore, the rise in NPLs does not necessarily imply a rise in losses as these loans are guaranteed by the state. For this reason, coverage ratio of commercial loan NPLs has fallen to 76.5% in the quarter while the Bank's **risk index** has remained stable at 2.9% We expect a similar trend in 2013 in SME NPLs, risk index and coverage ratios.

Coverage of total NPLs in 4Q12 reached 92.0% compared to 98.3% in 3Q12 and 102.4% in 4Q11. Excluding residential mortgage loans that have a lower coverage ratio due to the value of residential property collateral, the coverage ratio reached a 117%.

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NET FEE INCOME***Lower business activity in retail banking lowers fee income***

| Fee Income (Ch\$ million) | Quarter | | | Change % | |
|---|---------|--------|--------|----------------|----------------|
| | 4Q12 | 3Q12 | 4Q11 | 4Q12 / 4Q11 | 4Q12 / 3Q12 |
| Credit, debit & ATM card fees | 12,174 | 13,104 | 14,274 | (14.7)% | (7.1)% |
| Collection fees | 9,402 | 14,819 | 15,417 | (39.0)% | (36.6)% |
| Insurance brokerage | 8,160 | 8,138 | 7,722 | 5.7 % | 0.3 % |
| Asset management | 8,047 | 8,270 | 7,690 | 4.6 % | (2.7)% |
| Guarantees, pledges and other contingent operations | 7,457 | 7,222 | 6,540 | 14.0 % | 3.2 % |
| Checking accounts | 7,024 | 7,143 | 7,365 | (4.6)% | (1.7)% |
| Lines of credit | 2,201 | 2,228 | 2,738 | (19.6)% | (1.1)% |
| Fees from brokerage and custody of securities | 1,947 | 2,353 | 2,194 | (11.3)% | (17.3)% |
| Other Fees | 10,425 | 3,760 | 4,466 | 133.4 % | 177.4 % |
| Total fees | 66,837 | 67,037 | 68,406 | (2.3)% | (0.3)% |

Net fee income decreased 0.3% QoQ and 2.3% YoY. The Bank continued to increase its client base and cross-selling indicators, especially in the middle-upper income segments while limiting client growth in the mass consumer segment. This was partially offset by positive fee growth from our corporate banking unit.

The Bank's total client base has increased 4.1% in the past twelve-months and the amount of cross-sold clients in all segments, excluding Banefe, has risen 5.2% YoY. This was offset by a decline in Banefe clients, as the Bank reduced its exposure to clients with unhealthy financial behavior. This also had a short-term impact on certain fees in the quarter, specifically credit card, checking account and line of credit fees. The fall in collection fees was mainly due to lower growth in mortgage loans. Collection fees for residential mortgage loan insurance are recognized in this line item. In January 2013, the new fee structure for residential mortgage loan insurance becomes effective, which should lower collection fees from mortgage insurance in 2013.

Cross-sold: For clients in Banefe cross-sold clients are clients with at least two products, one of which is a loan product plus direct deposit. In the Bank, excluding Banefe, a cross-sold client uses at least 4 products.

The Bank's Transformation Plan continues to be implemented which should help bolster fees in 2013. This is the largest overhaul and reorganization of the Bank's middle and lower income business segments in the last decade. The installation of the new CRM, a corner-piece of this initiative, is starting to improve the Bank's client service indicators and productivity.

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NET RESULTS FROM FINANCIAL TRANSACTIONS***Positive quarter in Corporate Banking***

| Financial Transactions* | Quarter | | | Change % | |
|---|----------|----------|---------|-------------|-------------|
| | 4Q12 | 3Q12 | 4Q11 | 4Q12 / 4Q11 | 4Q12 / 3Q12 |
| (Ch\$ million) | | | | | |
| Net income from financial operations | (31,138) | (19,161) | 17,322 | — % | 62.5 % |
| Foreign exchange profit (loss), net | 49,272 | 38,383 | (1,395) | — % | 28.4 % |
| Net results from financial transactions | 18,134 | 19,222 | 15,927 | 13.9% | (5.7)% |

* These results mainly include the mark-to-market of the Available for sale investment portfolio, realized and unrealized gains of Financial investments held for trading, the interest revenue generated by the Held for trading portfolio, gains or losses from the sale of charged-off loans and the mark-to-market of derivatives. The results recorded as Foreign exchange profits (loss), net mainly includes the translation gains or losses of assets and a liability denominated in foreign currency.

