Program Information

Banco Santander-Chile

PROGRAM INFORMATION

Type of Information:	Program Information
Date of Announcement:	April 1, 2015
Issuer Name:	Banco Santander-Chile (the "**Issuer**")
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Type of Securities:	Bonds (the "**Bonds**")
Scheduled Issuance Period:	April 3, 2015 to April 2, 2016
Maximum Outstanding Issuance Amount:	JPY 200 billion
Address of Website for Announcement:	http://www.jpx.co.jp/equities/products/tpbm/announcement/index.html
Status of Submission of Annual Securities Reports or Issuer Filing Information:	None

Notes to Investors:

1. TOKYO PRO-BOND Market is a market for professional investors, etc. (*Tokutei Toushika tou*) as defined in Article 2, Paragraph 3, Item 2 (b) (2) of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the "**FIEA**") (the "**Professional Investors, Etc.**"). Bonds listed on the market ("Listed Bonds") may involve high investment risk. Investors should be aware of the listing eligibility and timely disclosure requirements that apply to issuers of Listed Bonds on the TOKYO PRO-BOND Market and associated risks such as the fluctuation of market prices and shall bear responsibility for their investments. Prospective investors should make investment decisions after having carefully considered the contents of this Program Information.

2. The Issuer with its registered office in Santiago, Chile is solely responsible for the information given in this

Program Information. The Issuer hereby declares that to the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Program Information is in accordance with the facts and contains no omission likely to affect its import.

3. The regulatory framework for TOKYO PRO-BOND Market is different in fundamental aspects from the regulatory framework applicable to other exchange markets in Japan. Investors should be aware of the rules and regulations of the TOKYO PRO-BOND Market, which are available on the Tokyo Stock Exchange website.

4. Tokyo Stock Exchange does not express opinions or issue guarantees, etc. regarding the content of the Program Information (including but not limited to, whether the Program Information contains (a) a false statement or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content) and shall not be liable for any damage or loss.

5. Where this Program Information (excluding Program Information concerning securities enumerated in each item of Article 3 of the FIEA) comes to include information regarding matters listed in this Form pursuant to Rule 206, Paragraph 2 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities (hereinafter referred to as the "**Special Regulations**") as information prescribed in Article 2, Paragraph 1, Item 1 of the Cabinet Office Ordinance on Provision and Publication of Information on Securities, etc., the Program Information shall constitute Specified Securities Information stipulated in Article 27-31, Paragraph 1 of the FIEA.

6. All references to "**Santander Spain**" are to the Issuer's parent company, Banco Santander, S.A. References to the "**Santander Group**" or "**Grupo Santander**" are to the worldwide operations of the Santander Spain conglomerate, as indirectly controlled by Santander Spain and its consolidated subsidiaries, including the Issuer.

   As used in this Program Information, the term "**billion**" means one thousand million (1,000,000,000).

   In this Program Information, references to "**$**", "**U.S.$**", "**U.S. dollars**" and "**dollars**" are to United States dollars; references to "**Chilean pesos**," "**pesos**" or "**Ch$**" are to Chilean pesos; references to "**€**" "**EUR**," or "**Euro**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended; and references to "UF" are to *Unidades de Fomento,* which is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that changes daily to reflect changes in the official Consumer Price Index ("**CPI**") of the *Instituto Nacional de Estadísticas* (the Chilean National Institute of Statistics) for the previous month.

   In this Program Information, references to the "**Audit Committee**" are to the Bank's *Comité de Directores y Auditoría.*

   In this Program Information, references to the "**BIS**" are to the Bank for International Settlement, and references to the "**BIS ratio**" are to the capital adequacy ratio as calculated in accordance with the Basel Capital Accord. References to the "**Central Bank**" are to the *Banco Central de Chile*. References to the "**SBIF**" are to the Chilean Superintendency of Banks and Financial Institutions.

7. All prospective investors who purchase the Bonds should be aware that when they offer to purchase the Bonds, they shall be required to enter into and agree the terms of a transfer restriction agreement with the Issuer and/or the person making a solicitation. The terms of such transfer restriction agreement provide that prospective investors agree not to sell, transfer or otherwise dispose of the Bonds to be held by them to any person other than the Professional Investors, Etc., except for the transfer of the Bonds to the following:

   (a) the Issuer or the Officer (meaning directors, company auditors, executive officers or persons equivalent thereto) thereof who holds shares or equity pertaining to voting rights exceeding 50% of all the voting rights in the Issuer which is calculated by excluding treasury shares or any non-voting rights shares (the "**Voting Rights Held by All the Shareholders, Etc.**" (*Sou Kabunushi Tou no Giketsuken*)) (as prescribed in Article 29-4, Paragraph 2 of the FIEA) of the Issuer under his/her own name or another person's name (the "**Specified Officer**" (*Tokutei Yakuin*)), or a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc., are held by the Specified Officer (the "**Controlled Juridical Person, Etc.**" (*Hi-Shihai Houjin Tou*)) including a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. are jointly held by the Specified Officer and the Controlled Juridical Person, Etc. (as prescribed in Article 11-2, Paragraph 1, Item 2 (c) of the Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and

Exchange Act (MOF Ordinance No. 14 of 1993, as amended)); or

(b) a company that holds shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. of the Issuer in its own name or another person's name.

8. When (i) a solicitation of an offer to acquire the Bonds or (ii) an offer to sell or a solicitation of an offer to purchase the Bonds (collectively, "**Solicitation of the Bond Trade**") is made, the following matters shall be notified from the person who makes such Solicitation of the Bond Trade to the person to whom such Solicitation of the Bond Trade is made:

(a) no securities registration statement (pursuant to Article 4, Paragraphs 1 through 3 of the FIEA) has been filed with respect to the Solicitation of the Bond Trade;

(b) the Bonds fall, or will fall, under the Securities for Professional Investors (*Tokutei Toushika Muke Yukashoken*) (as defined in Article 4, Paragraph 3 of the FIEA);

(c) any acquisition or purchase of the Bonds by such person pursuant to any Solicitation of the Bond Trade is conditional upon such person entering into an agreement providing for the restriction on transfer of the Bonds as set forth in 7 above, (i) with each of the Issuer and the person making such Solicitation of the Bond Trade (in the case of a solicitation of an offer to acquire the Bonds to be newly issued), or (ii) with the person making such Solicitation of the Bond Trade (in the case of an offer to sell or a solicitation of an offer to purchase the Bonds already issued);

(d) Article 4, paragraphs 3, 5 and 6 of the FIEA will be applicable to such certain solicitation, offers and other activities with respect to the Bonds as provided in Article 4, paragraph 2 of the FIEA;

(e) the Specified Securities Information, Etc. (*Tokutei Shouken Tou Jouhou*) (as defined in Article 27-33 of the FIEA) with respect to the Bonds and the Issuer Information, Etc. (*Hakkosha Tou Jouhou*) (as defined in Article 27-34 of the FIEA) with respect to the Issuer have been or will be made available for the Professional Investors, Etc. by way of such information being posted on the web-site maintained by the TOKYO PRO-BOND Market (http://www.jpx.co.jp/equities/products/tpbm/announcement/index.html or any successor website), in accordance with Articles 210 and 217 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities of the Tokyo Stock Exchange; and

(f) the Issuer Information, Etc. will be provided to the Bondholders or made public pursuant to Article 27-32 of the FIEA.

PART I. SECURITIES INFORMATION

I. TERMS AND CONDITIONS OF PRIMARY OFFERING FOR SUBSCRIPTION TO PROFESSIONAL INVESTORS

Information other than that listed below will be included in the applicable Specified Securities Information issued each time a primary offering for subscription of the Bonds is made to professional investors (*Tokutei Toushika*) as defined in Article 2, Paragraph 31 and subject to Articles 34-2 to 34-4 of the FIEA (the "**Professional Investors**").

I-1 Bonds to be newly Issued

(1) Conditions of Bonds

The Bonds will be issued based on this program under the conditions of the Bonds (the "**Conditions of Bonds**") substantially in the form as set forth in Annex (*Conditions of Bonds*) attached hereto (save as modified in the Specified Securities Information). All 'undetermined' items in the Conditions of Bonds will be determined before subscription by the investors and set out in the applicable Specified Securities Information.

(2) Credit ratings for the Bonds

The Issuer will obtain ratings with respect to the Bonds from Moody's Investors Service ("**Moody's**") and/or Standard & Poor's Ratings Services ("**Standard & Poor's**") and/or Fitch Ratings ("**Fitch**"). Such ratings will be set out in the applicable Specified Securities Information to be subsequently disclosed.

I-2 Underwriting of Bonds and Entrustment of Bond Administration

Name of the main financial instrument firms (each a "**Manager**", and together the "**Managers**") that are expected to conclude a wholesale underwriting contract in connection with the Bonds:

- Mizuho Securities Co., Ltd.;
- Citigroup Global Markets Japan Inc.; and
- any other Managers specified in the applicable Specified Securities Information.

No commissioned company for bondholders will be appointed in respect of the Bonds.

The Issuer will appoint a fiscal agent and issuing and paying agent (collectively, the "**Fiscal Agent**") of the Issuer in connection with the Bonds. The identities of such agents will be set out in the applicable Specified Securities Information. For more information regarding duties and functions of the Fiscal Agent, please refer to the Conditions of Bonds.

I-3 Use of Proceeds from New Issuance

(1) Amount of Proceeds from New Issuance

Undetermined

(2) Use of Proceeds

The net proceeds from each issue of Bonds will be used for financing the business of the Issuer, as the case may be. A substantial portion of the proceeds from the issue of certain Bonds may be used to hedge market risk with respect to such Bonds. If in respect of any particular issue there is a particular identified use of proceeds, this will be stated in the applicable Specified Securities Information.

I-4 Other

(1) SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a bank organized under the laws of Chile. All of its directors and executive officers and certain experts named in this Program Information reside outside Japan (principally in Chile and Spain) and substantially all of its assets and the assets of these persons are located outside Japan. As a result, it may be difficult for a holder of Bonds to effect service of process within Japan on, or bring actions or enforce foreign judgments against, the Issuer or these persons in Japanese courts.

In addition, the Issuer has been advised by Philippi, Yrarrázaval, Pulido & Brunner, Chilean counsel, that no treaty exists between Japan and Chile for the reciprocal enforcement of foreign judgments. There is also doubt as to the enforceability in Chilean courts of judgments of Japanese courts obtained in actions predicated upon the civil liability provisions of the FIEA. The Issuer is not aware of the existence of reciprocity between Chile and Japan in respect of enforcement of judgments, however, reciprocity is not a mandatory requirement for the enforcement of a foreign judgment, since such judgment can still be enforced if there is no evidence of lack of reciprocity, i.e., that the jurisdiction of the court that issued the judgment has refused to enforce judgments from Chilean courts. Lastly, the Issuer has been advised by Philippi, Yrarrázaval, Pulido & Brunner that there is doubt as to the enforceability in original actions in Chilean courts of liabilities predicated solely upon the FIEA.

The Issuer will appoint TMF Group Ltd. at Tokyo Club Building 11F, 3-2-6 Kasumigaseki Chiyoda-ku Tokyo, 100-0013 as its authorized agent upon which process may be served in any action which may be instituted in any Japanese court arising out of or based upon the Bonds.

(2) RISK FACTORS IN RESPECT OF THE BONDS

RISKS RELATED TO THE BONDS GENERALLY

Set out below is a brief description of certain risks relating to the Bonds generally.

There is no trading market for the Bonds; you may be unable to sell your Bonds if a trading market for the Bonds does not develop.

Each series of Bonds will constitute a new issue of securities with no established trading market. The Issuer cannot assure you that an active trading market for the Bonds will develop. If a trading market does not develop or is not maintained, holders of the Bonds may experience difficulty in reselling the Bonds or may be unable to sell them at all. Even if a market develops, the liquidity of any market for the Bonds will depend on the number of holders of the Bonds, the interest of securities dealers in making a market in the Bonds and other factors. Accordingly, there can be no assurance as to the development or liquidity of any market for the Bonds, the ability of holders to sell the Bonds or the prices at which the Bonds could be sold. Because the market for any series of Bonds may not be liquid, you may have to bear the economic risk of an investment in the Bonds for an indefinite period of time. If an active trading market does not develop, the market price and liquidity of the Bonds may be adversely affected. If the Bonds are traded, they may trade at a discount from their initial offering price depending upon prevailing interest rates, the market for similar securities, general economic conditions, the Issuer's performance and business prospects and other factors.

Market price risk

The market price of each series of Bonds depends on various factors, such as changes of interest rate levels, the policy of central banks, overall economic developments, inflation rates or the supply and demand for the relevant type of Bond. The market price of each series of Bonds may also be negatively affected by an increase in the Issuer's credit spreads (*i.e.,* the difference between yields on the Issuer's debt and the yield of government bonds or swap rates of similar maturity). The Issuer's credit spreads are mainly based on its perceived creditworthiness but also influenced by other factors such as general market trends as well as supply and demand for such series of Bonds.

Interest rate risk

Investment in Fixed Rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Bonds.

Credit ratings may not reflect all risks, and the Issuer cannot assure you that such ratings will not be lowered, suspended or withdrawn by the rating agencies.

One or more independent credit rating agencies may assign credit ratings to the Bonds. Where a series of Bonds is rated, such rating will not necessarily be the same as the rating assigned to the Bonds to be issued under the Program. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. The credit ratings of the Bonds may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Bonds, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. The Issuer cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Any ratings assigned to Bonds as at the date of this Program Information are not indicative of future performance of the Issuer's business or its future creditworthiness.

The Issuer's obligations under the Bonds will be subordinated to certain statutory liabilities.

Under Chilean bankruptcy law, the Issuer's obligations under the Bonds are subordinated to certain statutory preferences. In the event of the Issuer's liquidation, such statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes and court fees and expenses related thereto, will have preference over any other claims, including claims by any investor in respect of the Bonds.

Changes in Chilean tax laws could lead to the Issuer redeeming the Bonds.

Payments of interest in respect of the Bonds made by the Issuer to foreign holders will be subject to Chilean interest withholding tax currently assessed at a rate of 4.0%. Subject to certain exemptions, the Issuer will pay Additional Amounts (as defined in

Conditions of Bonds annexed hereto) so that the amount received by the holder after Chilean withholding tax will equal the amount that would have been received if no such taxes had been applicable. The Bonds can be redeemable at the Issuer's option, subject to applicable Chilean law, in whole but not in part, at any time, at the principal amount thereof plus accrued and unpaid interest and any Additional Amounts due thereon if, as a result of changes in the laws or regulations affecting Chilean taxation, the Issuer becomes obligated to pay Additional Amounts on the Bonds based on a rate of withholding or deduction in excess of 4.0%. The Issuer cannot assure you that an increase in withholding tax rate will not be presented to or enacted by the Chilean Congress.

The Bonds are subject to certain transfer restrictions.

The Bonds have not been registered under the FIEA and issued and sold within certain private placement framework. Accordingly, the Bonds may be transferred or resold only to the Professional Investors, Etc. with exception to the certain extent. See (4) "TRANSFER AND SELLING RESTRICTIONS" below.

Holders of Bonds may find it difficult to enforce civil liabilities against the Issuer or its directors, executive officers and controlling persons.

The Issuer is organized under the laws of Chile and its principal place of business (*domicilio social*) is in Santiago, Chile. None of its directors are residents of Japan, and most of its executive officers and controlling persons reside outside of Japan.

In addition, all or a substantial portion of the assets of the Issuer and its directors, executive officers and controlling persons are located outside of Japan. As a result, it may be difficult for holders of Bonds to effect service of process within Japan on such persons or to enforce judgments against them, including in any action based on civil liabilities under the FIEA. Based on the opinion of the Issuer's Chilean counsel, there is doubt as to the enforceability against such persons in Chile, whether in original actions or in actions to enforce judgments of Japanese courts, of liabilities based solely on the FIEA. See (1) "SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES" above.

After December 31, 2016, the Issuer or other intermediaries may be required to withhold U.S. tax on payments made to certain non-U.S. financial institutions on certain Bonds.

Under certain provisions of the Code and Treasury regulations thereunder commonly referred to as "FATCA," the Issuer may be subject to 30% U.S. withholding tax on certain payments it receives unless it (i) enters into an agreement (a "FATCA agreement") with the IRS pursuant to which it agrees to report to the IRS information about any of its "United States accounts" and comply with certain procedures (a "Participating FFI") or (ii) otherwise becomes eligible for an exemption (e.g. pursuant to an intergovernmental agreement between the United States and Chile). If the Issuer enters into a FATCA agreement with the IRS, the Issuer (or another intermediary that is a Participating FFI) may be required, pursuant to its FATCA agreement, to withhold 30% U.S. withholding tax from any payment to the extent the payment is considered to be a "foreign passthru payment." This withholding requirement will apply only to payments made after the date that is the later of December 31, 2016 or the date that is six months after the date on which final Treasury regulations defining the term "foreign passthru payment" are issued, and only if such payment is made to a "foreign financial institution" (which is broadly defined for this purpose and in general includes investment vehicles) that is not a Participating FFI and that does not otherwise establish an exemption from withholding under FATCA. Under current Treasury regulations, the term "foreign passthru payment" is not defined and it is not yet clear whether or to what extent payments on the Bonds will be treated as foreign passthru payments. However, the requirement to withhold U.S. tax under FATCA from payments on the Bonds will apply, if at all, only to Bonds that are issued or materially modified after the date that is six months after the date on which final Treasury regulations defining the term "foreign passthru payment" are issued. If any such withholding is imposed, a beneficial owner of Bonds that is not a foreign financial institution generally will be entitled to a refund of any amounts withheld by filing a U.S. federal income tax return, which may entail significant administrative burden. A beneficial owner of Bonds that is a foreign financial institution, but not a Participating FFI (or a foreign financial institution that otherwise establishes an exemption from withholding under FATCA) will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles such beneficial owner to an exemption from, or reduced rate of, tax on the payment that was subject to withholding under FATCA. Prospective investors should consult their tax advisers regarding the application of FATCA to an investment in the Bonds and their ability to obtain a refund of any amounts withheld under FATCA.

(3) TAXATION

Chilean Taxation

The following is a general overview of the principal consequences under Chilean tax law with respect to an investment in the Bonds made by a Foreign Holder (as defined below). It is based on the tax laws of Chile as in effect on the date of this Program Information, as well as regulations, rulings and decisions of Chile available on or before such date and now in effect. All of the foregoing are subject to change. Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may be amended only by another law. In addition, the Chilean tax authorities enact rulings and regulations of either general or specific application and interpret the provisions of Chilean tax law. Chilean tax law may not be assessed retroactively against taxpayers who act in good faith relying on such rulings, regulations or interpretations, but Chilean tax authorities may change their rulings, regulations or interpretations prospectively. For purposes of this overview, the term "Foreign Holder" means either (1) in the case of an individual, a person who is not resident or domiciled in Chile (for purposes of Chilean taxation, (a) an individual holder is resident in Chile if he or she has remained in Chile for more than six months in one calendar year, or a total of more than six months in two consecutive fiscal years and (b) an individual is domiciled in Chile if he or she resides in Chile with the actual or presumptive intent of staying in Chile (such intention to be evidenced by circumstances such as the acceptance of employment in Chile or the relocation of one's family to Chile)); or (2) in the case of a legal entity, a legal entity that is not organized under the laws of Chile, unless the Bonds are assigned to a branch or a permanent establishment of such entity in Chile.

Under the *Ley de Impuesto a la Renta* (the "**Income Tax Law**"), payments of interest or premium, if any, made to a Foreign Holder in respect of the Bonds will generally be subject to a Chilean withholding tax currently at the rate of 4%. Under existing Chilean law and regulations, a Foreign Holder will not be subject to any Chilean taxes in respect of payments of principal made by the Issuer with respect to the Bonds. The Issuer has agreed, subject to specific exceptions and limitations, to pay to the holders of the Bonds Additional Amounts in respect of the taxes mentioned above in order that the interest the Foreign Holder receives, net of such taxes, equals the amount which would have been received by such Foreign Holder in the absence of such taxes. If the Issuer pays Additional Amounts in respect of such Chilean withholding taxes, any refunds of such Additional Amounts will be for the account of Banco Santander-Chile. See the Conditions of Bonds annexed hereto.

The Income Tax Law provides that a Foreign Holder is subject to income tax on his Chilean source income. For this purpose, Chilean source income means earnings from activities performed in Chile or from the sale, disposition or other transactions in connection with assets or goods located in Chile. As of the date hereof , there are no rulings from the Chilean tax authorities under which the capital gain earned by a Foreign Holder on the sale or other disposition of a note issued abroad by a Chilean company may be considered Chilean source income. Therefore, any capital gains realized on the sale or other disposition by a Foreign Holder of the Bonds generally will not be subject to any Chilean taxes provided that such sales or other dispositions occur outside of Chile to a Foreign Holder.

A Foreign Holder will not be liable for estate, gift, inheritance or similar taxes with respect to its holdings unless Bonds held by a Foreign Holder are either located in Chile at the time of such Foreign Holder's death, or, if the Bonds are not located in Chile at the time of a Foreign Holder's death, if such Bonds were purchased or acquired with cash obtained from Chilean sources. A Foreign Holder will not be liable for Chilean stamp, registration or similar taxes.

