

BANCO SANTANDER CHILE  
Form 6-K  
November 08, 2007

---

---

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

**Report of Foreign Issuer**

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

**For the month of June, 2007**

**Commission File Number: 001-14554**

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

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

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

Form 20-F  Form 40-F

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

Yes  No

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

Yes  No

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

Yes  No

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



**Table of Contents**

**Item**

1. Quarterly Earnings Report published Oct. 31, 2007 (English)
2. Earnings published in local newspaper on Oct. 31, 2007 (Spanish, in real terms)

2

---

**SIGNATURE**

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

**BANCO SANTANDER-CHILE**

By: /s/ Gonzalo Romero A.

\_\_\_\_\_  
Name: Gonzalo Romero A.

Title: General Counsel

Date: Nov. 8, 2007

3

---

**Banco Santander Chile Announces  
Nine Month and Third Quarter 2007 Earnings**

· **In 3Q 2007 net income increased 5.9% QoQ** and 6.6% YoY, totaling Ch\$85,196 million (Ch\$0.45 per share and US\$0.92/ADR). ROAE reached 26.1% in 3Q 2007.

· **Record core revenues up 19.2% QoQ and 30.9% YoY** in 3Q 2007. Net operating income up 18.8% QoQ and 24.5% YoY in 3Q 2007. These results were partially offset by lower non-operating results.

· **Net interest income increases 22.7% QoQ** and 34.2% YoY. Net interest margin reaches a record level of 6.2%, up 100 basis points QoQ, as the better asset and liability mix and higher inflation enhances margins.

· **Total loans increased 2.1% QoQ and 12.1% YoY**. Retail lending expanded 4.2% QoQ and 15.9% YoY, reflecting the Bank's focus on profitability.

· **Fee income rises 5.6% QoQ** and 17.8% YoY driven by a rise in the client base, product usage and higher asset management fees.

· **Solid growth of client base and distribution network**. The total number of clients increased 15.2% YoY to 2.7 million. Market share in checking accounts reached 27.8% increasing 110 basis points in the past twelve months.

· **Efficiency ratio reached a record low level of 34.7% in 3Q 2007**.

· **Coverage of past due loans reached 197%**. Provision expenses stabilizing, increasing 1.8% QoQ and 26.8% YoY.

· **Net income increased 5.9% in 9M 2007 compared to 9M 2006** and totaled Ch\$237,872 million (Ch\$1.26/share and US\$2.56/ADR). Growth was led by a 21.0% increase in core revenues. The Bank's ROAE in this period reached 25.1% in 9M 2007, the highest among the top banks in Chile. The efficiency ratio improved to 36.1% in 9M 2007 compared to 36.6% in the same period of 2006, the best among Chile's top banks.

**Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmorenoh@santander.cl

**Santiago, Chile, October 31, 2007.** Banco Santander Chile (NYSE: SAN) announced today its unaudited results for the nine month period ended September 30, 2007 and the third quarter of 2007. These results are reported on a consolidated basis in accordance with Chilean GAAP<sup>1,2</sup> in nominal Chilean pesos.

In the third quarter of 2007, net income totaled Ch\$85,196 million (Ch\$0.45 per share and US\$0.92/ADR), increasing 5.9% compared to 2Q 2007 (from now on QoQ) and 6.6% compared to 3Q 2006 (from now on YoY). Core revenues (net interest income and fees) increased 19.2% QoQ and 30.9% YoY, as the Bank continued to show strong results in its retail banking business and a continued focus on maximizing profitability. Net operating income increased 18.8% QoQ and 24.5% YoY.

**Strong growth of core revenues and net operating income**

(Core revenues\* and net operating income\*\*, Ch\$ million)

\* Core revenues: Net interest income + fees

\*\* Net operating income: Core revenues + net results from financial transactions + other operating income, net + operating expenses

In the quarter, the Bank continued to focus on increasing margins and profitability by incrementing profitability targets in various business segments and re-pricing the loan book. As a consequence, Net interest income adjusted for inflation hedge increased 22.7% QoQ and 34.2% YoY driven by solid margin expansion, the higher growth of retail lending activities and the positive evolution of non-interest bearing liabilities.