Net results from financial transactions totaled a gain of Ch\$18,134 million in 4Q12, a 5.7% QoQ decrease and a 13.9% YoY increase. In order to understand more clearly these line items, we present them by business area in the table below.

| Financial Transactions | Quarter | | | Change % | |
|---|---------|--------|---------|-------------|-------------|
| | 4Q12 | 3Q12 | 4Q11 | 4Q12 / 4Q11 | 4Q12 / 3Q12 |
| (Ch\$ million) | | | | | |
| Santander Global Connect ¹ | 14,051 | 9,467 | 15,281 | (8.0)% | 48.4 % |
| Market-making | 7,592 | 8,659 | 5,931 | 28.0 % | (12.3)% |
| Client treasury services | 21,643 | 18,126 | 21,212 | 2.0 % | 19.4 % |
| Non-client treasury income | (3,509) | 1,096 | (5,286) | (33.6)% | — % |
| Net results from financial transactions | 18,134 | 19,222 | 15,927 | 13.9 % | (5.7)% |

1. Santander Global Connect is the Bank's commercial platform for selling treasury products to our clients.

Client treasury services totaled Ch\$21,643 million in 4Q12 and increased 19.4% QoQ and 2.0% YoY. 4Q12 was a positive quarter for our Corporate banking unit in general with good core deposit growth, positive fee generation and a good quarter in client treasury services, reflecting the general positive business environment in Chile. **Non-client**

treasury services recorded a loss of Ch\$3,509 million, mainly reflecting the rise in long-term interest rates as inflation rebounded. This had a negative mark-to-mark impact on the Bank's liquidity portfolio comprised mainly of Central Bank instruments.

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OPERATING EXPENSES AND EFFICIENCY*Cost growth moderates as key project begin to have an impact on efficiency*

| Operating Expenses (Ch\$ million) | Quarter | | | Change % | |
|---|-----------|-----------|-----------|-------------|-------------|
| | 4Q12 | 3Q12 | 4Q11 | 4Q12 / 4Q11 | 4Q12 / 3Q12 |
| Personnel expenses | (76,882) | (75,561) | (73,233) | 5.0 % | 1.7 % |
| Administrative expenses | (48,127) | (46,053) | (44,747) | 7.6 % | 4.5 % |
| Depreciation, amortization and impairment | (16,050) | (14,051) | (13,835) | 16.0% | 14.2 % |
| Operating expenses | (141,059) | (135,665) | (131,815) | 7.0 % | 4.0 % |
| Branches | 503 | 496 | 499 | 0.8 % | 1.4 % |
| ATMS | 2,001 | 1,966 | 1,920 | 4.2 % | 1.8 % |
| Employees | 11,713 | 11,692 | 11,566 | 1.3 % | 0.2 % |
| Efficiency ratio¹ | 40.0 % | 42.4 % | 38.5 % | | |

¹ Operating expenses / Operating income. Operating income = Net interest income + Net fee income+ Net results from Financial transactions + Other operating income and expenses.

Operating expenses in 4Q12 increased 4.0% QoQ and 7.0% YoY. The efficiency ratio reached 40.0% in 4Q12 compared to 42.4% in 3Q12 and 38.5% in 4Q11. The 1.7% QoQ increase in **personnel expenses** reflects lower variable incentives paid to personnel. At the same time, headcount was flat QoQ. The 5.0% YoY increase in **personnel expenses** in 4Q12 reflects the 1.3% rise in headcount plus the rise in salaries in the year due to inflation plus higher severance payments. As of December 2012, headcount totaled 11,713 employees. Going forward personnel expense should grow at a slower pace than those observed in previous quarters as headcount remain stable and the new IT systems should increase employee productivity.

Administrative expenses increased 4.5% QoQ and 7.6% YoY in 3Q12, as the Bank continued with its projects of investing in a new Client Relationship Management system and the Transformation Initiatives aimed at enhancing productivity in retail banking. In the quarter, the Bank also opened 7 branches and installed 35 new ATMs. Rent expenses have also been rising since the Bank has sold most of its branches and now rents them. Branches are risk weighted at 100% and, therefore, from a capital perspective, it is more efficient to rent them than to own them.