The issuance of the Bonds is subject to a maximum 0.4% stamp tax which will be payable by the Issuer. If the stamp tax is not paid when due, Chile's Stamp Tax Law imposes a penalty of three times the amount of the tax plus inflation adjustments and interest. Until such tax (and any penalty) is paid, Chilean courts will not enforce any action brought with respect to the Bonds. The Issuer has agreed, subject to specific exceptions and limitations, to pay to the holders of the Bonds, any present or future stamp, court or documentary taxes, charges or levies that arise in Chile from the execution, delivery, enforcement or registration of the Bonds or any other document or instrument in relation thereto and the Issuer has agreed to indemnify holders of Bonds for any such taxes, charges or similar levies paid by holders.

Japanese taxation

Interest on the Bonds and a difference arising from an amount received due to redemption of the Bonds exceeding the issue price thereof (the "**Premium**") received by individual residents of Japan and Japanese corporations will be generally subject to Japanese taxation in accordance with the existing Japanese tax laws and regulations.

Gains derived from the sale of the Bonds will be added to gross revenue if the seller is a Japanese corporation, while if the seller is an individual resident in Japan, such gains will not be subject to Japanese taxation except for certain exceptional cases. Notwithstanding the foregoing, if the sale is made by individual residents of Japan on or after January 1, 2016, gains derived from the sale of the Bonds will be subject to Japanese taxation.

Interest and the Premium on the Bonds received by individual nonresidents of Japan and foreign corporations are not generally subject to Japanese taxation. If the sale of the Bonds is made by individual nonresidents of Japan and foreign corporations within Japan, any gains derived from such sale are not generally subject to Japanese taxation, except if such seller is a foreign corporation which has a permanent establishment in Japan, provided, however, that the tax obligation of such foreign corporation may be limited or exempted under applicable tax convention.

(4) TRANSFER AND SELLING RESTRICTIONS

UNITED STATES

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the

United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S ("**Regulation S**") under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Manager severally represents that it has offered and sold the Bonds, and agrees that it will offer and sell the Bonds (i) as part of their distribution at any time, and (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date (the "**restricted period**"), only in accordance with Regulation S. Accordingly, neither it or its affiliates (as defined in Rule 405 under the Securities Act) nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Rule 902(c) under the Securities Act) with respect to the Bonds, and it and they have complied and will comply with the offering restriction requirements of Regulation S. Each Manager severally agrees that, at or prior to confirmation of sale of the Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Bonds from it during the restricted period a confirmation or notice to substantially the following effect:

"The Bonds covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S ("**Regulation S**") under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in this Paragraph have the meanings given to them by Regulation S.

JAPAN

The Bonds have not been and will not be registered under Article 4, paragraph 1 of the FIEA in reliance upon the exemption from the registration requirements since the offering constitutes the private placement to professional investors only under Article 2, Paragraph 3, Item 2 (b) of the FIEA. Accordingly, Bonds will be initially offered only to Professional Investors (*Tokutei Toushika*) as defined in Article 2, paragraph 31 and subject to Articles 34-2 to 34-4 of the FIEA. Secondarily, the Bonds shall not be sold, transferred or otherwise disposed to any person other than Professional Investors, Etc. (*Tokutei Toushika tou*) as defined in Article 2, paragraph 3, Item 2 (b) (2) of the FIEA, except for the transfer of the Bonds to the following:

(a) the Issuer or the Officer (meaning directors, company auditors, executive officers or persons equivalent thereto) thereof who holds shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. (*Sou Kabunushi Tou no Giketsuken*) (as prescribed in Article 29-4, Paragraph 2 of the FIEA) of the Issuer under his/her own name or another person's name (the "**Specified Officer**" (*Tokutei Yakuin*)), or to a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc., are held by the Specified Officer (the "**Controlled Juridical Person, Etc**." (*Hi-Shihai Houjin Tou*) including a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. are jointly held by the Specified Officer and the Controlled Juridical Person, Etc. (as prescribed in Article 11-2, Paragraph 1, Item 2 (c) of the Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act (MOF Ordinance No. 14 of 1993, as amended)); or

(b) a company that holds shares or equity pertaining to voting rights exceeding 50 % of the Voting Rights Held by All the Shareholders, Etc. of the Issuer in its own name or another person's name.

CHILE

The Bonds will not be registered under Law 18,045, as amended, of Chile with the Superintendencia de Valores y Seguros (Chilean Securities Commission), and accordingly, they may be not be offered to persons in Chile, except in circumstances that do not constitute a public offering under Chilean law.

GENERAL

None of the Issuer and the Managers represents that Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

II. TERMS AND CONDITIONS OF SECONDARY DISTRIBUTION TO PROFESSIONAL INVESTORS

Not Applicable.

III. OTHER MATTERS

Credit Ratings for the Program

In respect of this Program, a rating of A+ was assigned from Fitch Ratings Limited on March 24, 2015. Fitch has not been registered under Article 66-27 of the FIEA.

Unregistered credit rating firms are not subject to any supervision of the Financial Services Agency of Japan or regulations applicable to credit rating firms, including obligations to disclose information, nor obligated to publicize information regarding such matters as listed in Article 313, Paragraph 3, Item 3 of the Ordinance of the Cabinet Office Concerning Financial Instruments Business, Etc. (the "**Cabinet Office Ordinance**").

Fitch has Fitch Ratings Japan Limited (registration number: Commissioner of Financial Services Agency (kakuzuke) No. 7) within its group as registered credit rating firm under Article 66-27 of the FIEL, and Fitch is specified affiliated corporation (as defined in Article 116-3, Paragraph 2 of the Cabinet Office Ordinance) of the registered credit rating firm above. The assumptions, significance and limitations of the credit rating given by Fitch are made available on the website of Fitch Ratings Japan Ltd., at "Assumptions, Significance and Limitations of Credit Ratings" posted under "Overview of Policies etc for Credit Rating" in the "Regulatory Affairs" section in the column titled "About Fitch" on the left bar on its website (http://www.fitchratings.co.jp), which is made available for the public on the Internet.

PART II. CORPORATE INFORMATION

I OUTLINE OF COMPANY

PRESENTATION OF FINANCIAL INFORMATION

General

The Issuer is a Chilean bank and maintains its financial books and records in Chilean pesos and prepares its consolidated financial statements in accordance with International Financial Reporting Standards (the "**IFRS**") as issued by the International Accounting Standards Board (the "**IASB**"). Any reference to IFRS in this Program Information is to IFRS as issued by the IASB.

The Issuer's audited annual consolidated financial information incorporated herein as of December 31, 2012 and 2011 and for the three years ended December 31, 2012, together with the notes thereto, has been derived from the Issuer's audited annual consolidated financial statements prepared in accordance with IFRS (the "**2012 IFRS Consolidated Financial Statements")** included in the 2012 Annual Report on Form 20-F for the fiscal year ended December 31, 2012, filed on April 30, 2013 (the "**2012 IFRS Annual Report**"), which this Program Information incorporates by reference.

As required by local regulations, the Issuer's locally filed consolidated financial statements have been prepared in accordance with Chilean accounting principles issued by the SBIF (the "**Chilean Bank GAAP**"). Chilean Bank GAAP principles are substantially similar to IFRS, but there are some exceptions, and the Issuer has made no attempt to quantify these differences. For further details and a discussion of the main differences between Chilean Bank GAAP and IFRS, see II, 4. "Differences between IFRS and Chilean Bank GAAP" below.

This Program Information also incorporates by reference the Issuer's audited Chilean Bank GAAP annual consolidated financial statements for fiscal years ended December 31, 2013 and 2012 (the "**2013 Chilean GAAP Financial Statements**") and fiscal years ended December 31, 2012 and 2011 (the "**2012 Chilean GAAP Financial Statements**") (collectively, the "**Chilean Bank GAAP Consolidated Financial Statements**").

No audited annual consolidated financial information included within this Program Document has been extracted from the Chilean Bank GAAP Consolidated Financial Statements.

Functional and Presentation Currency

The Chilean peso is the currency of the primary economic environment in which the Issuer operates and the currency that influences its structure of costs and revenues, and in accordance with International Accounting Standard 21 – *The Effects of Changes in Foreign Exchange Rates* has been defined as the functional and presentation currency. Accordingly, all balances and transactions denominated in currencies other than the Chilean peso are treated as "foreign currency."

For presentation purposes, the Issuer has translated millions of Chilean pesos (Ch$ million) into thousands of U.S. dollars (U.S.$ thousand) using the rate as indicated below under "Exchange Rates," for the financial information included in this Program Information.

Loans

Unless otherwise specified, all references herein (except in the 2012 IFRS Consolidated Financial Statements and the Chilean Bank GAAP Consolidated Financial Statements) to loans are to loans and financial leases before deduction for loan loss allowance, and, except as otherwise specified, all market share data presented herein is based on information published periodically by the SBIF. Non-performing loans include the entire principal amount and accrued but unpaid interest on loans for which either principal or interest is past-due for 90 days or more and which do not accrue interest.

Restructured loans for which no payments are past-due are not ordinarily classified as non-performing loans.

Under IFRS, a loan is evaluated on each financial statement reporting date to determine whether objective evidence of impairment exists. A loan will be impaired if, and only if, objective evidence of impairment exists as a result of one or more events that occurred after the initial recognition of the loan, and such event or events have an impact on the estimated future cash flows of such loan that can be reliably estimated. It may not be possible to identify a single event that was the individual cause of the impairment.

An impairment loss relating to a loan is calculated as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the effective interest rate.

Individually significant loans are individually tested for impairment. The remaining financial assets are evaluated collectively in groups with similar credit risk characteristics.

The reversal of an impairment loss occurs only if it can be objectively related to an event occurring after the initial impairment loss was recorded. In the case of loans recorded at amortized cost, the reversal is recorded in income.

Outstanding loans and the related percentages of the Issuer's loan portfolio consisting of corporate and consumer loans are categorized based on the nature of the borrower. Outstanding loans and related percentages of the Issuer's loan portfolio consisting of corporate and consumer loans are categorized in accordance with the reporting requirements of the Chilean Bank GAAP, which are based on the type and term of loans.

Effect of Rounding

Certain figures included in this Program Information and in the 2012 IFRS Consolidated Financial Statements and the Chilean Bank GAAP Consolidated Financial Statements have been rounded up for ease of presentation. Percentage figures included in this Program Information have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, certain percentage amounts in this Program Information may vary from those obtained by performing the same calculations using the figures in the 2012 IFRS Consolidated Financial Statements. Certain other amounts that appear in this Program Information may not sum due to rounding.

Economic and Market Data

In this Program Information unless otherwise indicated, all macroeconomic data related to the Chilean economy is based on information published by the Central Bank, and all market share and other data related to the Chilean financial system is based on information published by the SBIF and the Issuer's analysis of such information. Information regarding the consolidated risk index of the Chilean financial system as a whole is not available.

Exchange Rates

This Program Information contains translations of certain Chilean peso amounts into U.S. dollars at specified rates solely for convenience. These translations should not be construed as representations that the Chilean peso amounts actually represent such U.S. dollar amounts, were converted from U.S. dollars at the rate indicated in the 2012 IFRS Consolidated Financial Statements, could be converted into U.S. dollars at the rate indicated or will be converted at all.

Unless otherwise indicated, all U.S. dollar amounts at any year end, for any period have been translated from Chilean pesos based on the interbank market rate published by Reuters at 1:30 pm on the last business day of the period. On December 31, 2013, 2012 and 2011, the exchange rate in the Informal Exchange Market as published by Reuters at 1:30 pm on these days was Ch$524.20, Ch$478.85 and

Ch$520.35, respectively, or 0.08%, 0.05% more and 0.21% less, respectively, than the published observed exchange rate for such date of Ch$523.76, Ch$478.60 and Ch$521.46, respectively, per U.S.$1.00. The Federal Reserve Bank of New York does not report a noon buying rate for the Chilean peso. For more information on the observed exchange rate, see "Item 3. Key Information—A. Selected Financial Data—Exchange Rates" of the 2012 IFRS Annual Report.

As of December 31, 2013, 2012 and 2011, one UF was equivalent to Ch$23,309.56, Ch$22,840.75 and Ch$22,294.03, respectively. The U.S. dollar equivalent of one UF was U.S.$44.50 as of December 31, 2013, using the observed exchange rate reported by the Central Bank as of December 31, 2013, of Ch$523.76 per U.S.$1.00.

RISK FACTORS

An investment in the Bonds is subject to risks and uncertainties. You should carefully consider the following risk factors, which should be read in conjunction with all the other information presented in this Program Information, before making any investment decision. The risks and uncertainties described below are not the only ones the Issuer faces. Additional risks and uncertainties that the Issuer does not know about or that it currently thinks are immaterial may also impair the Issuer's business operations. Any of the following risks, if they actually occur, could materially and adversely affect the Issuer's business, results of operations, prospects and financial condition.

Risk factors have been grouped as set out below:

(a) Risk Factors in Respect of the Issuer;

(b) Risk Factors in Respect of Chile; and

(c) Risk Factors in Respect of the Bonds (which are separately stated in Part I above),

During the life of each series of Bonds, risks specified in each of the above sections may impact such Bonds at different points in time and for different lengths of time. Each series of Bonds may have a risk profile that changes over time. Prospective investors should seek advice from a professional financial adviser in order to further discuss and understand how the risk profile of a particular series of Bonds will affect their overall investment portfolio.

More than one risk factor may have simultaneous effect with regard to the Bonds such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Bonds.

RISK FACTORS IN RESPECT OF THE ISSUER

Factors that may affect the Issuer's ability to fulfill its obligations under Bonds issued under the Program

Prospective investors should consider the section entitled "RISK FACTORS" provided in the Issuer's 2012 IFRS Annual Report. The financial figures that follow within this section entitled "Risk Factors" have been extracted from the Issuer's 2012 IFRS Annual Report unless otherwise expressly noted.

The Issuer is vulnerable to the current disruptions and volatility in the global financial markets.

In the past five years, the financial systems worldwide have experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on interbank lending rates. Global economic conditions deteriorated significantly between 2007 and 2009, and many countries fell into recession. Recessionary conditions continue in some countries. Many major financial institutions, including some of the world's largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies experienced, and some continue to experience, significant difficulties. Around the world, there have also been runs on deposits at several financial institutions, numerous institutions have sought additional capital or have been assisted by governments, and many lenders and institutional investors have reduced or ceased providing funding to borrowers (including to other financial institutions).

In particular, the Issuer may face, among others, the following risks related to the economic downturn:

- Increased regulation of its industry. Compliance with such regulation may increase the Issuer's costs, may affect the pricing for its products and services, and limit its ability to pursue business opportunities.

- Reduced demand for the Issuer's products and services.
- Inability of the Issuer's borrowers to timely or fully comply with their existing obligations.
- The process the Issuer uses to estimate losses inherent in its credit exposure requires complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of its borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of the Issuer's estimates, which may, in turn, impact the reliability of the process and the quality of its assets.
- The value and liquidity of the portfolio of investment securities that the Issuer holds may be adversely affected.
- Worsening of the global economic conditions may delay the recovery of the international financial industry and impact the Issuer's financial condition and results of operations.

The recoverability of the Issuer's consumer loans in particular may be increasingly vulnerable to macroeconomic shocks that could negatively impact the household income of its clients and result in increased loan losses.

Some uncertainty remains concerning the future economic environment. While certain segments of the global economy are currently experiencing a moderate recovery, the Issuer expects such uncertainty will continue, which could have a negative impact on its business and results of operations. Global investor confidence remains cautious and downgrades of the sovereign debt of Ireland, Greece, Portugal, Spain, Italy and France, as well as the recent developments and banking crisis in Cyprus and the trend of monetary policy in the U.S. and its effects on global liquidity conditions and economic recovery as a whole, have caused volatility in the capital markets. A slowing or failing of the economic recovery would likely aggravate the adverse effects of these difficult economic and market conditions on the Issuer and on others in the financial services industry.

Continued or worsening disruption and volatility in the global financial markets could have a material adverse effect on the Issuer, including its ability to access capital and liquidity on financial terms acceptable to it, if at all. If capital markets financing ceases to become available, or becomes excessively expensive, the Issuer may be forced to raise the rates it pays on deposits to attract more customers and become unable to maintain certain liability maturities. Any such increase in capital markets funding costs or deposit rates could have a material adverse effect on the Issuer's interest margins.

If all or some of the foregoing risks were to materialize, this could have a material adverse effect on the Issuer.

Credit, market and liquidity risk may have an adverse effect on the Issuer's credit ratings and its cost of funds. Any downgrading in Chile's, the Issuer's controlling shareholder's or the Issuer's credit rating would likely increase the Issuer's cost of funding, require it to post additional collateral or take other actions under some of its derivative contracts and adversely affect its interest margins and results of operations.

Credit ratings affect the cost and other terms upon which the Issuer is able to obtain funding. Rating agencies regularly evaluate the Issuer and their ratings of the Issuer's long-term debt are based on a number of factors, including the Issuer's financial strength, conditions that affect the financial services industry generally and the economic environment in which the Issuer operates.

During 2012, the three major risk rating agencies: Standard & Poor's, Fitch and Moody's downgraded Spain's sovereign rating, due to the fiscal crises in Spain and in several other European countries. As a result, Santander Spain (the Issuer's controlling shareholder) also had its credit rating downgraded by the three major rating agencies: Fitch (on June 11, 2012) from A to BBB+, Moody's (on June 25, 2012) to Baa2 and S&P (on October 15, 2012) to BBB, which in each case was one notch above Spain's sovereign rating.

Following these downgrades, Moody's placed the Issuer's short- and long-term ratings on outlook negative. Fitch placed the Issuer's long-term ratings on outlook negative. Standard & Poor's downgraded the Issuer's long-term foreign issuer credit rating by one notch to A in February 2012, and in June 2012, placed the Issuer's long-term ratings on outlook negative. In December 2012, Standard & Poor's changed its outlook on the Issuer's rating to stable. All three rating agencies indicated that the reason for these changes was strictly due to the downgraded ratings over Spain's sovereign credit ratings and Santander Spain's credit ratings.

The Issuer's international funding costs have not been affected by the recent downgrades of Spain's sovereign debt, Santander Spain's debt and its own related downgrades. In its domestic market, however, the Issuer did observe a slight rise in its funding spreads in comparison to some of its competitors in the deposit and bond market. These spreads have begun to recover and are comparable to those of Banco de Chile, the largest Bank in Chile in terms of loans, as of December 2012. Below is a table of the Issuer's funding spreads in 2012 in comparison with those of Banco de Chile:

Bond spread differential between Santander-Chile and Banco de Chile (bp)		
	3Y duration	5Y duration
Jan-12	30	15
Feb-12	15	15
Mar-12	15	45
Apr-12	15	30
May-12	10	25
Jun-12	5	25
Jul-12	10	25
Aug-12	15	20
Sep-12	20	20
Oct-12	30	20
Nov-12	25	20
Dec-12	10	10

Difference between Santander-Chile and Banco de Chile deposit rates in the secondary market (on an annual basis)			
	1-30 days	31-90 days	90 days or more
Jan-12	0.12%	0.24%	0.24%
Feb-12	0.00%	(0.24%)	0.00%
Mar-12	0.12%	0.12%	0.00%
Apr-12	0.00%	0.00%	0.00%
May-12	0.24%	0.12%	0.24%
Jun-12	0.24%	0.24%	0.12%
Jul-12	0.36%	0.12%	0.36%
Aug-12	0.12%	0.12%	0.12%
Sep-12	0.12%	0.00%	(0.24%)
Oct-12	0.36%	0.12%	0.00%
Nov-12	0.36%	0.00%	0.00%
Dec-12	0.12%	0.00%	0.00%

Source: Santiago Stock Exchange

Any downgrade in Chile's credit rating for domestic and international debt, the credit ratings of the Issuer's controlling shareholder or the Issuer's own credit ratings would likely increase the Issuer's borrowing costs and may require it to post additional collateral or take other actions under some of its derivative contracts, and could limit the Issuer's access to capital markets and adversely affect its commercial business. For example, a significant ratings downgrade could adversely affect its ability to sell or market certain of its products, such as subordinated securities, engage in certain longer-term and derivatives transactions and retain its clients, particularly clients who need a minimum rating threshold in order to invest. In addition, under the terms of certain of the its derivative contracts, the Issuer may be required to maintain a minimum credit rating or terminate such contracts. Any of these results of a ratings downgrade, in turn, could reduce the Issuer's liquidity and have an adverse effect on the Issuer.

In light of the difficulties in the financial services industry and the financial markets, there can be no assurance that the rating agencies will maintain the Issuer's current ratings or outlooks. The Issuer's failure to maintain favorable ratings and outlooks would likely increase its cost of funding and adversely affect its interest margins, which could have a material adverse effect on it.

Increased competition and industry consolidation may adversely affect the Issuer's results of operations.