---

<sup>1</sup>Safe harbor statement under the Private Securities Litigation Reform Act of 1995: All forward-looking statements made by Banco Santander Chile involve material risks and uncertainties and are subject to change based on various important factors which may be beyond the Bank's control. Accordingly, the Bank's future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. Such factors include, but are not limited to, those described in the Bank's filings with the Securities and Exchange Commission. The Bank does not undertake to publicly update or revise the forward-looking statements even if experience or future changes make it clear that the projected results expressed or implied therein will not be realized.

<sup>2</sup>The exchange rate used for translating Ch\$ to US\$ was Ch\$511.72 per US\$ dollar. All figures presented are in nominal terms. Historical figures are not adjusted by inflation.

**Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax:  
562-671-6554,  
email: rmorenoh@santander.cl

In 3Q 2007 the net interest margin reached a record level of 6.2%, increasing 100 basis points QoQ and 150 basis points YoY. Total loans increased 2.1% QoQ and 12.1% YoY. Retail lending expanded 4.2% QoQ and 15.9% YoY.

During the quarter inflation jumped well-above market expectations fuelling a rise in short-term interest rates, while long-term rates descended. The overnight reference rate set by the Central Bank was increased 75 basis points to 5.75% during the quarter. In light of this scenario, the Bank proactively improved its funding mix. Despite the increase in short-term rates, time deposits declined and non-interest bearing liabilities remained flat in the quarter. The ratio of average non-interest bearing liabilities to interest earning asset reached 24.5% in 3Q 2007 compared to 21.0% in 3Q 2006. This rise in non-interest bearing liabilities counterbalances the negative impact of rising rates on funding costs. Time deposits decreased 1.0% QoQ, despite rising short-term rates. The Bank issued Ch\$233,399 million (US\$456 million) in long-term local senior bonds in the quarter to replace time deposits. These bonds were used to increase the duration of liabilities in light of rising short-term rates and falling long-term real rates.

Net fee income increased 5.6% QoQ and 17.8% YoY in 3Q 2007. The Bank continues to expand its client base, cross-selling and product usage, especially in retail banking along with positive results from asset management. The total number of clients increased 15.2% YoY to 2.7 million. This rise in client base has been driven by the growth in our retail checking account base. The total number of retail clients with a checking account has increased 15.4% YoY in 3Q 2007. Market share in checking accounts reached 27.8% as of August 2007, the latest figure available, compared to 26.7% as of August 2006. In this 12 month period, Santander opened 49.6% of all new accounts opened in the Chilean market.

In 3Q 2007, the Bank's net provision expenses increased 1.8% QoQ and 26.8% YoY. This rise was mainly due to an increase in net provisions in retail banking in line with loan growth in this business segment. As a consequence of the strengthening of the Bank credit policies and processes, the Bank continues to display sound asset quality indicators. Coverage of past due loans reached 197% at September 2007. The past due loan ratio as of September 30, 2007 reached 0.88%. The expected loan loss ratio (reserves for loan losses over total loans) remained steady at 1.73% compared to 1.68% in 2Q 2007.

The Bank set a new record in terms of efficiency. The efficiency ratio reached 34.7% in 3Q 2007. Operating expenses increased 6.9% QoQ and 18.4% YoY in 3Q 2007. This rise was mainly due to higher expenses related to expansion of the distribution network and client base.

Positive operating trends in the quarter were partially offset by a 75.3% QoQ and 171.7% YoY increase in the loss from price level restatement in 3Q 2007 and a 78.7% QoQ and 84.8% YoY decrease in non-operating income in the same period.

Net income increased 5.9% in the nine month period ended September 30, 2007 (hereinafter 9M 2007) compared to the nine-month period ended September 30, 2006 (hereinafter 9M 2006) and totaled Ch\$237,872 million (Ch\$1.26/share and US\$2.56/ADR). Growth was led by a 21.0% increase in core revenues. The Bank's ROAE in this period reached 25.1% in 9M 2007, the highest among the top banks in Chile. The efficiency ratio improved to 36.1% in 9M 2007 compared to 36.6% in the same period of 2006. Santander has the best efficiency ratio among the top banks in Chile.