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OTHER INCOME AND EXPENSES

| Other Income and Expenses (Ch\$ million) | Quarter | | | Change % | |
|---|----------|----------|----------|----------------|----------------|
| | 4Q12 | 3Q12 | 4Q11 | 4Q12 / 4Q11 | 4Q12 / 3Q12 |
| Other operating income | 4,630 | 8,074 | 19,047 | (75.7)% | (42.7)% |
| Other operating expenses | (20,268) | (13,008) | (24,989) | (18.9)% | 55.8 % |
| Other operating income, net | (15,638) | (4,934) | (5,942) | 163.2 % | 216.9 % |
| Income from investments in other companies | (983) | 143 | 467 | (310.5)% | (787.4)% |
| Income tax expense | (5,711) | (12,276) | (20,907) | (72.7)% | (53.5)% |
| Income tax rate | 4.8 % | 18.9 % | 16.8 % | | |

Other operating income, net, totaled Ch\$ -15,638 million in 4Q12. The higher loss compared to 3Q12 was mainly due to a Ch\$5,591 million gain from the sale of 11 branches in the previous quarter. The higher loss compared to 4Q11 was mainly due to Ch\$11.1 billion gain recognized from the sale of 8 branches in 4Q11.

The lower **income tax** rate in 4Q12 was mainly due to the recognition of higher deferred tax assets. Congress approved a law that raised the statutory corporate tax rate to 20% next year and this new rate was applied to deferred taxes, increasing this asset and temporarily lowering the effective tax rate. For the whole of 2012, the Bank paid an effective tax rate of 11.5% and this rate should rise to approximately 18% in 2013. Additionally, for tax purposes, the Bank must revalue its capital by the consumer price index. Since CPI inflation is expected to rise in 2013, this will result in a tax loss that lowers the Bank's effective tax rate compared to the statutory rate.

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SECTION 4: CREDIT RISK RATINGS**International ratings**

The Bank has credit ratings from three leading international agencies. In 4Q12, Standard & Poor's upgraded the sovereign rating of Chile to AA- and Santander Chile's rating of A was switched from Outlook negative to Outlook stable.

| Moody's (Outlook negative) | Rating |
|-----------------------------------|---------------|
| Foreign currency bank deposits | Aa3 |
| Senior bonds | Aa3 |
| Subordinated debt | A1 |
| Bank Deposits in Local Currency | Aa3 |
| Bank financial strength | C+ |
| Short-term deposits | P-1 |

| Standard and Poor's (Outlook stable) | Rating |
|---|---------------|
| Long-term Foreign Issuer Credit | A |
| Long-term Local Issuer Credit | A |
| Short-term Foreign Issuer Credit | A-1 |
| Short-term Local Issuer Credit | A-1 |

| Fitch (Outlook negative) | Rating |
|----------------------------------|---------------|
| Foreign Currency Long-term Debt | A+ |
| Local Currency Long-term Debt | A+ |
| Foreign Currency Short-term Debt | F1 |
| Local Currency Short-term Debt | F1 |
| Viability rating | a+ |

Local ratings:

Our local ratings, the highest in Chile, are the following:

| Local ratings | Fitch Ratings | Feller Rate |
|------------------------|--------------------------|------------------------|
| Shares | 1CN1 | 1CN1 |
| Short-term deposits | N1+ | N1+ |
| Long-term deposits | AAA | AAA |
| Mortgage finance bonds | AAA | AAA |
| Senior bonds | AAA | AAA |
| Subordinated bonds | AA | AA+ |
| Outlook | Negative | Stable |

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SECTION 5: SHARE PERFORMANCE**As of December 2012****ADR price⁴ (US\$) 12M12**

| | |
|------------------|-------|
| 12/31/12: | 28.49 |
| Maximum (12M12): | 33.96 |
| Minimum (12M12): | 26.10 |

Market Capitalization: US\$13,422 million

| | |
|-------------------------|-------|
| P/E 12 month trailing*: | 16.38 |
| P/BV (12/31/12)**: | 2.98 |
| Dividend yield***: | 3.5 % |