The Chilean market for financial services is highly competitive. The Issuer competes with other private sector Chilean and non-Chilean banks, with Banco del Estado, the principal government-owned sector bank, with department stores and with larger supermarket chains that make consumer loans and sell other financial products to a large portion of the Chilean population. The lower to middle-income segments of the Chilean population and the small- and mid- sized corporate segments have become the target markets of several banks and competition in these segments may increase. As a result, net interest margins in these segments may decline. Although the Issuer believes that demand for financial products and services from individuals and for small- and mid-sized companies will continue to grow, it cannot assure you that net interest margins will be maintained at their current levels.

The increase in competition within the Chilean banking industry in recent years has led to consolidation in the industry. The Issuer expects the trends of increased competition and consolidation to continue and to result in the formation of large new financial groups. Consolidation in the industry, which can result in the creation of larger and stronger competitors, may adversely affect the Issuer's financial condition and results of operations by decreasing the net interest margins it is able to generate.

The Issuer also faces competition from non-bank (such as department stores, insurance companies, *cajas de compensación* and *cooperativas*) and non-finance competitors (principally department stores and larger supermarket chains) with respect to some of its credit products, such as credit cards, consumer loans and insurance brokerage. In addition, the Issuer faces competition from non-bank finance competitors, such as leasing, factoring and automobile finance companies, with respect to credit products, and from mutual funds, pension funds and insurance companies with respect to savings products.

Increasing competition could require that the Issuer increase its rates offered on deposits or lower the rates it charges on loans, which could also have a material adverse effect on it, including its profitability. It may also negatively affect the Issuer's business results and prospects by, among other things, limiting its ability to increase its customer base and expand its operations and increasing competition for investment opportunities.

In addition, if the Issuer's customer service levels were perceived by the market to be materially below those of its competitor financial institutions, the Issuer could lose existing and potential business. If the Issuer is not successful in retaining and strengthening customer relationships, it may lose market share, incur losses on some or all of its activities or fail to attract new deposits or retain existing deposits, which could have a material adverse effect on its operating results, financial condition and prospects.

The Issuer's ability to maintain its competitive position depends, in part, on the success of new products and services it offers its clients and its ability to continue offering products and services from third parties, and the Issuer may not be able to manage various risks it faces as it expands its range of products and services that could have a material adverse effect on it.

The success of the Issuer's operations and its profitability depends, in part, on the success of new products and services the Issuer offers its clients and its ability to continue offering products and services from third parties. However, the Issuer cannot guarantee that its new products and services will be responsive to client demands or successful once they are offered to its clients, or that they will be successful in the future. In addition, the Issuer's clients' needs or desires may change over time, and such changes may render its products and services obsolete, outdated or unattractive and the Issuer may not be able to develop new products that meet its clients' changing needs. If the Issuer cannot respond in a timely fashion to the changing needs of its clients, it may lose clients, which could in turn materially and adversely affect it.

As the Issuer expands the range of its products and services, some of which may be at an early stage of development in the markets of certain regions where it operates, it will be exposed to new and potentially increasingly complex risks and development expenses in those markets, with respect to which its experience and the experience of its partners may not be helpful. The Issuer's employees and its risk management systems may not be adequate to handle such risks. In addition, the cost of developing products that are not launched is likely to affect its results of operations. Any or all of these factors, individually or collectively, could have a material adverse effect on the Issuer.

The financial problems faced by the Issuer's customers could adversely affect it.

Market turmoil and economic recession could materially and adversely affect the liquidity, businesses and/or financial conditions of the Issuer's borrowers, which could in turn increase its own non-performing loan ratios, impair its loan and other financial assets and result in decreased demand for borrowings in general. In addition, the Issuer's customers may further significantly decrease their risk tolerance to non-deposit investments such as stocks, bonds and mutual funds, which would adversely affect its fee and commission income. Any of the conditions described above could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Market conditions have resulted, and could result, in material changes to the estimated fair values of the Issuer's financial assets. Negative fair value adjustments could have a material adverse effect on the Issuer's operating results, financial condition and prospects.

In the past five years, financial markets have been subject to significant stress resulting in steep falls in perceived or actual financial asset values, particularly due to volatility in global financial markets and the resulting widening of credit spreads. The Issuer has material exposures to securities and other investments that are recorded at fair value and are therefore exposed to potential negative fair value adjustments. Asset valuations in future periods, reflecting then prevailing market conditions, may result in negative changes in the fair values of the Issuer's financial assets and these may also translate into increased impairments. In addition, the value ultimately realized by the Issuer on disposal may be lower than the current fair value. Any of these factors could require the Issuer to record negative fair value adjustments, which may have a material adverse effect on its operating results, financial condition or prospects.

In addition, to the extent that fair values are determined using financial valuation models, such values may be inaccurate or subject to change, as the data used by such models may not be available or may become unavailable due to changes in market conditions, particularly for illiquid assets, and particularly in times of economic instability. In such circumstances, the Issuer's valuation methodologies require the Issuer to make assumptions, judgments and estimates in order to establish fair value. However, reliable assumptions are difficult to make, and are inherently uncertain and valuation models are complex, making them inherently imperfect predictors of actual results. Any consequential impairments or write-downs could have a material adverse effect on the Issuer's operating results, financial condition and prospects.

The Issuer's allowances for impairment losses may not be adequate to cover future actual losses to its loan portfolio.

As of December 31, 2012, the Issuer's allowance for loan losses was Ch$550,048 million, the ratio of its allowance for loan losses to total loans was 2.90% and the ratio of loan loss allowances to total loans was 92.02%. The amount of the allowances is based on the Issuer's current assessment of and expectations concerning various factors affecting the quality of the Issuer's loan portfolio. These factors include, among other things, the Issuer's borrowers' financial condition, repayment abilities and repayment intentions, the realizable value of any collateral, the prospects for support from any guarantor, Chile's economy, government macroeconomic policies, interest rates and the legal and regulatory environment. As the recent global financial crisis has demonstrated, many of these factors are beyond the Issuer's control. In addition, as these factors evolve, the models the Issuer uses to determine the appropriate level of allowance for loan losses and other assets require recalibration, which can lead to increased provision expense. See "Item 5. Operating and Financial Review and Prospects—C. Operating Results–Results of Operations for the Years ended December 31, 2012, 2011 and 2010—Provision for loan losses, net of recoveries" in the 2012 IFRS Annual Report. The Issuer believes its allowance is adequate as of the date hereof for all known losses. If its assessment of and expectations concerning the above mentioned factors differ from actual developments, or if the quality of its loan portfolio deteriorates or the future actual losses exceed its estimates of incurred losses, the Issuer's allowance for loan losses may not be adequate to cover actual losses and the Issuer may need to make additional provisions for loan losses, which may materially and adversely affect its results of operations and financial condition.

The Issuer's exposure to individuals and small and mid-sized businesses could lead to higher levels of past due loans, allowances for loan losses and charge-offs.

A substantial number of the Issuer's customers consists of individuals (approximately 51.3% of the value of the total loan portfolio as of December 31, 2012, if interbank loans are included) and, to a lesser extent, small- and mid-sized companies (those with annual revenues of less than U.S.$2.5 million), which comprised approximately 15.0% of the value of the total loan portfolio as of December 31, 2012. As part of the Issuer's business strategy, it seeks to increase lending and other services to small companies and individuals. Small companies and lower- to middle-income individuals are, however, more likely to be adversely affected by downturns in the Chilean economy than large corporations and higher-income individuals. In addition, as of December 31, 2012, the Issuer's residential mortgage loan portfolio totaled Ch$5,271,581 million, representing 27.8% of the Issuer's total loans. See "Note 9—Interbank Loans" and "Note 10—Loans and Accounts Receivables from Customers" in the Issuer's 2012 IFRS Consolidated Financial Statements for a description and presentation of its residential mortgage loan portfolio. If the economy and real estate market in Chile experience a significant downturn, as they may due to the global financial and economic crisis, this could materially adversely affect the liquidity, businesses and financial conditions of the Issuer's customers, which may in turn cause the Issuer to experience higher levels of past-due loans, thereby resulting in higher provisions for loan losses and subsequent charge-offs. This may materially and adversely affect the Issuer.

If the Issuer is unable to effectively control the level of non-performing or poor credit quality loans in the future, this could have a material adverse effect on it.

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Issuer's businesses. Non-performing or low credit quality loans can negatively impact the Issuer's results of operations. The Issuer cannot assure you that it will be able to effectively control the level of the impaired loans in its total loan portfolio. In particular, the amount of its reported non-performing loans may increase in the future as a result of growth in its total loan portfolio, including as a result of loan portfolios that it may acquire in the future, or factors beyond its control, such as adverse changes in the credit quality of its borrowers and counterparties or a general deterioration in Chilean or global economic conditions, impact of political events, events affecting certain industries or events affecting financial markets and global economies.

As of December 31, 2012, the Issuer's non-performing loans were Ch$597,767 million, and the ratio of its non-performing loans to total loans was 3.15%. For additional information on the Issuer's asset quality, see "Item 5. Operating and Financial Review and Prospects— F. Selected Statistical Information–Classification of Loan Portfolio Based on the Borrower's Payment Performance" of the 2012 IFRS Annual Report. The Issuer seeks to continue to improve its credit risk management policies and procedures. However, the Issuer cannot assure you that its credit risk management policies, procedures and systems will be free from any deficiency. Failure of credit risk management policies may result in an increase in the level of non-performing loans and adversely affect the quality of the Issuer's loan portfolio.

The value of the collateral securing the Issuer's loans may not be sufficient, and the Issuer may be unable to realize the full value of the collateral securing its loan portfolio.

The value of the collateral securing the Issuer's loan portfolio may significantly fluctuate or decline due to factors beyond the Issuer's control, including macroeconomic factors affecting Chile's economy. The real estate market is particularly vulnerable in the current economic climate and this may affect the Issuer, as real estate represents a significant portion of the collateral securing its residential mortgage loan portfolio. The Issuer may also not have sufficiently recent information on the value of collateral, which may result in an inaccurate assessment for impairment losses of its loans secured by such collateral. If this were to occur, the Issuer may need to make additional provisions to cover actual impairment losses of its loans, which may materially and adversely affect its results of operations and financial condition.

Additionally, there are certain provisions under Chilean law that may affect the Issuer's ability to foreclose or liquidate residential mortgages if the real estate in question has been declared as "family property" by a court. Family Property refers to a legal term in which a Family Court may declare a residential property as family property in a divorce or separation case. If this occurs, in the deed of the residence, a clause is included identifying the residence as family property and any process of change in ownership or foreclosure must have the consent of both the husband and the wife. This may limit the Issuer's ability to foreclose on property with this legal status.

The growth of the Issuer's loan portfolio may expose it to increased loan losses. The Chilean economy has grown above the global average and this is reflected in the Issuer's loan growth.

From December 31, 2007 to December 31, 2012, the Issuer's aggregate loan portfolio, excluding interbank loans, grew by 54.7% in nominal terms to Ch$18,876,079 million (U.S.$39.4 billion), while its consumer loan portfolio grew 51.5% in nominal terms to Ch$3,115,477 million (U.S.$6.5 billion). From December 31, 2011 to December 31, 2012, the Issuer's aggregate loan portfolio grew 8.8% to Ch$18,966,652 million (U.S.$39.6 billion), while its consumer loan portfolio grew 5.8%. The further expansion of the Issuer's loan portfolio (particularly in the consumer, small- and mid-sized companies and real estate segments) can be expected to expose it to a higher level of loan losses and require it to establish higher levels of provisions for loan losses.

The Issuer's loan portfolio may not continue to grow at the same rate and economic turmoil may lead to a contraction in the Issuer's loan portfolio.

There can be no assurance that the Issuer's loan portfolio will continue to grow at similar rates to the historical growth rate described above. A reversal of the rate of growth of the Chilean economy, a slowdown in the growth of customer demand, an increase in market competition or changes in governmental regulations could adversely affect the rate of growth of the Issuer's loan portfolio and its risk index and, accordingly, increase its required allowances for loan losses. An economic turmoil could materially adversely affect the liquidity, businesses and financial condition of the Issuer's customers as well as lead to a general decline in consumer spending and a rise in unemployment. All this could in turn lead to decreased demand for borrowings in general.

Failure to successfully implement and continue to improve the Issuer's risk management policies, procedures and methods, including its credit risk management system, could materially and adversely affect it, and it may be exposed to unidentified or unanticipated risks.

The management of risk is an integral part of the Issuer's activities. The Issuer seeks to monitor and manage its risk exposure through a variety of separate but complementary financial, credit, market, operational, compliance and legal reporting systems. While the Issuer employs a broad and diversified set of risk monitoring and risk mitigation techniques, such techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that it fails to identify or anticipate.

As a commercial bank, one of the main types of risks inherent in the Issuer's business is credit risk. For example, an important feature of the Issuer's credit risk management system is to employ an internal credit rating system to assess the particular risk profile of a customer. As this process involves detailed analyses of the customer or credit risk, taking into account both quantitative and qualitative factors, it is subject to human error. In exercising their judgment, the Issuer's employees may not always be able to assign an accurate credit rating to a customer or credit risk, which may result in the Issuer's exposure to higher credit risks than indicated by its risk rating system.

In addition, the Issuer has been trying to refine its credit policies and guidelines to address potential risks associated with particular industries or types of customers. However, it may not be able to timely detect these risks before they occur, or due to limited tools available to it, it employees may not be able to effectively implement them, which may increase its credit risk. Failure to effectively implement, consistently follow or continuously refine its credit risk management system may result in an increase in the level of non-performing loans and a higher risk exposure for the Issuer, which could have a material adverse effect on it.

Some of the Issuer's qualitative tools and metrics for managing risk are based upon observed historical market behavior. The Issuer applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. These qualitative tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors the Issuer did not anticipate or correctly evaluate in its statistical models. This would limit the Issuer's ability to manage its risks. The Issuer's losses could be significantly greater than the historical measures indicate. In addition, the Issuer's quantified modeling does not take all risks into account. Its more qualitative approach to managing those risks could prove insufficient, exposing it to material unanticipated losses. If existing or potential customers believe the Issuer's risk management is inadequate, they could take their business elsewhere. This could harm the Issuer's reputation as well as its revenues and profits.

The effectiveness of the Issuer's credit risk management is affected by the quality and scope of information available in Chile.

In assessing customers' creditworthiness, the Issuer relies largely on the credit information available from its own internal databases, the SBIF, *Dicom* (a Chilean nationwide credit bureau) and other sources. Due to limitations in the availability of information and the developing information infrastructure in Chile, the Issuer's assessment of credit risk associated with a particular customer may not be based on complete, accurate or reliable information. In addition, although the Issuer has been improving its credit scoring systems to better assess borrowers' credit risk profiles, it cannot assure you that its credit scoring systems will collect complete or accurate information reflecting the actual behavior of customers or that their credit risk can be assessed correctly. Without complete, accurate and reliable information, the Issuer will have to rely on other publicly available resources and its internal resources, which may not be effective. As a result, the Issuer's ability to effectively manage its credit risk and subsequently its loan loss allowances may be materially adversely affected.

Liquidity and funding risks are inherent in the Issuer's business and could have a material adverse effect on it.

Liquidity risk is the risk that the Issuer either does not have available sufficient financial resources to meet its obligations as they fall due or can secure them only at excessive cost. This risk is inherent in any retail and commercial banking business and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding, changes in credit ratings or market-wide phenomena such as market dislocation. While the Issuer implements liquidity management processes to seek to mitigate and control these risks, unforeseen systemic market factors in particular make it difficult to eliminate completely these risks. Adverse and continued constraints in the supply of liquidity, including inter-bank lending, has affected and may materially and adversely affect the cost of funding the Issuer's business, and extreme liquidity constraints may affect its current operations as well as limit growth possibilities.

Continued or worsening disruption and volatility in the global financial markets could have a material adverse effect on the Issuer's ability to access capital and liquidity on financial terms acceptable to it.

The Issuer's cost of obtaining funding is directly related to prevailing market interest rates and to its credit spreads. Increases in interest rates and the Issuer's credit spreads can significantly increase the cost of its funding. Changes in the Issuer's credit spreads are market-driven, and may be influenced by market perceptions of its creditworthiness. Changes to interest rates and the Issuer's credit spreads occur continuously and may be unpredictable and highly volatile.

If wholesale markets financing ceases to become available, or becomes excessively expensive, the Issuer may be forced to raise the rates it pays on deposits, with a view to attracting more customers, and/or to sell assets, potentially at depressed prices. The persistence or worsening of these adverse market conditions or an increase in base interest rates could have a material adverse effect on the Issuer's ability to access liquidity and cost of funding (whether directly or indirectly).

The Issuer relies, and will continue to rely, primarily on commercial deposits to fund lending activities. The ongoing availability of this type of funding is sensitive to a variety of factors outside the Issuer's control, such as general economic conditions and the confidence of commercial depositors in the economy, in general, and the financial services industry in particular, and the availability and extent of deposit guarantees, as well as competition between banks for deposits. Any of these factors could significantly increase the amount of commercial deposit withdrawals in a short period of time, thereby reducing the Issuer's ability to access commercial deposit funding on appropriate terms, or at all, in the future. If these circumstances were to arise, this could have a material adverse effect on the Issuer's operating results, financial condition and prospects.

The Issuer anticipates that its customers will continue, in the near future, to make short-term deposits (particularly demand deposits and short-term time deposits), and the Issuer intends to maintain its emphasis on the use of banking deposits as a source of funds. As of December 31, 2012, 98.7% of the Issuer's customer deposits had remaining maturities of one year or less, or were payable on demand. A significant portion of its assets have longer maturities, resulting in a mismatch between the maturities of liabilities and the maturities of assets. Historically, one of the Issuer's principal sources of funds has been time deposits. Time deposits represented 36.8% and 36.2% of the Issuer's total liabilities and equity as of December 31, 2012 and 2011, respectively. The Chilean time deposit market is concentrated given the importance in size of the pension fund system, in which every Chilean in the workforce must contribute monthly, and a portion of these funds is invested in bank deposits. These deposits, which are managed by the private pension funds, the Issuer considers to be structurally more stable than other institutional sources given that they come from mandatory savings of the Chilean public. As of December 31, 2012, the Issuer's top 20 time deposits represented 36.5% of total time deposits, or 13.4% of total liabilities and equity, and totaled U.S.$6,955 million. No assurance can be given that future economic stability in the Chilean market will not negatively affect the Issuer's ability to continue funding its business or to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain assets.

The short-term nature of this funding source could cause liquidity problems for the Issuer in the future if deposits are not made in the volumes it expects or are not renewed. If a substantial number of the Issuer's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, the Issuer may be materially and adversely affected.

The Issuer is subject to regulatory capital and liquidity requirements that could limit its operations, and changes to these requirements may further limit and adversely affect its operating results, financial condition and prospects.

Chilean banks are required by the General Banking Law to maintain regulatory capital of at least 8% of risk-weighted assets, net of required loan loss allowance and deductions, and paid-in capital and reserves ("**basic capital**") of at least 3% of total assets, net of required loan loss allowances. As the Issuer is the result of the merger between two predecessors, it is currently required to maintain a minimum regulatory capital to risk-weighted assets ratio of 11%. As of December 31, 2012, the ratio of the Issuer's regulatory capital to risk-weighted assets, net of loan loss allowance and deductions, was 13.72%. Certain developments could affect the Issuer's ability to continue to satisfy the current capital adequacy requirements applicable to it, including:

- the increase of risk-weighted assets as a result of the expansion of the Issuer's business or regulatory changes;
- the failure to increase the Issuer's capital correspondingly;
- losses resulting from a deterioration in the Issuer's asset quality;
- declines in the value of the Issuer's investment instrument portfolio;
- changes in accounting rules;
- changes in provisioning guidelines that are charged directly against the Issuer's equity or net income; and

- changes in the guidelines regarding the calculation of the capital adequacy ratios of banks in Chile.

Starting in 2014, Chilean banks will most likely be required to adopt the guidelines set forth under the Basel II and III Capital Accord with adjustments incorporated by the SBIF once these changes are approved by the Chilean Congress. This should result in a different level of minimum capital required to be maintained by the Issuer. According to initial estimates of the impact of market risk on regulatory capital, published for informational purposes only by the SBIF, the Issuer's ratio of regulatory capital to risk-weighted assets, net of loan loss allowance and deductions, including an initial estimate of the adjustments for market risk set forth under Basel II, was 12.57% as of December 31, 2013, the latest information available. No assurance can be given that the adoption of the Basel II capital requirements will not have a material impact on the Issuer's capitalization ratio.

The Issuer may also be required to raise additional capital in the future in order to maintain its capital adequacy ratios above the minimum required levels. The Issuer's ability to raise additional capital may be limited by numerous factors, including: its future financial condition, results of operations and cash flows; any necessary government regulatory approvals; its credit ratings; general market conditions for capital raising activities by commercial banks and other financial institutions; and domestic and international economic, political and other conditions. If the Issuer requires additional capital in the future, the Issuer cannot assure you that it will be able to obtain such capital on favorable terms, in a timely manner or at all. Furthermore, the SBIF may increase the minimum capital adequacy requirements applicable to the Issuer. Accordingly, although the Issuer currently meets the applicable capital adequacy requirements, it may face difficulties in meeting these requirements in the future. If the Issuer fails to meet the capital adequacy requirements, it may be required to take corrective actions. These measures could materially and adversely affect its business reputation, financial condition and results of operations. In addition, if the Issuer is unable to raise sufficient capital in a timely manner, the growth of its loan portfolio and other risk-weighted assets may be restricted, and it may face significant challenges in implementing its business strategy. As a result, the Issuer's prospects, results of operations and financial condition could be materially and adversely affected.