#### **Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmorenoh@santander.cl

| Banco Santander Chile<br>(Ch\$ million)   | Quarter           |                   |                   | Change %        |                 |
|---|-------------------|-------------------|-------------------|-----------------|-----------------|
|   | 3Q 2007           | 2Q 2007           | 3Q 2006           | 3Q 07/<br>3Q 06 | 3Q / 2Q<br>2007 |
| Net interest income                       | 242,755           | 192,163           | 176,217           | 37.8%           | 26.3%           |
| Inflation hedge                           | (19,620)          | (10,380)          | (9,968)           | 96.8%           | 89.0%           |
| <b>Adjusted net interest income</b>       | <b>223,135</b>    | <b>181,783</b>    | <b>166,249</b>    | <b>34.2%</b>    | <b>22.7%</b>    |
| <b>Fees and income from services</b>      | <b>49,762</b>     | <b>47,107</b>     | <b>42,247</b>     | <b>17.8%</b>    | <b>5.6%</b>     |
| <b>Core revenues</b>                      | <b>272,897</b>    | <b>228,890</b>    | <b>208,496</b>    | <b>30.9%</b>    | <b>19.2%</b>    |
| Total provisions, net of recoveries       | (46,010)          | (45,214)          | (36,277)          | 26.8%           | 1.8%            |
| Operating expenses                        | (89,612)          | (83,818)          | (75,680)          | 18.4%           | 6.9%            |
| <b>Net operating income</b>               | <b>122,983</b>    | <b>103,479</b>    | <b>98,763</b>     | <b>24.5%</b>    | <b>18.8%</b>    |
| Non-operating income, net                 | 982               | 4,603             | 6,460             | (84.8%)         | (78.7%)         |
| <b>Net income</b>                         | <b>85,196</b>     | <b>80,487</b>     | <b>79,934</b>     | <b>6.6%</b>     | <b>5.9%</b>     |
| Net income/share (Ch\$)                   | 0.45              | 0.43              | 0.42              | 6.6%            | 5.9%            |
| Net income/ADR (US\$) <sup>1</sup>        | 0.92              | 0.84              | 0.82              | 12.1%           | 9.1%            |
| <b>Total loans</b>                        | <b>12,800,321</b> | <b>12,541,155</b> | <b>11,417,738</b> | <b>12.1%</b>    | <b>2.1%</b>     |
| <b>Customer funds</b>                     | <b>12,796,548</b> | <b>12,569,958</b> | <b>10,995,427</b> | <b>16.4%</b>    | <b>1.8%</b>     |
| Shareholders' equity                      | 1,348,162         | 1,228,053         | 1,187,137         | 13.6%           | 9.8%            |
| Net interest margin                       | 6.8%              | 5.5%              | 5.0%              |                 |                 |
| Adjusted net interest margin <sup>2</sup> | 6.2%              | 5.2%              | 4.7%              |                 |                 |
| Efficiency ratio                          | 34.7%             | 36.0%             | 35.9%             |                 |                 |
| Return on average equity <sup>3</sup>     | 26.1%             | 25.8%             | 27.5%             |                 |                 |
| PDL / Total loans                         | 0.88%             | 0.84%             | 0.78%             |                 |                 |
| Coverage ratio of PDLs                    | 197.2%            | 199.8%            | 181.0%            |                 |                 |
| Expected loss <sup>4</sup>                | 1.73%             | 1.68%             | 1.41%             |                 |                 |
| BIS ratio                                 | 12.5%             | 13.0%             | 12.8%             |                 |                 |
| Branches <sup>5</sup>                     | 425               | 417               | 368               |                 |                 |
| ATMs                                      | 1,808             | 1,744             | 1,479             |                 |                 |
| Employees                                 | 9,057             | 8,913             | 8,029             |                 |                 |