*Price as of Dec. 31, 2012 / 12mth. earnings

**Price as of Dec. 31, 2012 / Book value as of 12/31/12

***Based on closing price on record date of last dividend payment.

Local share price (Ch\$) 12M12

| | |
|------------------|-------|
| 12/31/12: | 33.72 |
| Maximum (12M12): | 41.00 |
| Minimum (12M12): | 31.40 |

Dividends:

| Year paid | Ch\$/share | % of previous year earnings |
|-----------|------------|--------------------------------------|
| 2008: | 1.06 | 65 % |
| 2009: | 1.13 | 65 % |
| 2010: | 1.37 | 60 % |
| 2011: | 1.52 | 60 % |
| 2012: | 1.39 | 60 % |

4 On Oct. 22, 2012, the ratio of common share per ADR was changed from 1,039 shares per ADR to 400 shares per ADR.

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ANNEX 1: BALANCE SHEET

| Unaudited Balance Sheet | Dec-12 US\$ths | Dec-12 Ch\$ million | Dec-11 | Dec. 12 / Dec. 11 % Chg. | |
|--|-------------------|------------------------|-------------------|-----------------------------|----------|
| Assets | | | | | |
| Cash and balances from Central Bank | 2,611,285 | 1,250,414 | 2,793,701 | (55.2 |)% |
| Funds to be cleared | 1,086,493 | 520,267 | 276,454 | 88.2 | % |
| Financial assets held for trading | 706,457 | 338,287 | 409,763 | (17.4 |)% |
| Investment collateral under agreements to repurchase | 14,604 | 6,993 | 12,928 | (45.9 |)% |
| Derivatives | 2,700,662 | 1,293,212 | 1,612,869 | (19.8 |)% |
| Interbank loans | 189,051 | 90,527 | 87,541 | 3.4 | % |
| Loans, net of loan loss allowances | 38,270,767 | 18,325,957 | 16,823,407 | 8.9 | % |
| Available-for-sale financial assets | 3,813,633 | 1,826,158 | 1,661,311 | 9.9 | % |
| Held-to-maturity investments | - | - | - | — | % |
| Investments in other companies | 15,901 | 7,614 | 8,728 | (12.8 |)% |
| Intangible assets | 182,410 | 87,347 | 80,739 | 8.2 | % |
| Fixed assets | 338,757 | 162,214 | 153,059 | 6.0 | % |
| Current tax assets | 21,357 | 10,227 | 37,253 | (72.5 |)% |
| Deferred tax assets | 388,869 | 186,210 | 147,754 | 26.0 | % |
| Other assets | 1,370,367 | 656,200 | 546,470 | 20.1 | % |
| Total Assets | 51,710,613 | 24,761,627 | 24,651,977 | 0.4 | % |
| Liabilities and Equity | | | | | |
| Demand deposits | 10,379,073 | 4,970,019 | 4,413,815 | 12.6 | % |
| Funds to be cleared | 595,078 | 284,953 | 89,486 | 218.4 | % |
| Investments sold under agreements to repurchase | 635,099 | 304,117 | 544,381 | (44.1 |)% |
| Time deposits and savings accounts | 19,029,368 | 9,112,213 | 8,921,114 | 2.1 | % |
| Derivatives | 2,393,570 | 1,146,161 | 1,292,148 | (11.3 |)% |
| Deposits from credit institutions | 3,003,034 | 1,438,003 | 1,920,092 | (25.1 |)% |
| Marketable debt securities | 9,546,390 | 4,571,289 | 4,623,239 | (1.1 |)% |
| Other obligations | 402,237 | 192,611 | 176,599 | 9.1 | % |
| Current tax liabilities | 1,096 | 525 | 1,498 | (65.0 |)% |
| Deferred tax liability | 19,931 | 9,544 | 5,315 | 79.6 | % |
| Provisions | 461,508 | 220,993 | 230,290 | (4.0 |)% |
| Other liabilities | 712,695 | 341,274 | 398,977 | (14.5 |)% |
| Total Liabilities | 47,179,079 | 22,591,702 | 22,616,954 | -0.1 | % |
| Equity | | | | | |
| Capital | 1,861,341 | 891,303 | 891,303 | 0.0 | % |
| Reserves | 2,039,388 | 976,561 | 51,539 | 1794.8 | % |
| Unrealized gain (loss) Available-for-sale financial assets | (7,896) | (3,781) | 2,832 | (233.5 |)% |
| Retained Earnings: | 567,144 | 271,577 | 1,055,548 | (74.3 |)% |