The Issuer's financial results are constantly exposed to market risk. The Issuer is subject to fluctuations in interest rates and other market risks, which may materially and adversely affect it.

Market risk refers to the probability of variations in the Issuer's net interest income or in the market value of its assets and liabilities due to volatility of interest rate, exchange rate or equity price. Changes in interest rates affect the following areas, among others, of the Issuer's business:

- net interest income;

- the volume of loans originated;

- the market value of its securities holdings; and

- gains from sales of loans and securities.

Variations in short-term interest rates could affect the Issuer's interest income, which comprises the majority of its revenue. When interest rates rise, the Issuer may be required to pay higher interest on its floating-rate borrowings while interest earned on its fixed-rate assets does not rise as quickly, which could cause profits to grow at a reduced rate or decline in some parts of the Issuer's portfolio. Interest rate variations could adversely affect the Issuer, including its net interest income, reducing its growth rate or even resulting in losses. Interest rates are highly sensitive to many factors beyond the Issuer's control, including increased regulation of the financial sector, the reserve policies of the Central Bank, deregulation of the financial sector in Chile, monetary policies, domestic and international economic and political conditions and other factors.

Increases in interest rates may reduce the volume of loans the Issuer originates. Sustained high interest rates have historically discouraged customers from borrowing and have resulted in increased delinquencies in outstanding loans and deterioration in the quality of assets. Increases in interest rates may also reduce the propensity of the Issuer's customers to prepay or refinance fixed-rate loans. Increases in interest rates may reduce the value of its financial assets.

If interest rates decrease, although this is likely to decrease the Issuer's funding costs, it is likely to adversely impact the income the Issuer receives arising from its investments in securities as well as loans with similar maturities. In addition, the Issuer may also experience increased delinquencies in a low interest rate environment when such an environment is accompanied by high unemployment and recessionary conditions.

The market value of a security with a fixed interest rate generally decreases when the prevailing interest rates rise, which may have an adverse effect on the Issuer's earnings and financial condition. In addition, the Issuer may incur costs (which, in turn, will impact its results) as it implements strategies to reduce future interest rate exposure. The market value of an obligation with a floating interest rate can be adversely affected when interest rates increase, due to a lag in the implementation of repricing terms or an inability to refinance at lower rates.

Increases in interest rates may reduce gains or require the Issuer to record losses on sales of its loans or securities.

Therefore, while the Issuer seeks not to maintain a significant mismatch in foreign currency, from time to time, it may have a mismatch. "See Item 11. Quantitative and Qualitative Disclosure About Market Risks— E. Market Risks—Foreign exchange fluctuations" in the 2012 IFRS Annual Report. The Issuer is also exposed to foreign exchange rate risk as a result of mismatches between assets and liabilities denominated in different currencies. Fluctuations in the exchange rate between currencies may negatively affect the Issuer's earnings and value of its assets and securities.

The Issuer is also exposed to equity price risk in connection with its trading investments in equity securities as part of its normal course of business as a commercial bank. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The volatility of world equity markets due to the continued economic uncertainty and sovereign debt crisis has had a particularly strong impact on the financial sector. Continued volatility may affect the value of the Issuer's investments in entities in this sector and, depending on their fair value and future recovery expectations, could become a permanent impairment which would be subject to write-offs against the Issuer's results. To the extent any of these risks materialize, the Issuer's net interest income or the market value of its assets and liabilities could be adversely affected.

The Issuer is subject to regulatory risk, or the risk of not being able to meet all of the applicable regulatory requirements and guidelines.

As a financial institution, the Issuer is subject to extensive regulation, inspections, examinations, inquiries, audits and other regulatory requirements by Chilean regulatory authorities, which materially affect its businesses. It cannot assure you that it will be able to meet all of the applicable regulatory requirements and guidelines, or that it will not be subject to sanctions, fines, restrictions on its business or other penalties in the future as a result of noncompliance. If sanctions, fines, restrictions on the Issuer's business or other penalties are imposed on the Issuer for failure to comply with applicable requirements, guidelines or regulations, its business, financial condition, results of operations and its reputation and ability to engage in business may be materially and adversely affected.

Changes in regulations may also cause the Issuer to face increased compliance costs and limitations on its ability to pursue certain business opportunities and provide certain products and services. As some of the banking laws and regulations have been recently adopted, the manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. Moreover, to the extent these recently adopted regulations are implemented inconsistently in the various jurisdictions in which the Issuer operates, it may face higher compliance costs. No assurance can be given generally that laws or regulations will be adopted, enforced or interpreted in a manner that will not have a material adverse effect on the Issuer's business and results of operations.

Modifications to reserve requirements may affect the Issuer's business.

Deposits are subject to a reserve requirement of 9.0% for demand deposits and 3.6% for time deposits (with terms of less than one year). The Central Bank has statutory authority to require banks to maintain reserves of up to an average of 40.0% for demand deposits and up to 20.0% for time deposits (irrespective, in each case, of the currency in which these deposits are denominated) to implement monetary policy. In addition, to the extent that the aggregate amount of the following types of liabilities exceeds 2.5 times the amount of a bank's regulatory capital, a bank must maintain a 100% "technical reserve" against them: demand deposits, deposits in checking accounts, obligations payable on sight incurred in the ordinary course of business and, in general, all deposits unconditionally payable immediately. If the Central Bank were to increase reserve requirements, this could lead to lower loan growth and have a negative effect on the Issuer's business.

The legal restrictions on the exposure of Chilean pension funds may affect the Issuer's access to funding.

Chilean regulations impose a series of restrictions on how Chilean pension fund management companies (Administradora de Fondos de Pensión, or "**AFPs**") may allocate their assets. In the particular case of financial issuers, there are three restrictions, each involving different assets and different limits determined by the amount of assets in each fund and the market and book value of the issuer's equity. As a consequence, limits vary within funds of AFPs and issuers. As of March 31, 2013, the latest information available, the AFP system can invest another 8.14% of its assets under management in the Issuer's bonds, deposits and mortgage finance bonds, and 0.37% in the Issuer's shares. The total amount that AFPs could additionally invest in Santander is approximately U.S.$14.3 billion. If the exposure of any AFP to the Issuer exceeds the regulatory limits, the Issuer would need to seek alternative sources of funding, which could be more expensive and, as a consequence, may have a material adverse effect on its financial condition and results of operations.

Pension funds must also comply with other investment limits. On June 5, 2007, approved legislation in Chile (Reformas al Mercado de Capitales II, also known as "**MK2**") relaxed the limits on making investments abroad in order to permit pension funds to further diversify their investment portfolios. As of December 31, 2011, the limit on making investments abroad was increased up to 100%, depending on the fund. As a result, pension funds may change the composition of their portfolios, including reducing their deposits with local banks. As of March 31, 2013, 6.28% of the Issuer's liabilities were from AFPs. Although the legislation referred to above is intended to promote a gradual relaxation of the investment limits, and the Issuer may be able to substitute the reduced institutional funds with retail deposits, there can be no assurance that this occurrence will not have a materially adverse impact on the Issuer's business, financial condition and results of operations.

The Issuer's financial statements and are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of its operations and financial position.

The preparation of financial statements and requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The accounting policies deemed critical to the Issuer's results and financial position, based upon materiality and significant judgments and estimates, include impairment of loans and advances, goodwill impairment, valuation of financial instruments, impairment of available-for-sale financial assets, deferred tax assets and provision for liabilities.

The valuation of financial instruments measured at fair value can be subjective, in particular where models are used which include unobservable inputs. Given the uncertainty and subjectivity associated with valuing such instruments it is possible that the results of the Issuer's operations and financial position could be materially misstated if the estimates and assumptions used prove to be inaccurate.

If the judgment, estimates and assumptions the Issuer uses in preparing its consolidated financial statements are subsequently found to be incorrect, there could be a material effect on the Issuer's results of operations and a corresponding effect on its funding requirements and capital ratios.

Changes in accounting standards could impact reported earnings.

The accounting standard setters and other regulatory bodies periodically change the financial accounting and reporting standards that govern the preparation of the Issuer's consolidated financial statements. These changes can materially impact how it records and reports its financial condition and results of operations. In some cases, it could be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements or other information.

The Issuer engages in transactions with related parties that others may not consider to be on an arm's-length basis.

Chilean laws applicable to public companies and financial groups and institutions, as well as the Issuer's bylaws, provide for several procedures designed to ensure that the transactions entered into with or among the Issuer's financial subsidiaries do not deviate from prevailing market conditions for those types of transactions, including the requirement that the Issuer's board of directors approve such transactions.

The Issuer is likely to continue to engage in transactions with related parties (including its controlling shareholder) on an arm's length basis. Conflicts of interest between the Issuer and related parties may arise. These conflicts are not required to be and may not be resolved in the Issuer's favor. See "Item 7. Major Shareholders and Related Party Transactions" in the 2012 IFRS Annual Report.

Operational risks, including risks relating to data collection, processing and storage systems are inherent in the Issuer's business.

The Issuer's businesses depend on the ability to process a large number of transactions efficiently and accurately, and on its ability to rely on its digital technologies, computer and email services, software and networks, as well as on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The proper functioning of financial control, accounting or other data collection and processing systems is critical to the Issuer's businesses and to its ability to compete effectively. Losses can result from inadequate personnel, inadequate or failed internal control processes and systems, or from external events that interrupt normal business operations. The Issuer also faces the risk that the design of its controls and procedures proves to be inadequate or is circumvented. Although the Issuer works with its clients, vendors, service providers, counterparties and other third parties to develop secure transmission capabilities and prevent against cyber attacks, the Issuer routinely exchanges personal, confidential and proprietary information by electronic means, and the Issuer may be the target of attempted cyber attacks. If the Issuer cannot maintain an effective data collection, management and processing system, it may be materially and adversely affected.

The Issuer takes protective measures and continuously monitors and develops its systems to protect its technology infrastructure and data from misappropriation or corruption, but its systems, software and networks nevertheless may be vulnerable to unauthorized access, misuse, computer viruses or other malicious code and other events that could have a security impact. An interception, misuse or mishandling of personal, confidential or proprietary information sent to or received from a client, vendor, service provider, counterparty or third party could result in legal liability, regulatory action and reputational harm There can be no assurance that the Issuer will not suffer material losses from operational risk in the future, including relating to cyber attacks or other such security breaches. Further, as cyber attacks continue to evolve, the Issuer may incur significant costs in its attempt to modify or enhance its protective measures or investigate or remediate any vulnerabilities.

The Issuer manages and holds confidential personal information of customers in the conduct of its banking operations. Although the Issuer has procedures and controls to safeguard personal information in its possession, unauthorized disclosures could subject it to legal actions and administrative sanctions as well as damages that could materially and adversely affect its results of operations and financial condition.

In addition, the Issuer's businesses are exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to the actions of 'rogue traders' or other employees. It is not always possible to deter employee misconduct and the precautions the Issuer takes to prevent and detect this activity may not always be effective.

Any failure to effectively improve or upgrade the Issuer's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Issuer.

The Issuer's ability to remain competitive depends in part on its ability to upgrade its information technology on a timely and cost-effective basis. The Issuer must continually make significant investments and improvements in its information technology infrastructure in order to remain competitive. The Issuer cannot assure you that in the future it will be able to maintain the level of capital expenditures necessary to support the improvement or upgrading of its information technology infrastructure. Any failure to effectively improve or upgrade the Issuer's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on it.

The Issuer relies on third parties for important products and services.

Third party vendors provide key components of the Issuer's business infrastructure such as loan and deposit servicing systems, internet connections and network access. Any problems caused by these third parties, including as a result of their not providing the Issuer their services for any reason or their performing their services poorly, could adversely affect the Issuer's ability to deliver products and services to customers and otherwise to conduct business. Replacing these third party vendors could also entail significant delays and expense.

Damage to the Issuer's reputation could cause harm to its business prospects.

Maintaining a positive reputation is critical to the Issuer's attracting and maintaining customers, investors and employees. Damage to the Issuer's reputation can therefore cause significant harm to its business and prospects. Harm to the Issuer's reputation may arise from numerous sources, including, among others, employee misconduct, litigation or regulatory outcomes, failure to deliver minimum standards of service and quality, compliance failures, unethical behavior, and the activities of customers and counterparties. Furthermore, negative publicity regarding the Issuer, whether true or not, may result in harm to its business prospects.

Actions by the financial services industry generally or by certain members of, or individuals in, the industry may also affect the Issuer's reputation. For example, the role played by financial services firms in the financial crisis and the seeming shift toward increasing regulatory supervision and enforcement has caused public perception of the Issuer and others in the financial services industry to decline. Any failure to establish or preserve a favorable reputation among the Issuer's customers and in the market in general could have a material adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer relies on recruiting, retaining and developing appropriate senior management and skilled personnel.

The Issuer's continued success depends in part on the continued service of key members of the Issuer's management team. The ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of the Issuer's strategy. The successful implementation of the Issuer's growth strategy depends on the availability of skilled management, both at its head office and at each of its business units. If the Issuer's or one of its business units or other functions fails to staff its operations appropriately or loses one or more of its key senior executives and fails to replace them in a satisfactory and timely manner, the Issuer's business, financial condition and results of operations, including control and operational risks, may be adversely affected.

In addition, the financial industry has and may continue to experience more stringent regulation of employee compensation, which could have an adverse effect on the Issuer's ability to hire or retain the most qualified employees. If the Issuer fails or is unable to attract and appropriately train, motivate and retain qualified professionals, its business may also be adversely affected.

The Issuer may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and could have a material adverse effect on it.

The Issuer is required to comply with applicable anti-money laundering, anti-terrorism and other laws and regulations in the jurisdictions in which it operates. These laws and regulations require it, among other things, to adopt and enforce "know-your-customer" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. These laws and regulations have become increasingly complex and detailed, require improved systems and sophisticated monitoring and compliance personnel and have become the subject of enhanced government supervision.

While the Issuer has adopted policies and procedures aimed at detecting and preventing the use of its banking network for money laundering and related activities, such policies and procedures have in some cases only been recently adopted and may not completely eliminate instances where the Issuer may be used by other parties to engage in money laundering and other illegal or improper activities. To the extent the Issuer fails to fully comply with applicable laws and regulations, the relevant government agencies to which it reports have the power and authority to impose fines and other penalties on it, including the revocation of licenses. In addition, the Issuer's business and reputation could suffer if customers use its banking network for money laundering or illegal or improper purposes.

In addition, while the Issuer reviews its relevant counterparties' internal policies and procedures with respect to such matters, the Issuer, to a large degree, relies upon its relevant counterparties to maintain and properly apply their own appropriate anti-money laundering procedures. Such measures, procedures and compliance may not be completely effective in preventing third parties from using it (and its relevant counterparties) as a conduit for money laundering (including illegal cash operations) without its (and such relevant counterparties') knowledge. If the Issuer is associated with, or even accused of being associated with, or becomes a party to, money laundering, then its reputation could suffer and/or it could become subject to fines, sanctions and/or legal enforcement (including being added to any "black lists" that would prohibit certain parties from engaging in transactions with it), any one of which could have a material adverse effect on its operating results, financial condition and prospects.

The Issuer is exposed to risk of loss from legal and regulatory proceedings.

The Issuer faces various issues that may give rise to risk of loss from legal and regulatory proceedings, including tax litigation. These issues, including appropriately dealing with potential conflicts of interest, and legal and regulatory requirements, could increase the amount of damages asserted against the Issuer or subject it to regulatory enforcement actions, fines and penalties. The current regulatory environment, which suggests an increased supervisory focus on enforcement, combined with uncertainty about the evolution of the regulatory regime, may lead to material operational and compliance costs.

The Issuer is from time to time subject to certain claims and parties to certain legal proceedings incidental to the normal course of its business, including in connection with its lending activities, relationships with its employees and other commercial or tax matters. In view of the inherent difficulty of predicting the outcome of legal matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in the early stages of discovery, the Issuer cannot state with confidence what the eventual outcome of these pending matters will be or what the eventual loss, fines or penalties related to each pending matter may be. The Issuer believes that it has made adequate reserves related to the costs anticipated to be incurred in connection with these various claims and legal proceedings. However, the amount of these provisions is substantially less than the total amount of the claims asserted against it and in light of the uncertainties involved in such claims and proceedings, there can be no assurance that the ultimate resolution of these matters will not significantly exceed the reserves currently accrued by it. As a result, the outcome of a particular matter may be material to the Issuer's operating results for a particular period, depending upon, among other factors, the size of the loss or liability imposed and its level of income for that period.

The Issuer is subject to market and operational risks associated with derivative transactions.

The Issuer enters into derivative transactions primarily for hedging purposes and, on a limited basis, on behalf of customers. These transactions are subject to market and operational risks, including basis risk (the risk of loss associated with variations in the spread between the asset yield and the funding and/or hedge cost) and credit or default risk (the risk of insolvency or other inability of a counterparty to perform its obligations to the Issuer).

Market practices and documentation for derivative transactions in Chile may differ from those in other countries. For example, documentation may not incorporate terms and conditions of derivatives transactions as commonly understood in other countries. In addition, the execution and performance of these transactions depends on the Issuer's ability to develop adequate control and administration systems and to hire and retain qualified personnel. Moreover, the Issuer's ability to monitor and analyze these transactions depends on its information technology systems. These factors may further increase risks associated with derivative transactions and, if they are not adequately controlled, this could materially and adversely affect the Issuer's results of operations and financial condition.

The Issuer is subject to counterparty risk in the Issuer's banking business.

The Issuer is exposed to counterparty risks in addition to credit risks associated with lending activities. Counterparty risk may arise from, for example, investing in securities of third parties, entering into derivative contracts under which counterparties have obligations to make payments to the Issuer or executing securities, futures, currency or commodity trades from proprietary trading activities that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries.

The Issuer routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual funds, hedge funds and other institutional clients. Defaults by, and even rumors or questions about the solvency of, certain financial institutions and the financial services industry generally have led to market-wide liquidity problems and could lead to losses or defaults by other institutions. Many of the routine transactions the Issuer enters into expose it to significant credit risk in the event of default by one of its significant counterparties.

A default by a significant financial counterparty, or liquidity problems in the financial services industry generally, could have a material adverse effect on the Issuer.

The Issuer's loan portfolios are subject to risk of prepayment, which may result in reinvestment of assets on less profitable terms.

The Issuer's loan portfolios are subject to prepayment risk, which results from the ability of a borrower to pay a loan prior to maturity and at a time that is inconsistent with the financing of such loan by the Issuer. Generally, in a declining interest rate environment, prepayment activity increases, with the effect of reducing weighted average lives of interest earning assets and adversely affecting results. Prepayment risk also has an adverse impact on the Issuer's credit card and residential mortgage portfolios, since prepayments could shorten the weighted average life of these portfolios, which may result in a mismatch in funding or in reinvestment at lower yields. Prepayment risk is inherent to the Issuer's commercial activity and an increase in prepayments could have a material adverse effect on it.

Current economic conditions may make it more difficult for the Issuer to continue funding its business on favorable terms with institutional investors.

Large-denominations of funding from time deposits from institutional investors may, under some circumstances, be a less stable source of funding than savings and bonds, such as during periods of significant changes in market interest rates for these types of deposit products and any resulting increased competition for such funds. As of December 31, 2012, total time deposits from institutional investors plus funds obtained from the Issuer's U.S. Commercial Paper program totaled U.S.$7.2 billion or 13.9% of total liabilities and equity. The liquidity crisis triggered by the U.S. subprime market impacted global markets and affected sources of funding, including time deposits. Although the Issuer's results of operations and financial position have not suffered a significant impact as a consequence of the recent credit market instability in the U.S., future market instability in the U.S. or the global financial markets, may negatively affect its ability to continue funding its business or maintain its current levels of funding without incurring higher funding costs or having to liquidate certain assets.

If the Issuer is unable to manage the growth of its operations, this could have an adverse impact on its profitability.

The Issuer allocates management and planning resources to develop strategic plans for organic growth, and to identify possible acquisitions and disposals and areas for restructuring its businesses. The Issuer cannot provide assurance that it will, in all cases, be able to manage its growth effectively or deliver its strategic growth objectives. Challenges that may result from the strategic growth decisions include the Issuer's ability to:

- manage efficiently the operations and employees of expanding businesses;
- maintain or grow its existing customer base;
- assess the value, strengths and weaknesses of investment or acquisition candidates;
- finance strategic investments or acquisitions;
- fully integrate strategic investments, or newly-established entities or acquisitions in line with its strategy;
- align its current information technology systems adequately with those of an enlarged group;
- apply its risk management policy effectively to an enlarged group; and
- manage a growing number of entities without over-committing management or losing key personnel.

Any failure to manage growth effectively, including relating to any or all of the above challenges associated with the Issuer's growth plans, could have a material adverse effect on its operating results, financial condition and prospects.

The Issuer's controlling shareholder has a great deal of influence over the Issuer's business and its interests could conflict with yours.