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

2. Net interest margin adjusted for the results of inflation hedging

3. Annualized Quarterly Earnings / Average Equity.

4. Reserve for loan losses / Total loans on a consolidated basis.

5. Includes SuperCaja branches inaugurated in 4Q 2006.

#### Investor Relations Department

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmorenoh@santander.cl



**INTEREST EARNING ASSETS***Strong focus on profitability*

| Interest Earning Assets<br>(Ch\$ million) | Quarter ended,    |                   | % Change          |                    |                      |
|---|-------------------|-------------------|-------------------|--------------------|----------------------|
|   | Sept. 30,<br>2007 | June 30,<br>2007  | Sept. 30,<br>2006 | Sept.<br>2007/2006 | Sept. /<br>June 2007 |
| Consumer loans                            | 1,944,579         | 1,889,268         | 1,692,432         | 14.9%              | 2.9%                 |
| Residential mortgage loans*               | 3,154,667         | 3,024,742         | 2,662,434         | 18.5%              | 4.3%                 |
| Commercial loans                          | 4,333,120         | 4,221,007         | 4,082,361         | 6.1%               | 2.7%                 |
| Commercial mortgage loans**               | 146,566           | 155,827           | 202,261           | (27.5%)            | (5.9%)               |
| Foreign trade loans                       | 853,479           | 663,313           | 656,171           | 30.1%              | 28.7%                |
| Leasing                                   | 836,268           | 810,598           | 754,572           | 10.8%              | 3.2%                 |
| Factoring                                 | 208,916           | 175,780           | 157,967           | 32.3%              | 18.9%                |
| Other outstanding loans                   | 32,389            | 29,425            | 22,605            | 43.3%              | 10.1%                |
| Contingent loans                          | 996,156           | 1,115,134         | 963,463           | 3.4%               | (10.7%)              |
| Interbank loans                           | 182,051           | 350,393           | 134,609           | 35.2%              | (48.0%)              |
| Past due loans                            | 112,130           | 105,668           | 88,863            | 26.2%              | 6.1%                 |
| <b>Total loans</b>                        | <b>12,800,321</b> | <b>12,541,155</b> | <b>11,417,738</b> | <b>12.1%</b>       | <b>2.1%</b>          |
| Total financial investments               | 1,653,462         | 1,374,164         | 1,289,269         | 28.2%              | 20.3%                |
| <b>Total interest-earning assets</b>      | <b>14,453,783</b> | <b>13,915,319</b> | <b>12,707,007</b> | <b>13.7%</b>       | <b>3.9%</b>          |

\*Includes residential mortgage loans backed by mortgage bonds (letras hipotecarias para la vivienda) and residential mortgage loans not funded with mortgage bonds (mutuos hipotecarios para la vivienda).

\*\*Includes general purpose mortgage loans backed by mortgage bonds (letra de crédito fines generales) and other commercial mortgage loans (préstamos hipotecarios endosables para fines generales).

In 3Q 2007, the Bank remained steadily focused on expanding the loan portfolio in those areas that contribute to expanding ROEs. Total loans increased 2.1% QoQ and 12.1% YoY. Consumer loans expanded 2.9% QoQ and 14.9% YoY. Residential mortgage lending increased 4.3% QoQ and 18.5% YoY. Commercial loans increased 2.7% QoQ and 6.1% YoY led by an increase in lending to Small and Mid-sized companies (SMEs) in line with our focus on profitability. This was also reflected in the growth of leasing and factoring operations that are mainly driven by the SME and middle market segments.

**Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmorenoh@santander.cl

In the past three years, Santander Chile has continuously outperformed the market in the growth of net interest income, reflecting our focus on profitability over market share per se.