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| | | | | | |
|------------------------------------|------------|------------|------------|--------|----|
| Retained earnings previous periods | - | - | 750,989 | — | % |
| Net income | 810,206 | 387,967 | 435,084 | (10.8) |)% |
| Provision for mandatory dividend | (243,062) | (116,390) | (130,525) | (10.8) |)% |
| Total Shareholders' Equity | 4,459,977 | 2,135,660 | 2,001,222 | 6.7 | % |
| Minority Interest | 71,557 | 34,265 | 33,801 | 1.4 | % |
| Total Equity | 4,531,534 | 2,169,925 | 2,035,023 | 6.6 | % |
| Total Liabilities and Equity | 51,710,613 | 24,761,627 | 24,651,977 | 0.4 | % |

Figures in US\$ have been translated at the exchange rate of Ch\$478.85

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ANNEX 2: YEAR-TO-DATE INCOME STATEMENTS

| YTD Income Statement Unaudited | Dec-12 US\$ths. | Dec-12 Ch\$ million | Dec-11 | Dec. 12 / Dec. 11 % Chg. | |
|--|--------------------|------------------------|------------|-----------------------------|----|
| Interest income | 3,948,946 | 1,890,953 | 1,768,735 | 6.9 | % |
| Interest expense | (1,771,367) | (848,219) | (796,435) | 6.5 | % |
| Net interest income | 2,177,580 | 1,042,734 | 972,300 | 7.2 | % |
| Fee and commission income | 752,693 | 360,427 | 363,041 | (0.7 |)% |
| Fee and commission expense | (187,647) | (89,855) | (85,205) | 5.5 | % |
| Net fee and commission income | 565,045 | 270,572 | 277,836 | (2.6 |)% |
| Net income from financial operations | (133,819) | (64,079) | 170,857 | — | % |
| Foreign exchange profit (loss), net | 305,687 | 146,378 | (76,660) | — | % |
| Total financial transactions, net | 171,868 | 82,299 | 94,197 | (12.6 |)% |
| Other operating income | 41,261 | 19,758 | 27,100 | (27.1 |)% |
| Net operating profit before loan losses | 2,955,754 | 1,415,363 | 1,371,433 | 3.2 | % |
| Provision for loan losses | (765,797) | (366,702) | (282,527) | 29.8 | % |
| Net operating profit | 2,189,957 | 1,048,661 | 1,088,906 | (3.7 |)% |
| Personnel salaries and expenses | (627,123) | (300,298) | (280,613) | 7.0 | % |
| Administrative expenses | (382,957) | (183,379) | (166,825) | 9.9 | % |
| Depreciation and amortization | (117,717) | (56,369) | (53,466) | 5.4 | % |
| Impairment | (188) | (90) | (116) | (22.4 |)% |
| Operating expenses | (1,127,986) | (540,136) | (501,020) | 7.8 | % |
| Other operating expenses | (135,961) | (65,105) | (66,558) | (2.2 |)% |
| Total operating expenses | (1,263,947) | (605,241) | (567,578) | 6.6 | % |
| Operating income | 926,010 | 443,420 | 521,328 | (14.9 |)% |
| Income from investments in other companies | 558 | 267 | 2,140 | (87.5 |)% |
| Income before taxes | 926,568 | 443,687 | 523,468 | (15.2 |)% |
| Income tax expense | (106,704) | (51,095) | (83,453) | (38.8 |)% |
| Net income from ordinary activities | 819,864 | 392,592 | 440,015 | (10.8 |)% |
| Net income discontinued operations | - | - | - | — | % |
| Net income attributable to: | | | | | |
| Minority interest | 9,659 | 4,625 | 4,931 | (6.2 |)% |
| Net income attributable to shareholders | 810,206 | 387,967 | 435,084 | (10.8 |)% |

Figures in US\$ have been translated at the exchange rate of Ch\$478.85.