Santander Spain, the Issuer's controlling shareholder, controls Santander-Chile through its holdings in Teatinos Siglo XXI Inversiones S.A. and Santander-Chile Holding S.A., which are controlled subsidiaries. Santander Spain has control over 67.18% of the Issuer's shares and an actual participation, excluding non-controlling shareholders that participate in Santander-Chile Holding, S.A., of 67.01%.

Due to its share ownership, the Issuer's controlling shareholder has the ability to control the Issuer and its subsidiaries, including the ability to:

- elect the majority of the directors and exercise control over its company and subsidiaries;
- cause the appointment of its principal officers;
- declare the payment of any dividends;
- agree to sell or otherwise transfer its controlling stake in it; and
- determine the outcome of substantially all actions requiring shareholder approval, including amendments of its bylaws, transactions with related parties, corporate reorganizations, acquisitions and disposals of assets and issuance of additional equity securities, if any.

The Issuer operates as a stand-alone subsidiary within the Santander Group. Its principal shareholders have no liability for its banking operations, except for the amount of their respective holdings of its capital stock. The interests of Santander Spain may differ from the Issuer's interests or those of the Issuer's other shareholders and the concentration of control in Santander Spain will limit other shareholders' ability to influence corporate matters. As a result, the Issuer may take action that its other shareholders do not view as beneficial.

RISK FACTORS IN RESPECT OF CHILE

Future natural disasters may negatively affect the Issuer's results of operations.

Chile lies on the Nazca tectonic plate, making it one of the world's most seismically active regions. As a result, natural disasters, especially earthquakes, such as the February 2010 earthquake, may have an adverse impact on the Issuer's results of operation.

Changes in taxes, including the corporate tax rate, in Chile may have an adverse effect on the Issuer and its corporate clients.

The Chilean Government regularly enacts reforms to the tax and other assessment regimes to which the Issuer and its customers are subject. For example, in February 2010, the Chilean government approved legislation that increased the corporate income tax rate in order to pay for part of the reconstruction following the February 2010 earthquake and tsunami. The new legislation increased the corporate tax rate from 17% to 20% in 2011. The rate was decreased to 18.5% in 2012 and was scheduled to decrease further to 17% in 2013. However, Congress passed a new tax reform in 2012, raising again the corporate tax rate to 20%. The Issuer expects that this legislation will have an adverse effect on it and its corporate clients in 2013, and it expects to pay an effective tax rate of 18% going forward. With the upcoming change in government administration, a new tax law is expected to be enacted that will increase the corporate tax rate from 20% to 25% over a five-year period beginning in 2014 or 2015.

The Issuer cannot predict if tax reforms will be implemented in the future. The effects of these changes, if enacted, and any other changes that could result from the enactment of additional tax reforms, cannot be quantified.

The Issuer's growth and profitability depend on the level of economic activity in Chile.

A substantial amount of the Issuer's loans are to borrowers doing business in Chile. Accordingly, the recoverability of these loans in particular, and the Issuer's ability to increase the amount of loans outstanding and its results of operations and financial condition in general, are dependent to a significant extent on the level of economic activity in Chile. The Issuer's results of operations and financial condition could be affected by changes in economic or other policies of the Chilean government, which has exercised and continues to exercise substantial influence over many aspects of the private sector, or other political or economic developments in Chile. In line with the global economic climate, Chile's economy contracted 2.3% in 2009 for the first time since 1999. However, despite the February 2010 earthquake, the Chilean economy has since recovered significantly and GDP increased 5.4% in 2010, 6.2% in 2011 and 5.5% in 2012. However, there can be no assurance that the Chilean economy will continue to grow in the future or that future developments will not negatively affect Chile's overall levels of economic activity.

Developments in other countries may affect the Issuer, including the prices for its securities.

The prices of securities issued by Chilean companies, including banks, are influenced to varying degrees by economic and market considerations in other countries. The Issuer cannot assure you that future developments in or affecting the Chilean economy, including consequences of economic difficulties in other markets, will not materially and adversely affect its business, financial condition or results of operations.

The Issuer is exposed to risks related to the weakness and volatility of the economic and political situation in Asia, the United States, Europe (including Spain, where Santander Spain, its controlling shareholder, is based), Brazil, Argentina and other nations. Even though the world economy and the financial and capital markets had been recovering from the 2008 crisis throughout 2010 and early 2011, the conditions of the global markets again deteriorated in 2011 and continued through 2012. European countries encountered serious fiscal problems, including high debt levels that impaired growth and increased the risk of sovereign default. Also in 2011, the United States faced fiscal difficulties, which culminated in the downgrade of the U.S. long-term sovereign credit rating by Standard & Poor's. Ongoing political debates in 2012 with respect to how the United States government would address the so-called "fiscal cliff" contributed to economic uncertainty. In 2012, the world economy continued to grow at a slow pace. As the year progressed, spillovers from the crisis in Europe weighed negatively on activity and confidence and the global recovery slowed. Although economic conditions in Europe and the United States may differ significantly from economic conditions in Chile, investors' reactions to developments in these other countries may have an adverse effect on the market value of securities of Chilean issuers. In particular, investor perceptions of the risks associated with the Issuer's securities may be affected by perception of risk conditions in Spain.

If these nations' economic conditions deteriorate, the economy in Chile, as both a neighboring country and/or a trading partner, could also be affected and could experience slower growth than in recent years, with a possible adverse impact on the Issuer's borrowers and counterparties. If this were to occur, the Issuer would potentially need to increase its allowances for loan losses, thus affecting its financial results, its results of operations and the price of its securities. As of December 31, 2012, approximately 2.5% of the Issuer's assets were held abroad. There can be no assurance that the ongoing effects of the global financial crisis will not negatively impact growth, consumption, unemployment, investment and the price of exports in Chile. Crises and political uncertainties in other Latin American countries could also have an adverse effect on Chile, the price of the Issuer's securities or the Issuer's business.

Chile is also involved in an international litigation with Peru regarding maritime borders and has had other conflicts with neighboring countries in the past. The Issuer cannot assure you that crises and political uncertainty in other Latin American countries will not have an adverse effect on Chile, the price of the Issuer's securities or the Issuer's business.

Fluctuations in the rate of inflation may affect the Issuer's results of operations.

High levels of inflation in Chile could adversely affect the Chilean economy and have an adverse effect on the Issuer's business, financial condition and results of operations. Extended periods of deflation could also have an adverse effect on the Issuer's business, financial condition and results of operations. In 2009, Chile experienced deflation of 1.4% as the global economy contracted. In 2012, CPI inflation was 1.49%, compared to 4.44% in 2011.

The Issuer's assets and liabilities are denominated in Chilean pesos, UF and foreign currencies. The UF is revalued in monthly cycles. On each day in the period beginning on the tenth day of any given month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean Consumer Price Index during the prior calendar month. For more information regarding the

UF, see "Item 5. Operating and Financial Review and Prospects—C. Operating Results—Impact of Inflation" of the 2012 IFRS Annual Report. Although the Issuer benefits from inflation in Chile due to the current structure of its assets and liabilities (*i.e.*, a significant portion of its loans are indexed to the inflation rate, but there are no corresponding features in deposits, or other funding sources that would increase the size of its funding base), there can be no assurance that the Issuer's business, financial condition and result of operations in the future will not be adversely affected by changing levels of inflation, including from extended periods of inflation that adversely affect economic growth or periods of deflation.

Any change in the methodology of how the CPI index is calculated could also affect the value and evolution of the UF, which could also adversely affect the Issuer's business, financial condition and results of operations.

Currency fluctuations could adversely affect the Issuer's financial condition and results of operations and the value of the Issuer's securities.

Any future changes in the value of the Chilean peso against the U.S. dollar will affect the U.S. dollar value of the Issuer's securities. The Chilean peso has been subject to large devaluations and appreciations in the past and could be subject to significant fluctuations in the future. The Issuer's results of operations may be affected by fluctuations in the exchange rates between the peso and the dollar despite the Issuer's policy and Chilean regulations relating to the general avoidance of material exchange rate exposure. In order to avoid material exchange rate exposure, the Issuer enters into forward exchange transactions. The following table shows the value of the Chilean peso relative to the U.S. dollar as reported by the Central Bank at year end for the last six years and the devaluation or appreciation of the peso relative to the U.S. dollar in each of those years.

Year	Exchange rate at year end (Ch$)	Devaluation (Appreciation) (%)
2008	629.11	26.9
2009	506.43	(19.5)
2010	468.37	(7.5)
2011	521.46	11.3
2012	478.60	(8.2)
2013	523.76	9.4

Source: Central Bank.

The Issuer may decide to change its policy regarding exchange rate exposure. Regulations that limit such exposures may also be amended or eliminated. Greater exchange rate risk will increase the Issuer's exposure to the devaluation of the peso, and any such devaluation may impair its capacity to service foreign currency obligations and may, therefore, materially and adversely affect its financial condition and results of operations. Notwithstanding the existence of general policies and regulations that limit material exchange rate exposures, the economic policies of the Chilean government and any future fluctuations of the peso against the dollar could affect the Issuer's financial condition and results of operations.

Banking regulations may restrict the Issuer's operations and thereby adversely affect its financial condition and results of operations.

The Issuer is subject to regulation by the SBIF. In addition, it is subject to regulation by the Central Bank with regard to certain matters, including reserve requirements, interest rates, foreign exchange mismatches and market risks. Changes in banking regulations may materially and adversely affect the Issuer's business, financial condition and results of operations. Chilean laws, regulations, policies and interpretations of laws relating to the banking sector and financial institutions are continually evolving and changing. In 2007, new regulations governing the Chilean capital markets were approved (*Reformas al Mercado de Capitales II*, also known as MK2). These regulations, among other things, modified certain provisions set forth in the General Banking Law. Under new legislation, the limit on the amount that a bank is allowed to grant as an unsecured loan to a single individual or entity was increased to 10% of its regulatory capital (and up to 30% of its regulatory capital if any loans granted in excess of the 10% is secured by collateral). Previously, these limits were set at 5% and 25%, respectively. Although any such increase may increase the Issuer's lending activity, it may also increase the risks associated with the growth of its loan portfolio and increase competition as the number of banks that can compete in the corporate segment increases.

Pursuant to the General Banking Law, all Chilean banks may, subject to the approval of the SBIF, engage in certain businesses other than commercial banking depending on the risk associated with such business and their financial strength. Such additional businesses include securities brokerage, mutual fund management, securitization, insurance brokerage, leasing, factoring, financial advisory, custody and transportation of securities, loan collection and financial services. The General Banking Law also applies to the Chilean banking system a modified version of the capital adequacy guidelines issued by the Basel Committee on Banking Regulation and Supervisory Practices and limits the discretion of the SBIF to deny new banking licenses. There can be no assurance that regulators will not in the future impose more restrictive limitations on the activities of banks, including the Issuer. Any such change could have a material adverse effect on the Issuer's financial condition or results of operations.

Historically, Chilean banks have not paid interest on amounts deposited in checking accounts. Currently, there are no applicable restrictions on the interest that may be paid on checking accounts. The Issuer has begun to pay interest on some checking accounts under certain conditions. If competition or other factors lead it to pay higher interest rates on checking accounts, to relax the conditions under which it pays interest or to increase the number of checking accounts on which it pays interest, any such change could have a material adverse effect on its financial condition or results of operations.

On November 20, 2013, the Chilean Congress approved new legislation to reduce the maximum rates that can be charged on loans. This new legislation is aimed at loans of less than UF 200 (U.S.$8,901), using the December 31, 2013 exchange rate of U.S.$ 44.50 per UF 1 and with a term of more than 90 days, and thus includes consumer loans in installments, lines of credit and credit card lines. Previously, the maximum interest rate for loans of less than UF 200 and with a term of more than 90 days was calculated as the average rate of all transactions undertaken within the banking industry over the previous month of loans of less than UF 200 and with a term of more than 90 days, multiplied by a factor of 1.5. The average and maximum rates are published daily by the SBIF. As of December 31, 2013, the average annual interest rate for this type of loan reached 33.36%, and the maximum annual interest rate reached 45.91%.

On December 13, 2013, the SBIF published the new maximum rates for loans between UF 0 and UF 50. The maximum rate was 6% lower than the previous maximum rate, resulting in a new maximum rate of 47.91%, compared to 53.85% as of September 30, 2013. Further reductions of 2% will be implemented gradually every 12 weeks until the maximum rate is equal to the average interest rate for loans between UF 200 to UF 5,000 plus 21%, unless the flow of new loans in the industry decreases by 10%-20%, in which case the reduction will be partially or completely suspended until the next period. The Issuer estimates that it will take 20 months for the maximum rate to reach the 37% level the authorities are seeking for loans of this size.

On December 13, 2013, the SBIF published the new maximum rates for loans between UF 50 and UF 200. The maximum rate was 8% lower than the previous maximum rate, resulting in a new maximum rate of 45.91%, compared to 53.85% as of September 30, 2013. Further reductions of 2% will be implemented gradually every 12 weeks until the maximum rate is equal to the average interest rate for loans between UF 200 to UF 5,00 plus 14%, unless the flow of new loans in the industry decrease by 10%-20%, in which case the reduction will be partially or completely suspended until the next period. The Issuer estimates that it will take 26 months for the maximum rate to reach the 31% level the authorities are seeking for loans of this size.

The Issuer estimates that in 2014, this bill could lower the Issuer's net interest margin by 20 basis points, or approximately Ch$50 billion. This estimate is only preliminary, as it is difficult to estimate the speed of implementation of the reduction and the effect on loan volumes.

In March 2012, a bill aimed at giving additional enforcement powers to the SERNAC (Chile's Consumer Protection Agency) regarding financial services became effective and created the *SERNAC Financiero*, a specific consumer protection agency for the financial industry. The SERNAC Financiero has powers to supervise and regulate Bank products and services. The creation of the SERNAC Financiero has also resulted in additional scrutiny regarding prices and contracts for financial products and services, making it more difficult to raise prices and increasing competition among bank and non-bank competitors. In April 2013, the SBIF adopted all the regulations regarding fees established by the SERNAC Financiero, as a result of which Ch$14 to Ch$20 billion in fees will not be collected per year, mainly from credit cards, debit cards and lines of credit.

In July 2012, new regulations regarding the selling of mandatory insurance for loans were introduced that will increase competition and that could lower the Issuer's fees from collecting these premiums. This could have a negative impact on fees in an amount the Issuer has initially estimated to be Ch$16 billion for 2013.

As a result of the recent global financial crisis, there has been an increase in government regulation of the financial services industry in many countries. Such regulation may also be increased in Chile, including the imposition of higher capital requirements, heightened disclosure standards and restrictions on certain types of transaction structures. In addition, novel regulatory proposals abound in the current environment. If enacted, new regulations could require the Issuer to inject further capital into its business as well as in businesses it acquires, restrict the type or volume of transactions it enters into, or set limits on or require the modification of rates or fees that it charges on certain loans or other products, any of which could lower the return on its investments, assets and equity. The Issuer may also face increased compliance costs and limitations on its ability to pursue certain business opportunities.

In line with the future adoption of Basel II regulations in Chile, the SBIF has recently proposed to increase the minimum regulatory capital ratio from 8% to 10%, which would require an amendment to the General Banking Law. Although the Issuer currently has a regulatory capital ratio of 13.72% as of December 31, 2012, this change could require it to inject additional capital to its business in the future. According to initial estimates of the impact of market risk on regulatory capital, published for informational purposes only by the SBIF, the Issuer's ratio of regulatory capital to risk-weighted assets, net of loan loss allowance and deductions, including an initial estimate of the adjustments for market risk set forth under Basel II was 12.57% as of December 31, 2013, the latest information available. No assurance can be given that these changes will not have a material impact on the Issuer's capitalization ratio.

These new reforms could result in increased competition in the industry and thus may have a material adverse effect on the Issuer's financial condition and results of operations.

A worsening of labor relations in Chile could impact the Issuer's business.

As of December 31, 2013 on a consolidated basis, the Issuer had 11,516 employees, of which 75.9% were unionized. In May 2010, a new collective bargaining agreement was signed with the main unions, which became effective on January 1, 2011, and which will expire on December 31, 2014. On March 5, 2014 the Bank and the representative of the main unions concluded and signed the new Collective Bargaining Agreement which will be in effect beginning October 2014 until 2018. The Issuer generally applies the terms of its collective bargaining agreement to unionized and non-unionized employees. The Issuer has traditionally had good relations with its employees and their unions, but the Issuer cannot assure you that in the future, a strengthening of cross-industry labor movements will not materially and adversely affect its business, financial condition or results of operations.

The Issuer's corporate disclosure may differ from disclosure regularly published by issuers of securities in other countries, including the United States.

Issuers of securities in Chile are required to make public disclosures that are different from, and that may be reported under presentations that are not consistent with, disclosures required in the United States and other countries. In particular, as a Chilean regulated financial institution, the Issuer is required to submit to the SBIF on a monthly basis unaudited consolidated balance sheets and income statements, excluding any note disclosure, prepared in accordance with Chilean Bank GAAP and the rules of the SBIF. This disclosure differs in a number of significant respects from generally accepted accounting principles in the United States and information generally available in the United States with respect to U.S. financial institutions. In addition, as a foreign private issuer, the Issuer is not subject to the same disclosure requirements in the United States as a domestic U.S. registrant under the Exchange Act, including the requirements to prepare and issue quarterly reports, or the proxy rules applicable to domestic U.S. registrants under Section 14 of the Exchange Act or the insider reporting and short-swing profit rules under Section 16 of the Exchange Act. Accordingly, the information about the Issuer available to you will not be the same as the information available to shareholders of a U.S. company and may be reported in a manner that you are not familiar with.

The Issuer's status as a controlled company and a foreign private issuer exempts the Issuer from certain of the corporate governance standards of the New York Stock Exchange ("NYSE"), limiting the protections afforded to investors.

The Issuer is a "controlled company" and a "foreign private issuer" within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a controlled company is exempt from certain NYSE corporate governance requirements. In addition, a foreign private issuer may elect to comply with the practice of its home country and not to comply with certain NYSE corporate governance requirements, including the requirements that (1) a majority of the Board of Directors consist of independent directors, (2) a nominating and corporate governance committee be established that is composed entirely of independent directors and has a written charter addressing the committee's purpose and responsibilities, (3) a compensation committee be established that is composed entirely of independent directors and has a written charter addressing the committee's purpose and responsibilities and (4) an annual performance evaluation of the nominating and corporate governance and compensation committees be undertaken. The Issuer currently uses these exemptions and intends to continue using these exemptions. Accordingly, you will not have the same protections afforded to shareholders of companies that are subject to all NYSE corporate governance requirements.

BANCO SANTANDER-CHILE

History and Development of the Issuer

Overview

The Issuer is the largest bank in Chile in terms of total assets and equity, based on information provided by the Chilean Superintendency of Banks as of December 31, 2012. As of December 31, 2012, the Issuer had total assets of Ch$24,759,888 million (U.S.$51,707 million), outstanding loans net of allowances for loan losses of Ch$18,326,190 (U.S.$38,271 million), total deposits of Ch$14,082,232 million (U.S.$29,408 million) and equity of Ch$2,197,383 million (U.S.$4,589 million). As of December 31, 2013, the Issuer employed 11,713 people and had the second-largest private branch network in Chile, with 499 branches. The Issuer's headquarters are located in Santiago and it operates in every major region of Chile.

The Issuer provides a broad range of commercial and retail banking services to its customers, including Chilean peso and foreign currency denominated loans to finance a variety of commercial transactions, trade, foreign currency forward contracts and credit lines and a variety of retail banking services, including mortgage financing. The Issuer seeks to offer its customers a wide range of products while providing high levels of service. In addition to the Issuer's traditional banking operations, the Issuer offers a variety of financial services including financial leasing, financial advisory services, mutual fund management, securities brokerage, insurance brokerage and investment management.

The legal predecessor of Santander-Chile was Banco Santiago ("**Santiago**"). Santiago was incorporated by public deed dated September 7, 1977 granted at the Notary Office of Alfredo Astaburuaga Gálvez. Santiago received its permission to incorporate and function as a bank by Resolution No. 118 of the Superintendency of Banks on October 27, 1977. Santiago's by-laws were approved by Resolution No. 103 of the Superintendency of Banks on September 22, 1977. In January 1997, Santiago merged with Banco O'Higgins, with Santiago being the surviving entity. In 1999, Santiago became a controlled subsidiary of Banco Santander Spain. As of June 30, 2002, Santiago was the second largest private sector bank in Chile in terms of total assets, deposits, loans and shareholders' equity.

Old Santander-Chile was established as a subsidiary of Banco Santander Spain in 1978. In 1982, Old Santander-Chile acquired a significant portion of the assets and liabilities of Banco Español-Chile, a domestic bank that had become insolvent. In July 1996, Old Santander-Chile was merged into Banco Osorno y la Unión becoming "Banco Santander-Chile," the third largest private bank in terms of outstanding loans at that date.

On August 1, 2002, Santiago and Old Santander Chile merged, whereby the latter ceased to exist and Santander-Chile (formerly known as Santiago) was the surviving entity.