Source: Superintendency of Banks of Chile, unconsolidated figures.

| Loans by business segment*  | Quarter ended,    |                  | % Change          |                    |                      |
|-----------------------------|-------------------|------------------|-------------------|--------------------|----------------------|
|                             | Sept. 30,<br>2007 | June 30,<br>2007 | Sept. 30,<br>2006 | Sept.<br>2007/2006 | Sept. /<br>June 2007 |
| (Ch\$ million)              |                   |                  |                   |                    |                      |
| Total loans to individuals  | 5,576,602         | 5,376,224        | 4,866,924         | 14.6%              | 3.7%                 |
| SMEs                        | 2,013,521         | 1,905,480        | 1,681,803         | 19.7%              | 5.7%                 |
| <b>Total retail lending</b> | <b>7,590,123</b>  | <b>7,281,704</b> | <b>6,548,727</b>  | <b>15.9%</b>       | <b>4.2%</b>          |
| Institutional lending       | 198,446           | 191,410          | 196,322           | 1.1%               | 3.7%                 |
| Middle-Market & Real estate | 2,355,899         | 2,302,678        | 2,324,796         | 1.3%               | 2.3%                 |
| Corporate                   | 1,452,592         | 1,280,267        | 1,237,508         | 17.4%              | 13.5%                |

\*Excludes contingent loans and interbank loans

Retail lending expanded 4.2% QoQ and 15.9% YoY. In the quarter, the Bank focused on strengthening margins in this segment, which had some impact on growth rates, especially in consumer loans, but improved net interest income (See Net Interest Income).

Loans to individuals increased 3.7% QoQ and 14.6% YoY driven mainly by residential mortgage loans. The Bank has been working strongly throughout the year on developing a retail banking model that gives sustainable and adequate profitability to shareholders in the short and long-term. Lending to individuals continues to be a strategic priority for the Bank. The modifications introduced in the pricing and risk models should permit the Bank to grow at a healthy rate and strong margins.

Loan growth to SMEs remained steady increasing 5.7% QoQ and 19.7% YoY. This retail segment experienced strong growth in high yielding leasing and factoring operations. Spreads in this segment have remained strong (6%-7%) and the positive evolution of consumption and investment has pushed demand for loans in this segment.

Lending to the middle market segment increased 2.3% QoQ and 1.3% YoY. Spreads of new loans in this segment have been under pressure and the Bank avoided renewing some loan operations at unattractive returns.

#### Investor Relations Department

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmorenoh@santander.cl

Loans in corporate banking increased 13.5% QoQ and 17.4% YoY. This rise was mainly due to the growth in foreign trade loans. Foreign trade loans are somewhat volatile on a quarter to quarter basis in this segment, as a few customers concentrate a large percentage of total exports.

## **CUSTOMER FUNDS**

*Funding mix improves. Increasing duration of liabilities as short-term rates rise.*

| Funding<br>(Ch\$ million)          | Quarter ended,    |                   | Sept. 30,<br>2006 | Change %           |                      |
|------------------------------------|-------------------|-------------------|-------------------|--------------------|----------------------|
|                                    | Sept. 30,<br>2007 | June 30,<br>2007  |                   | Sept.<br>2007/2006 | Sept. /<br>June 2007 |
| Non-interest bearing deposits      | 2,656,047         | 2,649,259         | 2,274,546         | 16.8%              | 0.3%                 |
| Time deposits and savings accounts | 7,273,063         | 7,343,069         | 6,816,812         | 6.7%               | (1.0%)               |
| <b>Total customer deposits</b>     | <b>9,929,110</b>  | <b>9,992,328</b>  | <b>9,091,358</b>  | <b>9.2%</b>        | <b>(0.6%)</b>        |
| Mutual funds                       | 2,867,438         | 2,577,630         | 1,904,069         | 50.6%              | 11.2%                |
| <b>Total customer funds</b>        | <b>12,796,548</b> | <b>12,569,958</b> | <b>10,995,427</b> | <b>16.4%</b>       | <b>1.8%</b>          |

Total customer funds increased 1.8% QoQ and 16.4% YoY. During the quarter inflation jumped well-above market expectations fuelling a rise in short-term interest rates. The overnight reference rate set by the Central Bank was increased 75 basis points to 5.75% during the quarter. Despite rising rates, time deposits decreased 1.0% QoQ. The Bank issued Ch\$233,399 million (US\$456 million) in local senior bonds in the quarter. Despite international liquidity concerns, the Chilean market remains highly liquid, permitting the Bank to issue aggressively in the local market at attractive spreads. These bonds were used to increase the duration of liabilities in light of rising short-term rates and falling long-term rates. This reflects the Bank's proactive management of its balance sheet in order to maximize margins and profitability. Demand for these bonds was 1.5x greater than supply, reflecting the high demand for good quality fixed income instruments in the period. Santander has the best risk ratings for any private issuer in Latin America.