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ANNEX 3: QUARTERLY INCOME STATEMENTS

| Unaudited Quarterly Income Statement | 4Q12 | 4Q12 | 3Q12 | 4Q11 | 4Q12 / 4Q11 | 4Q12 / 3Q12 | |
|--|------------|------------|------------|------------|----------------|----------------|---|
| | US\$ths. | Ch\$m | | | % Chg. | | % |
| Interest income | 1,096,205 | 524,918 | 407,222 | 497,457 | 5.5 % | 28.9 | % |
| Interest expense | (505,225) | (241,927) | (168,491) | (233,311) | 3.7 % | 43.6 | % |
| Net interest income | 590,980 | 282,991 | 238,731 | 264,146 | 7.1 % | 18.5 | % |
| Fee and commission income | 187,397 | 89,735 | 88,817 | 91,500 | (1.9)% | 1.0 | % |
| Fee and commission expense | (47,819) | (22,898) | (21,780) | (23,094) | (0.8)% | 5.1 | % |
| Net fee and commission income | 139,578 | 66,837 | 67,037 | 68,406 | (2.3)% | (0.3) | % |
| Net income from financial operations | (65,027) | (31,138) | (19,161) | 17,322 | — % | 62.5 | % |
| Foreign exchange profit (loss), net | 102,897 | 49,272 | 38,383 | (1,395) | — % | 28.4 | % |
| Total financial transactions, net | 37,870 | 18,134 | 19,222 | 15,927 | 13.9 % | (5.7) | % |
| Other operating income | 9,669 | 4,630 | 8,074 | 19,047 | (75.7)% | (42.7) | % |
| Net operating profit before loan losses | 778,098 | 372,592 | 333,064 | 367,526 | 1.4 % | 11.9 | % |
| Provision for loan losses | (188,758) | (90,387) | (119,459) | (86,607) | 4.4 % | (24.3) | % |
| Net operating profit | 589,339 | 282,205 | 213,605 | 280,919 | 0.5 % | 32.1 | % |
| Personnel salaries and expenses | (160,555) | (76,882) | (75,561) | (73,233) | 5.0 % | 1.7 | % |
| Administrative expenses | (100,505) | (48,127) | (46,053) | (44,747) | 7.6 % | 4.5 | % |
| Depreciation and amortization | (33,514) | (16,048) | (14,051) | (13,828) | 16.1 % | 14.2 | % |
| Impairment | (4) | (2) | 0 | (7) | (71.4)% | — | % |
| Operating expenses | (294,579) | (141,059) | (135,665) | (131,815) | 7.0 % | 4.0 | % |
| Other operating expenses | (42,326) | (20,268) | (13,008) | (24,989) | (18.9)% | 55.8 | % |
| Total operating expenses | (336,905) | (161,327) | (148,673) | (156,804) | 2.9 % | 8.5 | % |
| Operating income | 252,434 | 120,878 | 64,932 | 124,115 | (2.6)% | 86.2 | % |
| Income from investments in other companies | (2,053) | (983) | 143 | 467 | — % | — | % |
| Income before taxes | 250,381 | 119,895 | 65,075 | 124,582 | (3.8)% | 84.2 | % |
| Income tax expense | (11,926) | (5,711) | (12,276) | (20,907) | (72.7)% | (53.5) | % |
| Net income from ordinary activities | 238,455 | 114,184 | 52,799 | 103,675 | 10.1 % | 116.3 | % |
| Net income discontinued operations | - | - | - | - | — % | — | % |
| Net income attributable to: | | | | | | | |
| Minority interest | 1,633 | 782 | 2,236 | 1,554 | (49.7)% | (65.0) | % |
| Net income attributable to shareholders | 236,822 | 113,402 | 50,563 | 102,121 | 11.0 % | 124.3 | % |