The Issuer's legal and commercial name is Banco Santander-Chile. The Issuer is a corporation (*sociedad anónima bancaría)* organized under the laws of Chile and it operates under the legislation of Chile. The Issuer's place of registration is Santiago, Chile and its registration number is 5,017 of Folio 8,825 dated September 22, 1977 of the 1977 Commercial Registry of the Real Estate Conservator of Santiago. The Issuer's principal executive offices are located at Bandera 140, Santiago, Chile. The Issuer's telephone number is +562-320-2000 and the Issuer's website is www.santander.cl. None of the information contained on the Issuer's website is incorporated by reference into, or forms part of, this Program Information. The Issuer's agent for service of process in Japan will be TMF Group Ltd. at Tokyo Club Building 11F, 3-2-6 Kasumigaseki Chiyoda-ku Tokyo, 100-0013.

Relationship with Santander Spain

The Issuer believes that its relationship with its controlling shareholder, Santander Spain, offers it a significant competitive advantage over its peer Chilean banks. Santander Spain is one of the largest financial groups in Brazil and the rest of Latin America, in terms of total assets measured on a regional basis. It is the largest financial group in Spain and is a major player elsewhere in Europe, including the

United Kingdom, Poland and Portugal, where it is the third-largest banking group. Through Santander Consumer, it also operates a leading consumer finance franchise in the United States as well as in Germany, Italy, Spain, and several other European countries.

The Issuer's relationship with Santander Spain provides the Issuer with access to the group's corporate client base, while Santander Spain's multinational focus allows the Issuer to offer international solutions to its clients' financial needs. The Issuer also has the benefit of selectively borrowing from Santander Spain's product offerings in other countries, as well as of its know-how in systems management. The Issuer also benefits from economies of scope generated by sharing various core IT platforms. The Issuer believes that its relationship with Santander Spain will also enhance the Issuer's ability to manage credit and market risks by adopting policies and knowledge developed by Santander Spain. In addition, the Issuer's internal auditing function has been strengthened as a result of the addition of an internal auditing department that concurrently reports directly to the Issuer's Audit Committee and the audit committee of Santander Spain. The Issuer believes that this structure leads to improved monitoring and control of its exposure to operational risks.

Santander Spain's support of the Issuer includes the assignment of managerial personnel to key supervisory areas of Santander-Chile, such as risks, auditing, accounting and financial control. The Issuer does not pay any management or other fees to Santander Spain in connection with these support services.

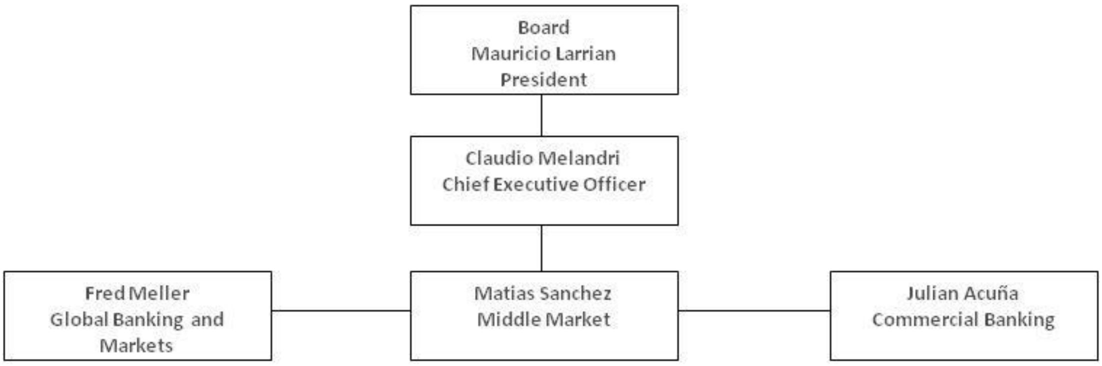
Organizational Structure

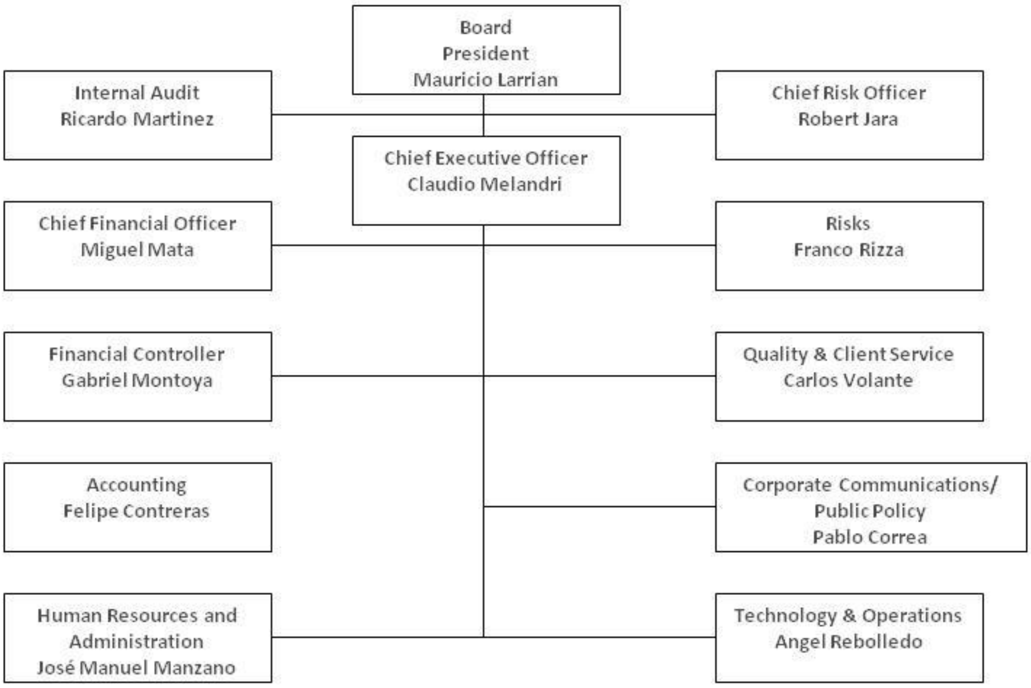
Santander Spain controls the Issuer through its holdings in Teatinos Siglo XXI Inversiones S.A. and Santander-Chile Holding S.A., which are controlled subsidiaries. In 2011, Santander Spain sold 9.7% of its ownership through Teatinos Siglo XXI Inversiones S.A. in a public offering in Chile and an SEC-registered offering abroad. This gave Santander Spain control over 67.18% of the Issuer's shares and an actual participation, when excluding non-controlling interests in Santander-Chile Holding S.A., of 67.01%.

Shareholder	Number of Shares	Percentage
Santander-Chile Holding S.A.	66,822,519,695	35.46%
Teatinos Siglo XXI Inversiones S.A.	59,770,481,573	31.72%

Management Team

The chart below sets forth the names and areas of responsibility of the Issuer's senior managers as of the date hereof:





Business Overview

As of December 31, 2013, the Issuer had 493 total branches, 274 of which were operated under the Santander brand name, with the remainder operated under certain specialty names, including 77 under the *Santander Banefe* brand name, 41 under the *SuperCaja* brand name, 46 under the *Select* brand name and 55 as auxiliary and payment centers. The Issuer provides a full range of financial services to corporate and individual customers.

The Issuer has the following operating segments:

- *Santander Banefe*, which serves individuals with monthly incomes from Ch$150,000 (U.S.$313) to Ch$400,000 (U.S.$835), who receive services through Santander Banefe. This segment provides customers with a variety of services, including consumer loans, credit cards, auto loans, mortgage loans, debit cards, savings products, mutual funds and insurance brokerage. This segment accounted for 4.2% of the Issuer's total loans and accounts receivable outstanding as of December 31, 2012.

- *Individuals in Commercial banking*, which serves individuals with monthly incomes over Ch$400,000 (U.S.$835). This segment provides customers with a variety of services, including consumer loans, credit cards, auto loans, commercial loans, foreign exchange, mortgage loans, debit cards, checking accounts, savings products, mutual funds and stock and insurance brokerage. Clients in this segment accounted for 15.0% of the Issuer's total loans and accounts receivable outstanding as of December 31, 2012.

- *Small and mid-sized companies (SMEs)*, which serves small companies with annual sales below Ch$1,200 million (U.S.$2.5 million). This segment provides customers with a variety of products, including commercial loans, government-guaranteed loans, leasing, factoring, foreign trade, credit cards, mortgage loans, checking accounts, savings products, mutual funds and insurance brokerage. Clients in this segment accounted for 47.1% of the Issuer's total loans and accounts receivable outstanding as of December 31, 2012.

- *Institutional*, which serves institutions such as universities, government entities, local and regional governments. This segment provides a wide variety of products, including commercial loans, leasing, factoring, foreign trade, credit cards, mortgage loans, checking accounts, transactional services, treasury services, financial consulting, savings products, mutual funds, and insurance brokerage. As of December 31, 2012, these clients represented 1.9% of the Issuer's total loans and accounts receivable outstanding

- *Companies*, which is composed of the following sub-segments:

  - *Medium-sized companies (Companies)*, which serves companies with annual sales exceeding Ch$1,200 million (U.S.$2.5 million) and up to Ch$10,000 million (U.S.$20.9 million), and which provides a wide variety of products, including commercial loans, leasing, factoring, foreign trade, credit cards, mortgage loans, checking accounts, transactional services, treasury services, financial consulting, savings products, mutual funds and insurance brokerage. As of December 31, 2012, these clients represented 8.6% of the Issuer's total loans and accounts receivable outstanding.

  - *Real estate*, which also includes all companies engaged in the real estate industry who carry out projects to sell properties to third parties and all builders with annual sales exceeding Ch$800 million (U.S.$1.7 million). These clients are offered not only the traditional banking services but also specialized services to finance projects, chiefly residential projects, with the aim of expanding sales of mortgage loans. As of December 31, 2012, these clients represented 4.1% of the Issuer's total loans and accounts receivable outstanding.

  - *Large Corporations*, which serves companies with annual sales exceeding Ch$10,000 million (U.S.$20.9 million), and which provides a wide variety of products, including commercial loans, leasing, factoring, foreign trade, credit cards, mortgage loans, checking accounts, transactional services, treasury services, financial consulting, savings products, mutual funds and insurance. As of December 31, 2012, these clients represented 8.8% of the Issuer's total loans and accounts receivable outstanding.

- *Global Banking and Markets*, which is comprised of the following sub-segments:

  - *Corporate*, which includes foreign multinational corporations or Chilean corporations with sales over Ch$10,000 million (U.S.$20.9 million), and which provides a wide variety of products, including commercial loans, leasing, factoring, foreign trade, credit cards, mortgage loans, checking accounts, transactional services, treasury services, financial consulting, savings products, mutual funds and insurance. As of December 31, 2012 these clients represented 9.8% of the Issuer's total loans and accounts receivable outstanding.

- *Treasury Division*, which provides sophisticated financial products, mainly to companies in the wholesale banking area and the Companies segment. These include products such as short-term financing and fund raising, brokerage services, derivatives, securitization and other tailor-made products. The Treasury Division also manages the Issuer's trading positions.

In addition, the Issuer has a Corporate Activities segment comprised of all other operational and administrative activities that are not assigned to a specific segment or product mentioned above. This segment includes the Financial Management Division (*Gestión Financiera*), which manages global functions such as the management of the Issuer's structural foreign exchange gap position, its structural position in inflation-indexed assets and liabilities, its structural interest rate risk and its liquidity risk. The Financial Management Division also oversees the use of the Issuer's resources, the distribution of capital among the Issuer's different units and the overall financing cost of investments. The purpose of the Financial Management Division is to inject stability into the net income of commercial activities and to ensure that the Issuer complies with internal and regulatory limits regarding liquidity, regulatory capital, reserve requirements and market risk.

The table below sets forth the Issuer's lines of business and certain statistical information relating to each of them for the year ended December 31, 2012. Please see "Note 4—Business Segments" to the Issuer's 2012 IFRS Consolidated Financial Statements included in the 2012 IFRS Annual Report for details of revenue by business segment in the last three years.

	As of December 31, 2012						
	Loans and accounts receivable from customers(1)	**Net interest income**	**Net fee and commission income**	**Financial trans-actions, net(2)**	**Provision for loan losses(3)**	**Operating costs(4)**	**Segment's net contribution(5)**
IFRS SEGMENTS				(Ch$ million)			
Individuals	**9,723,801**	**620,970**	**174,283**	**7,790**	**(311,265)**	**(349,513)**	**142,265**
Santander Banefe	799,412	123,168	**33,853**	102	(81,472)	(66,386)	9,265
Commercial Banking	8,924,389	497,802	**140,430**	7,688	(229,793)	(283,127)	133,000
SMEs	**2,836,695**	**234,012**	**39,024**	**4,903**	**(72,719)**	**(76,864)**	**128,356**
Institutional	**356,465**	**28,466**	**2,466**	**615**	**(346)**	**(12,686)**	**18,515**
Companies	**4,072,191**	**148,433**	**25,836**	**11,062**	**(24,608)**	**(47,756)**	**112,967**
Companies	1,632,276	70,962	13,863	5,118	(21,598)	(24,521)	43,824
Large Corporations	1,668,828	56,045	8,679	5,623	(3,705)	(17,989)	48,653
Real Estate	771,087	21,426	3,294	321	695	(5,246)	20,490
Commercial Banking	**16,989,152**	**1,031,881**	**241,609**	**24,370**	**(408,938)**	**(486,819)**	**402,103**
Global Banking & Markets	**1,858,116**	**57,591**	**26,315**	**66,804**	**5,334**	**(35,209)**	**120,835**
Corporate	1,851,127	65,838	29,336	815	5,334	(13,909)	87,414
Treasury Division(6)	6,989	(8,247)	(3,021)	65,989	-	(21,300)	33,421
Other(7)	**119,384**	**(46,738)**	**2,648**	**(8,875)**	**(88)**	**(18,108)**	**(71,161)**
TOTAL	**18,966,652**	**1,042,734**	**270,572**	**82,299**	**(403,692)**	**(540,136)**	**451,777**
Other operating income							13,105
Other operating expenses							(59,637)
Income from investments in other companies							267
Income tax							(44,394)
Net income for the year							**361,118**

(1) Loans and accounts receivables from customers plus interbank loans, gross of loan loss allowances.

(2) Includes net gains from trading, net mark-to-market gains and foreign exchange transactions.

(3) Includes gross provisions for loan losses, net of releases on recoveries.

(4) Equal to the sum of personnel expenses, administrative expenses, amortizations and depreciations and deterioration.

(5) Equal to the sum of the net interest revenue, net fee income and net financial transactions, minus net provision for loan losses and operating expenses.

(6) Includes the Treasury's client business and trading business.

(7) Includes Financial Management and the contribution of non-segmented items such as interbank loans, the cost of the Issuer's capital and fixed assets. Net interest income and net financial transactions included in Other are mainly comprised of the results from the Financial Management Division.

Directors

The Issuer is managed by its Board of Directors, which, in accordance with the Issuer's by-laws, consists of 11 directors and two alternates who are elected at annual ordinary shareholders' meetings. Except as noted below, the current members of the Board of Directors were elected by the shareholders in the ordinary shareholders' meeting held on April 26, 2011. Members of the Board of Directors are elected for three-year terms. The term of each of the current board members expires in April of 2014. Cumulative voting is permitted for the election of directors. The Board of Directors may appoint replacements to fill any vacancies that occur during periods between elections. If any member of the Board of Directors resigns before his or her term has ended and no other alternate director is available to take the position at the next annual ordinary shareholders' meeting, a new replacing member will be elected. The Issuer's executive officers are appointed by the Board of Directors and hold office at the Issuer's discretion. Scheduled meetings of the Board of Directors are held monthly. Extraordinary meetings can be held when called in one of three ways: by the Chairman of the Board of Directors, by three directors with the consent of the Chairman of the Board of Directors or by the majority of directors. None of the members of the Issuer's Board of Directors has a service contract which entitles any Director to any benefits upon termination of employment with the Issuer.

The business address of the Board of Directors is Banco Santander-Chile, Bandera 140, Santiago, Chile.

The Issuer's current directors are as follows:

Directors	Position	Committees	Term Expires
Mauricio Larraín Garcés	Chairman and Director	Asset and Liability Committee Executive Credit Committee Human Resources Committee Marketing, Communications and Institutional Image Committee Strategy Committee University Committee	April 2014
Oscar Von Chrismar Carvajal	Second Vice Chairman and Director	Asset and Liability Committee Clients and Service Quality Committee Executive Credit Committee Human Resources Committee Market Committee Marketing, Communications and Institutional Image Committee Risk Committee Strategy Committee	April 2014
Juan Pedro Santa Maria Perez	Director	Analysis and Resolution Committee Audit Committee (Secretary) Executive Credit Committee Risk Committee Transparency Committee	April 2014
Víctor Arbulú Crousillat	Director	Audit Committee	April 2014
Marco Colodro Hadjes	Director	Asset and Liability Committee Executive Credit Committee Market Committee Risk Committee	April 2014
Vittorio Corbo Lioi	Director	Asset and Liability Committee Market Committee Risk Committee	April 2014
Roberto Méndez Torres	Director	Clients and Service Quality Committee Executive Credit Committee Marketing, Communications and Institutional Image Committee	April 2014

Directors	Position	Committees	Term Expires
		Risk Committee Strategy Committee University Committee	
Carlos Olivos Marchant	Director	Audit Committee	April 2014
Lucía Santa Cruz Sutil	Director	Marketing, Communications and Institutional Image Committee University Committee	April 2014
Lisandro Serrano Spoerer	Director	Analysis and Resolution Committee Audit Committee	April 2014
Roberto Zahler Mayanz	Director	Asset and Liability Committee Market Committee	April 2014
Raimundo Monge Zegers	Alternate Director	Asset and Liability Committee Strategy Committee Transparency Committee	April 2014

Mauricio Larraín Garcés is the Issuer's Chairman. He is a member of the Asset and Liability Committee, the Executive Credit Committee, the Human Resources Committee, the Marketing Committee, the Strategy Committee, and the University Committee. He is also President of Santander Chile Holding S.A. and Universia Chile S.A. He is also a Director of the Asociación de Bancos e Instituciones Financieras de Chile and Inversiones Volcán Choshuenco S.A. He is also a member of the Council of Paz Ciudadana and was a former President of ICARE. He is General Director of ESE Business School from Universidad de Los Andes. Mr. Larraín began working at Santander-Chile in 1989. Previously, he was Intendente (Director) of the SBIF, Manager of External Debt at Banco Central de Chile and a Senior Finance Specialist at the World Bank in Washington. He holds degrees in Law from Universidad Católica de Chile and from Harvard University.

Juan Pedro Santa María Pérez became Director on August 21, 2013 after having served as an Alternate Director since 2012. He is also a Director at Santander Asset Management S.A. Mr. Santa María joined Santander-Chile in 2002, after the merger with Banco Santiago. Prior to that he was Legal Counsel for Banco Santiago and Banco O'Higgins. He has also been President of the Legal Committee of the Asociación de Bancos e Instituciones Financieras de Chile for over 20 years and President Pro-Tempore of the Financial Law Committee of the Federación Latinoamericana de Bancos (FELABAN). Mr. Santa María holds a degree in Law from the Pontificia Universidad Católica de Chile.

Oscar von Chrismar Carvajal became Executive Vice-Chairman of the Board on January 1, 2010 after having served as the chief executive officer of Santander-Chile since August 2003. Mr. von Chrismar is a member of the Asset and Liability Committee, Clients and Service Quality Committee, Executive Credit Committee, Human Resources Committee, Market Committee, Marketing Committee, Risk Committee, and the Strategy Committee. Prior to assuming the chief executive officer post, he was the Manager of Global Banking. Prior to the merger, he was the former chief executive officer of Old Santander-Chile since September 1997, after being General Manager of Banco Santander-Peru since September 1995. Mr. von Chrismar is also a board member of Banco Santander Argentina and Banco Santander Peru. He is also the Alternate Director of Universia Chile S.A. Prior to that, Mr. von Chrismar was the manager of the Finance Division of Santander-Chile, a position that he had held since joining Santander-Chile in 1990. Mr. von Chrismar holds an Engineering degree from the Universidad de Santiago de Chile.

Víctor Arbulú Crousillat became a Director on May 6, 1999. He is a member of the Audit Committee and has been designated as a Financial Expert. He was a Managing Director of JPMorgan, member of its European management committee and Chief Executive Officer for Spain and Portugal from 1988 until 1998. He has worked for JPMorgan for over 25 years in various positions in Europe, North

America and Latin America. Mr. Arbulú also worked for the Inter-American Development Bank. Mr. Arbulú holds a degree in Engineering and a Masters in Business Administration.

Marco Colodro Hadjes became a Director on April 19, 2005. Mr. Colodro is a member of the Asset and Liability Committee, the Executive Credit Committee, the Market Committee, and the Risk Committee. Mr. Colodro was President of the Board of Telefónica Chile and a Director of Codelco. He is a former chairman of TVN (national television network) and former vice chairman of Banco del Estado (state bank). He was also owner of Agencia de Valores Alfa S.A. Prior to that, he was Foreign Trade Director at the Central Bank of Chile. Mr. Colodro holds a degree in Economics from the Universidad de Chile, and has done post-graduate studies at the École Pratique des Hautes Etudes of the University of Paris.

Vittorio Corbo Lioi is one of Chile's leading economists. In 2003, Mr. Corbo was named President of Chile's Central Bank. Following the end of his tenure there, Mr. Corbo has been named to various boards and is currently a Senior Investigator at the Centro de Estudio Públicos (CEP), a local think tank. Mr. Corbo is a Director of Santander Spain and Banco Santander Mexico. Between 1991 and 1995 Mr. Corbo was an economic advisor to the Bank, and a member of the Board of Santander-Chile between 1995 and 2003. Mr. Corbo is a member of the Asset and Liability Committee, the Market Committee and the Risk Committee. Mr. Corbo has a Business Administration Degree from the Universidad de Chile and a Ph.D. in Economics from MIT.

Roberto Méndez Torres is a former member of the Board of Old Santander-Chile, to which he was appointed in 1996. He is a member of the Clients and Service Quality Committee, the Executive Credit Committee, the Marketing Committee, the Risk Committee, the Strategy Committee and the University Committee. He is a professor of Economics at Universidad Católica de Chile. He has been Advisor to Santander-Chile since 1989. Mr. Méndez is President and Director of Adimark Chile Gfk and on the Board of the Chilean and German Chamber of Commerce. He is also a Director of Enex S.A. and Vice-Chairman of Universia S.A. Mr. Méndez is also a member of the Council of Paz Ciudadana and was a former President of ICARE. He graduated with a degree in Business Administration from Universidad Católica de Chile, and holds an MBA and a Ph.D. from the Graduate School of Business at Stanford University.

Carlos Olivos Marchant is Director since 2007 and has been a Board member since the merger with Banco Santiago was consummated in 2002. He is Chairman of the Audit Committee. He was a member of the Board of Banco Santiago since 1987 until the date of the merger, and was Chairman of that board between May 1999 until the merger. He is a partner in the law firm Guerrero, Olivos, Novoa y Errazuriz. Mr. Olivos holds a law degree from the Universidad de Chile and a Masters of Jurisprudence from New York University School of Law.

Lucía Santa Cruz Sutil became a Director on August 19, 2003. Ms. Santa Cruz was a member of the Issuer's Audit Committee until May 2010. She is a member of the Marketing Committee and the University Committee. Ms. Santa Cruz holds a degree in History and a Master's Degree in Philosophy from Oxford University. She is the Dean of the College of Liberal Arts of the Universidad Adolfo Ibañez. Ms. Santa Cruz is also a Director of Universia Chile S.A. She is also on the Board of Compañía de Seguros Generales y de Vida La Chilena Consolidada, on the Advisory Board of Nestle Chile and the Fundación Educacional Santa Teresa de Avila. She is also a member of the Self-Regulation Committee for Insurance Companies in Chile.

Lisandro Serrano Spoerer was elected to the Board in January 2011. He is a member of the Analysis and Resolution Committee and the Audit Committee. He is currently Dean of the Universidad Gabriel Mistral and Professor of Law and Tax at its law school. He is also a member of the Regulation Committee of the Santiago Stock Exchange and the Self-Regulation Committee of the Chilean Electronic Stock Exchange. Previously, he worked at PricewaterhouseCoopers from 1977 to 2003 where he was a partner in the tax division and later a Principal partner. He was also member of the board of the Hong Kong & Shanghai Bank branch in Chile. Mr. Serrano holds a degree in law and an MBA from the Ponitificia Universidad Católica de Chile.

Roberto Zahler Mayanz became a Director on August 31, 1999. He is a member of the Asset and Liability Committee and the Market Committee. Currently, he is President of Zahler & Co, a consulting firm. He is also a member of the CLAAF or the Latin American Committee for Financial Affairs. He was formerly President of the Board of Siemens Chile and Director of Air Liquide-Chile. He was also a visiting professor at the IMF's Research Department. Between 1991 and 1996, he was President of the Central Bank of Chile and Vice-President from 1989 to 1991. He also serves as a consultant for the World Bank, the IDB, the IMF and the International Bank of Settlements. Mr. Zahler has also provided technical assistance to various Central Banks and Finance Ministries in most countries of Latin America, Indonesia and Kosovo. Mr. Zahler holds a degree in Business Administration from the Universidad de Chile and a Masters in Economics from the University of Chicago.

Raimundo Monge Zegers became an Alternate Director on April 29, 2003. He is currently a member of the Asset and Liability Committee, the Risk Committee, the Strategy Committee and the Transparency Committee. He is Corporate Director of Strategic and Financial Planning for Grupo Santander-Chile and is CEO of Santander-Chile Holding S.A. He is also President of Santander S.A., Sociedad Securitizadora and Santander Factoring S.A. He is a Director of Aurum S.A. and Bansa Santander S.A. Mr. Monge has a degree in business from the Universidad Católica de Chile and an MBA from the University of California, Los Angeles.

Major Shareholders

As of December 31, 2012, Santander-Chile's largest shareholders were the following:

Shareholder	Number of Shares	Percentage
Santander-Chile Holding S.A.	66,822,519,695	35.46%
Teatinos Siglo XXI Inversiones S.A.	59,770,481,573	31.72%

Santander Spain controls the Issuer through its holdings in Teatinos Siglo XXI Inversiones S.A. and Santander-Chile Holding S.A. which are both controlled subsidiaries. In 2011, Santander Spain sold 9.7% of its ownership through Teatinos Siglo XXI Inversiones S.A. in a public offering in Chile and an SEC-registered offering abroad. This gave Santander Spain control over 67.18% of the Issuer's shares and an actual participation, when excluding non-controlling interests in Santander-Chile Holding S.A., of 67.01%.

Santander Spain is in a position to cause the election of a majority of the members of the Issuer's Board of Directors, to determine its dividend and other policies and to determine substantially all matters to be decided by a vote of shareholders. Santander Spain holds ordinary shares to which no special voting rights are attached. Each share represents one vote and there are no shareholders with different voting rights.

Other than the information disclosed in this section, there are no arrangements to the knowledge of the Issuer that could result in a change of control of the Issuer.

Auditors

The Issuer's auditors, Deloitte Auditores y Consultores Limitada, an independent registered public accountants, have audited the 2012 IFRS Consolidated Financial Statements, prepared in accordance with IFRS, as of December 31, 2012, 2011 and 2010, and for the years then ended. They have also audited the 2013 Chilean GAAP Financial Statements for fiscal years ended December 31, 2013 and 2012 and the 2012 Chilean GAAP Financial Statements for fiscal years ended December, 31 2012 and 2011, both prepared in accordance with Chilean Bank GAAP. They are members of the *Asociación de Contadores Auditores* (Public Accountants Association). Their address is RUT: 80.276.200-3, Rosario Norte 407, Las Condes, Santiago, Chile, and they are registered under number 001 in the Official Register of Auditors of the Chilean Superintendency of Securities and Exchange and under number 005 in the Superintendency of Banks and Financial Institutions.

Recent Developments; Material Contracts

In May 2013, the Santander Group signed an agreement with Warburg Pincus and General Atlantic, to boost the global growth of the asset management unit of the Santander Group, Santander Asset Management ("SAM"). Under the terms of the agreement, which is conditioned upon regulatory and corporate approvals, Warburg Pincus and General Atlantic will jointly hold a 50% stake in a holding company that will integrate SAM's 11 asset management companies in the countries in which it operates. The remaining 50% will be owned by the Santander Group.

The SBIF approved the transaction on November 4, 2013. At an Extraordinary Shareholder's meeting held on December 5, 2013, the Issuer accepted Santander Spain's purchase offer, and the transaction closed. The agreement stipulates that the Issuer will continue to distribute the products of its asset management subsidiary for a period of 20 years, and will maintain its client relationships. Santander Chile recognized a pre-tax gain or profit from this sale of Ch$78,122 million. The purchase price as a percentage of funds under management as of November 30, 2013 was 2.69%, and 6.64 times the asset management subsidiary's equity book value on December 5, 2013.

As of December 31, 2012, Santander Asset Management S.A. Administradora General de Fondos represented 5.7% of the Issuer's net income attributable to shareholders.

Conflicts of Interest

There are no potential conflicts of interest between any duties to the Issuer by any of the members of either the Board of Directors or the management team in respect of their private or other duties.

Annual Reports

The Issuer's 2012 IFRS Annual Report for the year ended December 31, 2012 filed on April 30, 2013 with the SEC (which includes the Issuer's 2012 IFRS Consolidated Financial Statements), the Issuer's current report on Form 6-K filed on March 29, 2013 with the SEC (which includes the Issuer's 2012 Chilean GAAP Financial Statements and the Issuer's current report on Form 6-K filed on March 26, 2014 with the SEC (which includes the Issuer's 2013 Chilean GAAP Financial Statements) are deemed incorporated into, and to form part of, this Program Information as more fully described in "DOCUMENTS INCORPORATED BY REFERENCE" below.

DESCRIPTION OF CHILEAN FINANCIAL SECTOR

The Chilean financial services market consists of a variety of largely distinct sectors. The most important sector, commercial banking, includes a number of privately-owned banks and one public-sector bank, Banco del Estado (which operates within the same legal and regulatory framework as the private sector banks). The private-sector banks include local banks and a number of foreign-owned banks operating in Chile. The Chilean banking system is comprised of 23 banks, including one public-sector bank. The five largest banks accounted for 72.5% of all outstanding loans by Chilean financial institutions as of December 31, 2013 (excluding Corpbanca's subsidiary in Colombia).

The Chilean banking system has experienced increased competition in recent years, largely due to consolidation in the industry and new legislation. The Issuer also faces competition from non-bank and non-finance competitors, principally department stores, credit unions and *cajas de compensación* with respect to some of its credit products, such as credit cards, consumer loans and insurance brokerage. In addition, the Issuer also faces competition from non-bank finance competitors, such as leasing, factoring and automobile finance companies, with respect to credit products, and mutual funds, pension funds and insurance companies, with respect to savings products. Currently, banks continue to be the main suppliers of leasing, factoring and mutual funds, and the insurance sales business has grown rapidly.

DESCRIPTION OF CHILEAN BANKING REGULATORY SYSTEM

General

In Chile, only banks may maintain checking accounts for their customers, conduct foreign trade operations, and, together with non-banking financial institutions, accept time deposits. The principal authorities that regulate financial institutions in Chile are the SBIF and the Central Bank. Chilean banks are primarily subject to the General Banking Law, and secondarily subject, to the extent not inconsistent with this statute, the provisions of the Chilean Companies Law governing public corporations, except for certain provisions which are expressly excluded.

The modern Chilean banking system dates from 1925 and has been characterized by periods of substantial regulation and state intervention, as well as periods of deregulation. The most recent period of deregulation commenced in 1975 and culminated in the adoption of a series of amendments to General Banking Law. That law, amended most recently in 2001, granted additional powers to banks, including general underwriting powers for new issues of certain debt and equity securities and the power to create subsidiaries to engage in activities related to banking, such as brokerage, investment advisory and mutual fund services, administration of investment funds, factoring, securitization products and financial leasing services.

The Central Bank

The Central Bank is an autonomous legal entity created by the Chilean Constitution. It is subject to the Chilean Constitution and its own *ley orgánica constitucional*, or organic constitutional law. To the extent not inconsistent with the Chilean Constitution or the Central Bank's organic constitutional law, the Central Bank is also subject to private sector laws (but in no event is it subject to the laws applicable to the public sector). It is directed and administered by a Board of Directors composed of five members designated by the President of Chile, subject to the approval of the Chilean Senate.

The legal purpose of the Central Bank is to maintain the stability of the Chilean peso and the orderly functioning of Chile's internal and external payment systems. The Central Bank's powers include setting reserve requirements, regulating the amount of money and credit in circulation, establishing regulations and guidelines regarding finance companies, foreign exchange (including the Formal Exchange Market) and banks' deposit-taking activities.

The Superintendency of Banks

Banks are supervised and controlled by the SBIF, an independent Chilean governmental agency. The SBIF authorizes the creation of new banks and has broad powers to interpret and enforce legal and regulatory requirements applicable to banks and financial companies. Furthermore, in cases of noncompliance with such legal and regulatory requirements, the SBIF has the ability to impose sanctions. In extreme cases, it can appoint, with the prior approval of the Board of Directors of the Central Bank, a provisional administrator to manage a bank. It must also approve any amendment to a bank's by-laws or any increase in its capital.

The SBIF examines all banks from time to time, generally at least once a year. Banks are also required to submit their financial statements monthly to the SBIF, and a bank's financial statements are published at least four times a year in a newspaper with countrywide coverage. In addition, banks are required to provide extensive information regarding their operations at various periodic intervals to the SBIF. A bank's annual financial statements and the opinion of its independent auditors must also be submitted to the SBIF.

Any person wishing to acquire, directly or indirectly, 10.0% or more of the share capital of a bank must obtain the prior approval of the SBIF. Absent such approval, the acquiror of shares so acquired will not have the right to vote. The SBIF may only refuse to grant its approval, based on specific grounds set forth in the General Banking Law.

According to Article *35bis* of the General Banking Law, the prior authorization of the SBIF is required for:

- the merger of two or more banks;
- the acquisition of all or a substantial portion of a banks' assets and liabilities by another bank;
- the control by the same person, or controlling group, of two or more banks; or
- a substantial increase in the existing control of a bank by a controlling shareholder of that bank.

Such prior authorization is required solely when the acquiring bank or the resulting group of banks would own a significant market share in loans, defined by the SBIF to be more than 15.0% of all loans in the Chilean banking system. The intended purchase, merger or expansion may be denied by the SBIF; or, if the acquiring bank or resulting group would own a market share in loans determined to be more than 20.0% of all loans in the Chilean banking system, the purchase, merger or expansion may be conditioned on one or more of the following:

- that the bank or banks maintain regulatory capital higher than 8.0% and up to 14.0% of their risk-weighted assets;
- that the technical reserve established in Article 65 of the General Banking Law be applicable when deposits exceed one and a half times the resulting bank's paid-in capital and reserves; or
- that the margin for interbank loans be reduced to 20.0% of the resulting bank's regulatory capital.

If the acquiring bank or resulting group would own a market share in loans determined by the SBIF to be more than 15% but less than 20%, the authorization will be conditioned on the bank or banks maintaining a regulatory capital not lower than 10% of their risks-weighted assets for the period specified by the SBIF, which may not be less than one year. The calculation of the risk-weighted assets is based on a five-category risk classification system applied to a bank's assets that is based on the Basel Committee recommendations.

Pursuant to the regulations of the SBIF, the following ownership disclosures are required:

- a bank is required to inform the SBIF of the identity of any person owning, directly or indirectly, 5.0% or more of such banks' shares;
- holders of ADSs must disclose to the Depositary the identity of beneficial owners of ADSs registered under such holders' names;
- the Depositary is required to notify the bank as to the identity of beneficial owners of ADSs which such Depositary has registered and the bank, in turn, is required to notify the SBIF as to the identity of the beneficial owners of the ADSs representing 5.0% or more of such banks' shares; and
- bank shareholders who individually hold 10.0% or more of a bank's capital stock and who are controlling shareholders must periodically inform the SBIF of their financial condition.

Limitations on Types of Activities

Chilean banks can only conduct those activities allowed by the General Banking Law: making loans, accepting deposits and, subject to limitations, making investments and performing financial services. Investments are restricted to real estate for the bank's own use, gold, foreign exchange and debt securities. Through subsidiaries, banks may also engage in other specific financial service activities such as securities brokerage services, equity investments, securities, mutual fund management, investment fund management, financial advisory and leasing activities. Subject to specific limitations and the prior approval of the SBIF and the Central Bank, Chilean banks may own majority or non-controlling interests in foreign banks.

Since June 1, 2002, Chilean banks are allowed to offer a new checking account product that pays interest. The SBIF also stated that these accounts may be subject to minimum balance limits and different interest rates depending on average balances held in the account and that banks may also charge fees for the use of this new product. For banks with a solvency score of less than A, the Central Bank has also imposed additional caps to the interest rate that can be paid.

On June 5, 2007, pursuant to Law 20.190, new regulations became effective authorizing banks to enter into transactions involving a wider range of derivatives, such as futures, options, swaps, forwards and other derivative instruments or contracts subject to specific limitations established by the Central Bank of Chile. Previously, banks were able to enter into transactions involving derivatives, but subject to more restrictive guidelines.

Deposit Insurance

The Chilean government guarantees up to 90.0% of the principal amount of certain time and demand deposits and savings accounts held by natural persons with a maximum value of UF120 per person (Ch$2,740,890 or U.S.$5,727 as of December 31, 2012) per calendar year in the entire financial system.

Reserve Requirements

Deposits are subject to a reserve requirement of 9.0% for demand deposits and 3.6% for time deposits (with terms of less than one year). For purposes of calculating the reserve obligation, banks are authorized to deduct daily from their foreign currency denominated liabilities, the balance in foreign currency of certain loans and financial investments held outside of Chile, the most relevant of which include:

- cash clearance account, which should be deducted from demand deposit for calculating reserve requirement;

- certain payment orders issued by pension providers; and

- the amount set aside for "technical reserve" (as described below), which can be deducted from reserve requirement.

The Central Bank has statutory authority to require banks to maintain reserves of up to an average of 40.0% for demand deposits and up to 20.0% for time deposits (irrespective, in each case, of the currency in which they are denominated) to implement monetary policy. In addition, to the extent that the aggregate amount of the following types of liabilities exceeds 2.5 times the amount of a bank's regulatory capital, a bank must maintain a 100% "technical reserve" against them: demand deposits, deposits in checking accounts, or obligations payable on sight incurred in the ordinary course of business, and in general all deposits unconditionally payable immediately but excluding interbank demand deposits.

Minimum Capital

Under the General Banking Law, a bank is required to have a minimum of UF800,000 (approximately Ch$18,273 million or U.S.$38.2 million as of December 31, 2012) of paid-in capital and reserves, regulatory capital of at least 8% of its risk weighted assets, net of required allowances, and paid in capital and reserves of at least 3% of its total assets, net of required allowances.

Regulatory capital is defined as the aggregate of:

- a bank's paid-in capital and reserves, excluding capital attributable to subsidiaries and foreign branches or capital básico;

- its subordinated bonds, valued at their placement price (but decreasing by 20.0% for each year during the period commencing six years prior to maturity), for an amount up to 50.0% of its basic capital; and

- its voluntary allowances for loan losses for an amount of up to 1.25% of risk weighted-assets.

Capital Adequacy Requirements

According to the General Banking Law, each bank should have regulatory capital of at least 8.0% of its risk-weighted assets, net of required allowances. The calculation of risk weighted assets is based on a five-category risk classification system for bank assets that is based on the Basel Committee recommendations. The SBIF is expected to implement in 2013 or 2014 the application of the third pillar of Basel II in Chile, which includes the implementation of capital limits with market risk and operational risk-weighted assets. These changes must be approved by the Chilean Congress, as it involves a modification to the General Banking Law.

A more extensive calendar for the roadmap to implement BIS III by 2019 should be revealed by the Central Bank by the end of the first half year of 2014.

Banks should also have *capital básico*, or basic capital, of at least 3.0% of their total assets, net of allowances. Basic capital is defined to include shareholders' equity.

Within the scope of Basel II in Chile, further changes in regulation may occur. See "RISK FACTORS–RISK FACTORS IN RESPECT OF CHILE–Banking regulations may restrict the Issuer's operations and thereby adversely affect its financial condition and results of operations."

Lending Limits

Under the General Banking Law, Chilean banks are subject to certain lending limits, including the following material limits:

- A bank may not extend to any entity or individual (or any one group of related entities), except for another financial institution, directly or indirectly, unsecured credit in an amount that exceeds 10.0% of the bank's regulatory capital, or in an amount that exceeds 30.0% of its regulatory capital if the excess over 10.0% is secured by certain assets with a value equal to or higher than such excess. These limits were raised from 5.0% and 25.0%, respectively, in 2007 by the Reformas al Mercado de Capitales II (also known as MK2). In the case of financing infrastructure projects built by government concession, the 10.0% ceiling for unsecured credits is raised to 15.0% if secured by a pledge over the concession, or if granted by two or more banks or finance companies which have executed a credit agreement with the builder or holder of the concession;

- a bank may not extend loans to another financial institution subject to the General Banking Law in an aggregate amount exceeding 30.0% of its regulatory capital;

- a bank may not directly or indirectly grant a loan whose purpose is to allow an individual or entity to acquire shares of the lender bank;

- a bank may not lend, directly or indirectly, to a director or any other person who has the power to act on behalf of the bank; and

- a bank may not grant loans to related parties (including holders of more than 1.0% of its shares) on more favorable terms than those generally offered to non-related parties. Loans granted to related parties are subject to the limitations described in the first bullet point above.

In addition, the aggregate amount of loans to related parties may not exceed a bank's regulatory capital.

Additionally, on November 19, 2013, new regulations were introduced that implemented further restrictions on related party lending, including additional situations in which banks must presume that a debtor is related and, therefore, be subject to the same related party lending limits. These include the situation where a loan is issued to a non-related debtor, which then finances, directly or indirectly, other related party entities of the bank.