Figures in US\$ have been translated at the exchange rate of Ch\$478.85

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ANNEX 4: QUARTERLY EVOLUTION OF MAIN RATIOS AND OTHER INFORMATION

| | Dec-11 | Mar-12 | Jun-12 | Sep-12 | Dec-12 |
|----------------------------------|------------|------------|------------|------------|------------|
| (Ch\$ millions) | | | | | |
| Loans | | | | | |
| Consumer loans | 2,943,846 | 2,963,104 | 2,987,880 | 3,039,998 | 3,115,479 |
| Residential mortgage loans | 5,115,663 | 5,162,473 | 5,221,914 | 5,208,217 | 5,271,580 |
| Commercial loans | 9,287,585 | 9,666,504 | 10,164,678 | 10,254,959 | 10,489,019 |
| Total loans | 17,347,094 | 17,792,081 | 18,374,472 | 18,503,174 | 18,876,079 |
| Allowance for loan losses | (523,687) | (522,728) | (518,331) | (552,138) | (550,152) |
| Total loans, net of allowances | 16,823,407 | 17,269,353 | 17,856,141 | 17,951,034 | 18,325,960 |
| Loans by segment | | | | | |
| Individuals | 9,289,345 | 9,376,934 | 9,534,018 | 9,613,857 | 9,723,801 |
| SMEs | 2,560,736 | 2,604,565 | 2,658,077 | 2,745,928 | 2,836,695 |
| Total retail lending | 11,850,081 | 11,981,499 | 12,192,095 | 12,359,785 | 12,560,496 |
| Institutional lending | 355,199 | 347,818 | 366,862 | 355,119 | 356,465 |
| Middle-Market & Real estate | 3,650,709 | 3,692,576 | 3,848,479 | 3,918,324 | 4,072,191 |
| Corporate | 1,494,752 | 1,881,429 | 2,006,270 | 1,874,749 | 1,858,116 |
| Customer funds | | | | | |
| Demand deposits | 4,413,815 | 4,566,890 | 4,624,570 | 4,601,160 | 4,970,019 |
| Time deposits | 8,921,114 | 8,825,599 | 9,913,093 | 9,487,610 | 9,112,213 |
| Total deposits | 13,334,929 | 13,392,489 | 14,537,663 | 14,088,770 | 14,082,232 |
| Mutual funds (Off balance sheet) | 2,941,773 | 2,995,292 | 2,944,482 | 3,080,130 | 2,713,776 |
| Total customer funds | 16,276,702 | 16,387,781 | 17,482,145 | 17,168,900 | 16,796,008 |
| Loans / Deposits I | 95.4 % | 98.4 % | 96.5 % | 98.7 % | 101.6 % |
| Average balances | | | | | |
| Avg. interest earning assets | 19,836,214 | 20,119,312 | 20,362,279 | 20,410,407 | 20,762,771 |
| Avg. loans | 17,494,801 | 17,537,743 | 18,127,164 | 18,546,119 | 18,666,166 |
| Avg. assets | 25,245,472 | 24,918,317 | 24,957,219 | 25,106,995 | 24,995,661 |
| Avg. demand deposits | 4,374,397 | 4,527,917 | 4,749,885 | 4,598,283 | 4,716,789 |
| Avg equity | 1,964,850 | 2,035,332 | 2,014,260 | 2,042,929 | 2,102,070 |
| Avg. free funds | 6,339,246 | 6,563,249 | 6,764,145 | 6,641,212 | 6,818,859 |
| Capitalization | | | | | |
| Risk weighted assets | 18,243,142 | 18,509,191 | 19,572,225 | 19,479,092 | 19,940,397 |
| Tier I (Shareholders' equity) | 2,001,222 | 2,065,994 | 2,028,612 | 2,058,231 | 2,135,660 |
| Tier II | 686,171 | 673,110 | 659,788 | 642,650 | 599,656 |
| Regulatory capital | 2,687,393 | 2,739,104 | 2,688,401 | 2,700,881 | 2,735,316 |
| Tier I ratio | 11.0 % | 11.2 % | 10.4 % | 10.6 % | 10.7 % |
| BIS ratio | 14.7 % | 14.8 % | 13.7 % | 13.9 % | 13.7 % |