In addition, the General Banking Law limits the aggregate amount of loans that a bank may grant to its employees to 1.5% of its regulatory capital, and provides that no individual employee may receive loans in excess of 10.0% of this 1.5% limit. Notwithstanding these limitations, a bank may grant to each of its employees a single residential mortgage loan for personal use once during such employee's term of employment.

Allowance for Loan Losses

Chilean banks are required to provide to the SBIF detailed information regarding their loan portfolio on a monthly basis. The SBIF examines and evaluates each financial institution's credit management process, including its compliance with the loan classification guidelines. Banks are classified into four categories: 1, 2, 3 and 4. Each bank's category depends on the models and methods used by the bank to classify its loan portfolio, as determined by the SBIF. Category 1 banks are those banks whose methods and models are satisfactory to the SBIF. Category 1 banks will be entitled to continue using the same methods and models they currently have in place. A bank classified as a category 2 bank will have to maintain the minimum levels of reserves established by the SBIF while its Board of Directors will be made aware of the problems detected by the SBIF and required to take steps to correct them. Banks classified as categories 3 and 4 will have to maintain the minimum levels of reserves established by the SBIF until they are authorized by the SBIF to do otherwise. The Issuer is categorized as a "Category 1" bank.

A detailed description of the models established for determining loan loss allowances is set forth in "Item 5. Operating and Financial Review and Prospects—F. Selected Statistical Information—Classification of Loan Portfolio" of the 2012 IFRS Annual Report and in "Note 1—Summary of Significant Accounting Policies" of the 2012 IFRS Consolidated Financial Statements incorporated by reference herein.

New mortgage loan loss regulations

On December 18, 2013, the SBIF published new guidelines for provisioning a bank's residential mortgage loan portfolio. These new regulations are currently open for debate and the final versions are expected to be published in the second quarter of 2014. The drafts of these new regulation include:

- a proposal that the banking industry adopts a standard model to calculate allowances for housing mortgage loans that explicitly considers loan delinquency and loan / collateral (LTV) ratios, in order to promote active management of credit risk; and

- a proposal for a new way of evaluating collateral in the context of determining provisions, which would specify certain required conditions that would need to be met by an asset in order for it to be eligible to be used as collateral for mitigating credit risk, as well as more specific requirements of how collateral would be valued for purposes of setting loan loss levels.

These above changes will be implemented gradually by the SBIF once the final rules are published, which is expected by January 2015. At this time, the Issuer is unable to estimate the impact these new regulations will have on its loan loss allowance levels for mortgage loans or its net income.

Capital Markets

Under the General Banking Law, banks in Chile may purchase, sell, place, underwrite and act as paying agents with respect to certain debt securities. Likewise, banks in Chile may place and underwrite certain equity securities. Bank subsidiaries may also engage in debt placement and dealing, equity issuance advice and securities brokerage, as well as in financial leasing, mutual fund and investment fund administration, investment advisory services and merger and acquisition services. These subsidiaries are regulated by the SBIF and, in some cases, also by the Superintendency of Securities and Insurance, the regulator of the Chilean securities market, open-stock corporations and insurance companies.

Legal Provisions Regarding Banking Institutions with Economic Difficulties

The General Banking Law provides that if specified adverse circumstances exist at any bank, its Board of Directors must correct the situation within 30 days from the date of receipt of the relevant financial statements. If the Board of Directors is unable to do so, it must call a special shareholders' meeting to increase the capital of the bank by the amount necessary to return the bank to financial stability. If the shareholders reject the capital increase, or if it is not effected within the term and in the manner agreed to at the meeting, or if the SBIF does not approve the Board of Directors' proposal, the bank will be barred from increasing its loan portfolio beyond that stated in the financial statements presented to the Board of Directors and from making any further investments in any instrument other than in instruments issued by the Central Bank. In such a case, or in the event that a bank is unable to make timely payment in respect of its obligations, or if a bank is under provisional administration of the SBIF, the General Banking Law provides that the bank may receive a two-year term loan from another bank. The terms and conditions of such a loan must be approved by the directors of both banks, as well as by the SBIF, but need not be submitted to the borrowing bank's shareholders for their approval. In any event, a creditor bank cannot grant interbank loans to an insolvent bank in an amount exceeding 25.0% of the creditor bank's regulatory capital. The Board of Directors of a bank that is unable to make timely payment of its obligations must present a reorganization plan to its creditors in order to capitalize the credits, extend their respective terms, condone debts or take other measures for the payment of the debts. If the Board of Directors of a bank submits a reorganization plan to its creditors and such arrangement is approved, all subordinated debt issued by the bank, whether or not matured, will be converted by operation of law into common stock in the amount required for the ratio of regulatory capital to risk-weighted assets to be not lower than 12.0%. If a bank fails to pay an obligation, it must notify the SBIF, which shall determine if the bank is solvent.

Dissolution and Liquidation of Banks

The SBIF may establish that a bank should be liquidated for the benefit of its depositors or other creditors when such bank does not have the necessary solvency to continue its operations. In such case, the SBIF must revoke a bank's authorization to exist and order its mandatory liquidation, subject to agreement by the Central Bank. The SBIF must also revoke a bank's authorization if the reorganization plan of such bank has been rejected twice. The resolution by the SBIF must state the reason for ordering the liquidation and must name a liquidator, unless the SBIF assumes this responsibility. When a liquidation is declared, all checking accounts and other demand deposits received in the ordinary course of business, are required to be paid by using existing funds of the bank, its deposits with the Central Bank or its investments in instruments that represent its reserves. If these funds are insufficient to pay these obligations, the liquidator may seize the rest of the bank's assets, as needed. If necessary and in specified circumstances, the Central Bank will lend the bank the funds necessary to pay these obligations. Any such loans are preferential to any claims of other creditors of the liquidated bank.

Obligations Denominated in Foreign Currencies

The Issuer must also comply with various regulatory and internal limits regarding exposure to movements in foreign exchange rates (see "Item 11. Quantitative and Qualitative Disclosures About Market Risk" of the 2012 IFRS Annual Report).

Loans and Investments in Foreign Securities

Under current Chilean banking regulations, banks in Chile may grant loans to foreign individuals and entities and invest in certain securities of foreign issuers. Banks may grant commercial loans and foreign trade loans, and can buy loans granted by banks abroad. Banks in Chile may also invest in debt securities traded in formal secondary markets. Such debt securities must be (1) securities issued or guaranteed by foreign sovereign states or their central banks or other foreign or international financial entities, and (2) bonds issued by foreign companies. If the sum of investment in foreign securities and loans granted outside of Chile surpasses 70% of regulatory capital, the amount that exceeds 70% is subject to a mandatory reserve of 100%.

Table 1 (as of March 28, 2014)

Rating Agency	Short Term	Long Term
Moody's	P-2	Baa3
Standard and Poor's	A-2	BBB-
Fitch	F2	BBB-
Dominion Bond Rating Service (DBRS)	R-2	BBB(low)

In the event that the sum of: (a) loans granted abroad that are not to subsidiaries of Chilean companies, and that have a rating of BB- or less and do not trade on a foreign stock exchange, and (b) the investments in foreign securities which have a rating that is below that indicated in Table 1 above, but is equal to or exceeds the ratings mentioned in the Table 2 below and exceeds 20% (and 30% for banks with a BIS ratio equal or exceeding 10% of the regulatory capital of such bank), the excess is subject to a mandatory reserve of 100%.

Table 2 (as of March 28, 2014)

Rating Agency	Short Term	Long Term
Moody's	P-2	Ba3
Standard and Poor's	A-2	BB-
Fitch	F2	BB-
DBRS	R-2	BB(low)

In addition, banks may invest in foreign securities whose ratings are equal or exceeds those mentioned in Table 3 below for an additional amount equal to 70% of their regulatory capital. This limit constitutes an additional margin and is not subject to the 100% mandatory reserve.

Additionally, a Chilean bank may invest in foreign securities whose rating is equal to or exceeds those mentioned in Table 3 below in: (i) sight deposits with foreign banks, including overnight deposits in a single entity; and (ii) securities issued or guaranteed by sovereign states or their central banks or securities issued or guaranteed by foreign entities within the Chilean State, though investment will be subject to the limits by issuer up to 30% and 50%, respectively, of the regulatory capital of the Chilean bank that makes the investment. If these foreign securities do not have a rating, the individual limit will be 10% of regulatory capital.

Table 3 (as of March 28, 2014)

Rating Agency	Short Term	Long Term
Moody's	P-1	Aa3
Standard and Poor's	A-1+	AA-
Fitch	F1+	AA-
DBRS	R-1(high)	AA(low)

Moreover, the sum of all demand deposits with foreign banks, including overnight deposits to related parties, as defined by the Central Bank and the SBIF, cannot surpass 25% of a bank's regulatory capital. This limit excludes foreign branches of Chilean banks or their subsidiaries, but must include amounts deposited by these entities in related parties abroad.

Chilean banks may only invest in equity securities of foreign banks and certain other foreign companies which may be affiliates of the bank or which would be complementary to the bank's business if such companies were incorporated in Chile.

New Regulations for "Mortgage Bonds"

In 2012, legislation related to mortgage-covered bonds was approved by the Chilean congress. The new class of bonds, known as "mortgage bonds," will constitute debt guaranteed by the company that sells them, as well as by a pool of mortgages. Unlike covered bonds, they will not be limited to banks. These bonds, if bought by banks, will be available for immediate liquidity in the Central Bank liquidity window and will have other restrictions as to the type of mortgage they will be funding, *i.e.* mortgage loans with loan-to-values of maximum 80%.

The Issuer issued its first mortgage bond in Chile on August 1, 2013, with a value of UF 1,500,000 (U.S.$67 million, at the December 31, 2013 exchange rate of U.S.$44.50 to UF 1). The bond has a term of 15 years, with a semi-annual repayment structure consisting of principal plus interest.

U.S. Anti-Money Laundering, Anti-Terrorist Financing, and Foreign Corrupt Practices Act Regulations

The Issuer, as a foreign private issuer whose securities are registered under the U.S. Securities Exchange Act of 1934, is subject to the U.S. Foreign Corrupt Practices Act (the "**FCPA**"). The FCPA generally prohibits such issuers and their directors, officers, employees and agents from using any means or instrumentality of U.S. interstate commerce in furtherance of any offer or payment of money to any foreign official or political party for the purpose of influencing a decision of such person in order to obtain or retain business. It also requires that the issuer maintain books and records and a system of internal accounting controls sufficient to provide reasonable assurance that accountability of assets is maintained and accurate financial statements can be prepared. Penalties, fines and imprisonment of the Issuer's officers and/or directors can be imposed for violations of the FCPA.

Furthermore, the Issuer is subject to a variety of U.S. anti-money laundering and anti-terrorist financing laws and regulations, such as the Bank Secrecy Act of 1970, as amended, and the USA PATRIOT ACT of 2001, as amended, and a violation of such laws and regulations may result in substantial penalties, fines and imprisonment of the Issuer's officers and/or directors.

GENERAL INFORMATION

AUTHORIZATION

The establishment of the Program and the issue of the Bonds thereunder have been duly authorized by the Board of Directors of the Issuer.

The establishment of the Program is considered to be in the ordinary course of the Issuer's business and therefore was not authorized by board resolutions.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorizations in connection with the issue and performance of its obligations under the Bonds.

LEGAL, GOVERNMENTAL AND ARBITRATION PROCEEDINGS

The Issuer is not, or during the last twelve months has not been involved (whether as defendant or otherwise) in, nor does it have knowledge of any threat of any legal, governmental, arbitration, administrative or other proceedings the result of which may have, in the event of an adverse determination, a significant effect on its financial condition as presented in this Program Information (including any document incorporated by reference herein).

STATEMENT OF NO MATERIAL ADVERSE CHANGE

There has been no material adverse change in the prospects of the Issuer since December 31, 2012.

SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL POSITION

There has been no significant change in the financial position of the Issuer since December 31, 2012.

BOOK-ENTRY SYSTEM

The Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, Etc. of Japan (Law No. 75 of 2001, as amended) (the "Book-Entry Transfer Law") shall apply to the Bonds and the transfer of and other matters relating to the Bonds shall be dealt with in accordance with the Book-Entry Transfer Law and the business regulations and other rules relating to book-entry transfer of corporate bonds, etc. from time to time adopted by Japan Securities Depository Center, Incorporated acts as book-entry transfer institution (*furikae kikan*) under the Book-Entry Transfer Law.

LISTING AND ADMISSION TO TRADING INFROMATION

Application is expected to be made to list Bonds to be issued under this program on the TOKYO PRO-BOND Market of Tokyo Stock Exchange and to admit the Bonds for trading on the market.

This Program provides that Bonds may be admitted to trading or listed, as the case may be, on other or further stock exchange(s) or markets than the TOKYO PRO-BOND Market of Tokyo Stock Exchange, as may be agreed between the Issuer and the relevant Manager. The Issuer may also issue unlisted Bonds and/or Bonds not admitted to trading on any market.

UNDERTAKING

The Issuer has undertaken, in connection with the listing of the Bonds, that if, while its Bonds are outstanding and listed on the TOKYO PRO-BOND Market of Tokyo Stock Exchange there is any significant new factor, material mistake or inaccuracy relating to information included in this Program Information which is capable of affecting the assessment of any Bonds, to prepare an amendment to this Program Information or publish a new Program Information for use in connection with any subsequent issue of Bonds to be listed on the TOKYO PRO-BOND Market of Tokyo Stock Exchange and admitted to trading there.

CONFLICTS OF INTEREST

Some of the Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. If any of the Managers or their affiliates has a lending relationship with the Issuer, certain of those Managers or their affiliates routinely hedge, and certain other of those Managers or their affiliates may hedge, their credit exposure to the Issuer consistent with customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Bonds offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of any issuance of Bonds. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Program Information:

(a) the Issuer's 2012 IFRS Annual Report for the year ended December 31, 2012, filed on April 30, 2013 with the SEC (which includes the Issuer's 2012 IFRS Consolidated Financial Statements);

(b) the Issuer's current report on Form 6-K, filed with the SEC on March 29, 2013 (which includes the Issuer's 2012 Chilean GAAP Financial Statements);

(c) the Issuer's current report on Form 6-K, filed with the SEC on March 26, 2014 (which includes the Issuer's 2013 Chilean GAAP Financial Statements) ;and

(d) the Issuer's 2013 IFRS Annual Report for the year ended December 31, 2013, filed on April 30, 2014 with the SEC (which includes the Issuer's audited annual consolidated financial information as of December 31, 2013 and 2012 and for the three years ended December 31, 2013, together with the notes thereto, has been derived from the Issuer's audited annual consolidated financial statements prepared in accordance with IFRS (the "**2013 IFRS Consolidated Financial Statements**").

All documents incorporated by reference are available at SEC's website: http://secfilings.nyse.com/files.php?symbol=BSAC.

Following the publication of this Program Information, an amendment to this Program Information may be prepared by the Issuer. Statements contained in any such amendment (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Program Information or in a document which is incorporated by reference in this Program Information. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Program Information.

Copies of documents incorporated by reference in this Program Information can be obtained from the SEC's website at www.sec.gov. In addition, copies of this Program Information, each set of Conditions of Bonds relating to Bonds which are admitted to trading on the TOKYO PRO-BOND Market are available on the TOKYO PRO-BOND Market's website: http://www.jpx.co.jp/equities/products/tpbm/announcement/index.html.

II FINANCIAL CONDITIONS

1. Financial Statements

The Issuer's 2013 IFRS Consolidated Financial Statements as of December 31, 2013 and December 31, 2012 and for the years ended December 31, 2013, 2012 and 2011, prepared in accordance with IFRS, together with the audit report as of April 30, 2014 in relation to the Statements of Financial Position as of December 31, 2013 and 2012 and the Statements of Comprehensive Income, Cash Flows and Changes in Shareholders' Equity for the years ended December 31, 2013, 2012 and 2011 are incorporated in the Program Information by reference as stated in Part II - I - "DOCUMENTS INCORPORATED BY REFERENCE" above.

2. Description of Major Assets and Liabilities

See Notes 5 to 10 and 12 to 23 to the 2013 Chilean GAAP Financial Statements, which are incorporated in this Program Information by reference as stated in Part II - I - "DOCUMENTS INCORPORATED BY REFERENCE" above.

3. Other

(1) Subsequent events

See the 2013 Chilean GAAP Financial Statements.

Other than as stated in the 2013 Chilean GAAP Financial Statements, there is nothing applicable.

(2) Litigations

See Note 24(a) to the 2013 Chilean GAAP Financial Statements.

4. Differences between IFRS and Chilean Bank GAAP

Chilean Bank GAAP, as prescribed by the *Compendium of Accounting Standards* (the "Compendium"), differs in certain respects from IFRS. The main differences that should be considered by an investor are the following:

Suspension of Income Recognition on Accrual Basis

In accordance with the Compendium, financial institutions must suspend recognition of income on an accrual basis in their statements of income for certain loans included in the impaired portfolio. IFRS does not allow the suspension of accrual of interest on financial assets for which an impairment loss has been determined. We do not believe that this difference materially impacts our financial statements.

Charge-offs and Accounts Receivable

The Compendium requires companies to establish deadlines for the charge-off of loans and accounts receivable. IFRS does not require any such deadline for charge-offs, and is normally expected to be recorded after all efforts as to collection have been exhausted. We do not believe that this difference materially impacts our financial statements.

Assets Received in Lieu of Payment

The Compendium requires that the initial value of assets received in lieu of payment be the value agreed upon with a debtor as a result of the loan settlement or the value awarded in an auction, as applicable. These assets are required to be written off one year after their acquisition, if the assets have not been previously disposed of.

IFRS requires that assets received in lieu of payment be initially accounted for at fair value. Subsequently, asset valuation depends on the classification provided by the entity for that type of asset. No deadline is established for charging-off an asset. The restatement of gains and losses from repossessed assets would have an impact on the p & l under IFRS guidelines although we would not expect it to be material.

Fair Value Option with Respect to Financial Assets and Liabilities

According to the Compendium, banks are not allowed to value assets or liabilities at their fair value in place of the depreciated cost method.

IFRS allows an entity to value a financial asset or liability (or a group of financial assets or liabilities, or both), on the official recognition date, at fair value, with changes in fair value to be recognized in its financial statements. Once this option has been made, it is irrevocable. The fair value option is not applicable to investments in capital instruments without a market price available in an active market, and thus whose fair value cannot be estimated in a reliable way.

We do not believe that this difference impacts our financial statements because this accounting treatment is optional.

Loan loss allowances

The SBIF prescribes allowance for loan loss percentages on individually significant loans by risk category.

On December 29, 2009, the SBIF issued Circular No. 3,489, which incorporates changes to several provisions of the Compendium. Among other changes, it states that effective January 2010, companies must complement the basis on which insolvency provisions related to contingent operations are determined, including unrestricted lines of credit, other contingent loans, and other loan commitments. In addition, companies should also apply the changes in risk exposure applicable to contingent loans, found in Chapter B-3 of the Compendium. According to specific instructions from the SBIF in Letter to Management No. 10 dated December 21, 2010, the SBIF stated that it would not be necessary to calculate the adjustment retrospectively for 2009.

On June 10, 2010, the SBIF issued Circular No. 3,502 which, among other things, requires that Banks maintain a 0.5% minimum provision for the non-impaired part of the loan portfolio analyzed on an individual basis. In addition, on December 21, 2010, in the Letter to Management No. 9, the SBIF specified that the accounting treatment for the effects originating from the application of this minimum provision is to record it in the income for the period. However, the Bank reverses this minimum provision for purposes of its IFRS consolidated financial statements.

On August 12, 2010, Circular No. 3,503 was issued, which modified how we must classify loans included in Chapters B-1, B-2, B-3 and C1 of the Compendium of Accounting Standards, which are loans analyzed on an individual basis. Such modifications were effective from January 1, 2011, except for those modifications relating to additional provisions included in the Letter to Management No. 9 relating to Chapter B-1 which took effect in 2010. As a supplement to the Circular, the Letter to Management No. 9 was issued on December 21, 2010, which specifies that adjustments resulting from the adoption of these modifications starting on January 1, 2011 could be recorded during the first quarter of 2011; however, entities may anticipate recognition of the impact of these adjustments, in whole or in part, in 2010. As of December 31, 2010, we have chosen to recognize the entire provision adjustments aforementioned.

Considering our incurred loss approach for IFRS purposes by using our internally developed models, all differences with the SBIF models have been reversed in respect to our Consolidated Financial Statements prepared under IFRS as issued by the IASB.

Part III INFORMATION ON THE OTHER SECURITIES ISSUED BY THE COMPANY

For the status of the Issuer's shareholders' equity, see Note 25 to the 2013 Chilean GAAP Financial Statements. The shares of the Issuer are not listed on any market of Tokyo Stock Exchange.

There are several outstanding bonds issued by the Issuer, none of which are listed on any market of Tokyo Stock Exchange including TOKYO PRO-BOND Market. See Note 20 to the 2013 Chilean GAAP Financial Statements.

PART IV INFORMATION ON GUARANTOR OF THE COMPANY

Not Applicable.