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Profitability & Efficiency

| | | | | | | | | | | |
|---|------|---|------|---|------|---|------|---|------|---|
| Net interest margin | 5.3 | % | 5.3 | % | 5.0 | % | 4.7 | % | 5.5 | % |
| Efficiency ratio | 38.5 | % | 36.8 | % | 41.0 | % | 42.4 | % | 40.0 | % |
| Avg. Free funds / interest earning assets | 32.0 | % | 32.6 | % | 33.2 | % | 32.5 | % | 32.8 | % |
| Return on avg. equity | 20.8 | % | 23.3 | % | 21.0 | % | 9.9 | % | 21.6 | % |
| Return on avg. assets | 1.6 | % | 1.9 | % | 1.7 | % | 0.8 | % | 1.8 | % |

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| | Dec-11 | Mar-12 | Jun-12 | Sep-12 | Dec-12 | | | |
|--|-----------|-----------|-----------|-----------|-----------|---|--|--|
| Asset quality | | | | | | | | |
| Non-performing loans (NPLs) ² | 511,357 | 519,283 | 529,869 | 561,730 | 597,767 | | | |
| Past due loans ³ | 237,573 | 255,417 | 284,716 | 301,250 | 323,133 | | | |
| Loan loss reserves ⁴ | 523,687 | 522,728 | 518,331 | 552,138 | 550,152 | | | |
| NPLs / total loans | 2.95 | % 2.92 | % 2.88 | % 3.04 | % 3.17 | % | | |
| PDL / total loans | 1.37 | % 1.44 | % 1.55 | % 1.63 | % 1.71 | % | | |
| Coverage of NPLs (Loan loss allowance / NPLs) | 102.41 | % 100.66 | % 97.82 | % 98.29 | % 92.03 | % | | |
| Coverage of PDLs (Loan loss allowance / PDLs) | 220.4 | % 204.7 | % 182.1 | % 183.3 | % 170.3 | % | | |
| Risk index (Loan loss allowances / Loans) ⁴ | 3.02 | % 2.94 | % 2.82 | % 2.98 | % 2.91 | % | | |
| Cost of credit (prov. expense / loans) | 2.00 | % 1.76 | % 1.71 | % 2.58 | % 1.92 | % | | |
| Network | | | | | | | | |
| Branches | 499 | 499 | 499 | 496 | 503 | | | |
| ATMs | 1,920 | 1,949 | 1,966 | 1,966 | 2,001 | | | |
| Employees | 11,566 | 11,572 | 11,621 | 11,692 | 11,713 | | | |
| Market information (period-end) | | | | | | | | |
| Net income per share (Ch\$) | 0.54 | 0.63 | 0.56 | 0.27 | 0.60 | | | |
| Net income per ADR (US\$) | 0.42 | 0.51 | 0.44 | 0.23 | 0.50 | | | |
| Stock price | 37.4 | 40.54 | 37.34 | 33.55 | 33.72 | | | |
| ADR price | 29.1 | 33.14 | 29.83 | 28.2 | 28.49 | | | |
| Market capitalization (US\$mn) | 13,728 | 15,613 | 14,053 | 13,285 | 13,422 | | | |
| Shares outstanding | 188,446.1 | 188,446.1 | 188,446.1 | 188,446.1 | 188,446.1 | | | |
| ADRs (1 ADR = 400 shares) | 471.1 | 471.1 | 471.1 | 471.1 | 471.1 | | | |
| Other Data | | | | | | | | |
| Quarterly inflation rate ⁵ | 1.28 | % 1.07 | % 0.42 | % -0.16 | % 1.11 | % | | |
| Central Bank monetary policy reference rate (nominal) | 5.25 | % 5.00 | % 5.00 | % 5.00 | % 5.00 | % | | |
| Avg. 10 year Central Bank yield (real) | 2.61 | % 2.45 | % 2.49 | % 2.42 | % 2.45 | % | | |
| Avg. 10 year Central Bank yield (nominal) | 5.21 | % 5.40 | % 5.58 | % 5.31 | % 5.48 | % | | |
| Observed Exchange rate (Ch\$/US\$) (period-end) | 521.46 | 489.76 | 509.73 | 470.48 | 478.6 | | | |

1 Ratio = Loans - marketable securities / Time deposits + demand deposits

2 Capital + future interest of all loans with one installment 90 days or more overdue.

3 Total installments plus lines of credit more than 90 days overdue

4 Based on internal credit models and SBIF guidelines. Banks must have a 100% coverage of risk index

5 Calculated using the variation of the Unidad de Fomento (UF) in the period

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