| Long-term funding<br>(Ch\$ million) | Quarter ended,    |                  | Sept. 30,<br>2006 | Change %           |                      |
|-------------------------------------|-------------------|------------------|-------------------|--------------------|----------------------|
|                                     | Sept. 30,<br>2007 | June 30,<br>2007 |                   | Sept.<br>2007/2006 | Sept. /<br>June 2007 |
| Bond                                | 980,497           | 747,098          | 559,165           | 75.4%              | 31.2%                |
| Sub-bonds                           | 440,598           | 477,041          | 490,974           | (10.3%)            | (7.6%)               |
| <b>Total</b>                        | <b>1,421,095</b>  | <b>1,224,139</b> | <b>1,050,139</b>  | <b>35.3%</b>       | <b>16.1%</b>         |

Non-interest bearing liabilities increased 0.3% QoQ and 16.8% YoY. The average balance of non-interest bearing checking accounts increased 0.8% QoQ and 22.1% YoY. The positive performance of checking account balances reflects our strong growth in checking account holders and cash-management has fuelled growth in this line item. This also helps to minimize the negative impact of rising rates on funding costs, as the yield on checking accounts rises with rate hikes.

### **Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmorenoh@santander.cl

**Total quarterly average  
non-interest bearing demand  
deposits**

| (Ch\$ million) | Quarter ended,    |                  |                   | Change %           |                         |
|----------------|-------------------|------------------|-------------------|--------------------|-------------------------|
|                | Sept. 30,<br>2007 | June 30,<br>2007 | Sept. 30,<br>2006 | Sept.<br>2007/2006 | Sept. /<br>June<br>2007 |
| <b>Total</b>   | <b>2,203,374</b>  | <b>2,185,216</b> | <b>1,805,267</b>  | <b>22.1%</b>       | <b>0.8%</b>             |

Assets under management in the Bank's mutual fund subsidiary increased 11.2% QoQ and 50.6% YoY. Despite market turmoil in August, the Chilean equity market rapidly recovered, fuelling growth of mutual funds under management.

**NET INTEREST INCOME**

*Record net interest margin driven by improved asset mix and higher inflation*

| Net Interest Income<br>(Ch\$ million)   | Quarter        |                |                | Change %        |                 |
|---|----------------|----------------|----------------|-----------------|-----------------|
|   | 3Q 2007        | 2Q 2007        | 3Q 2006        | 3Q 07/<br>3Q 06 | 3Q / 2Q<br>2007 |
| <b>Net interest income</b>  | <b>242,755</b> | <b>192,163</b> | <b>176,217</b> | <b>37.8%</b>    | <b>26.3%</b>    |
| Inflation hedge <sup>1</sup>  | (19,620)       | (10,380)       | (9,968)        | 96.8%           | 89.0%           |
| <b>Adjusted net interest income<sup>1</sup></b>   | <b>223,135</b> | <b>181,783</b> | <b>166,249</b> | <b>34.2%</b>    | <b>22.7%</b>    |
| Average interest-earning assets   | 14,342,826     | 14,001,833     | 14,162,135     | 1.3%            | 2.4%            |
| Average loans   | 12,213,946     | 12,043,872     | 10,984,330     | 11.2%           | 1.4%            |
| <b>Net interest margin <sup>2</sup></b>   | <b>6.8%</b>    | <b>5.5%</b>    | <b>5.0%</b>    |                 |                 |
| <b>Adjusted Net interest margin<br/>1,2</b>   | <b>6.2%</b>    | <b>5.2%</b>    | <b>4.7%</b>    |                 |                 |
| Avg. equity + non-interest<br>bearing demand deposits / Avg.<br>interest earning assets | 24.5%          | 24.5%          | 21.0%          |                 |                 |
| <b>Quarterly inflation rate <sup>3</sup></b>  | <b>2.98%</b>   | <b>1.00%</b>   | <b>1.38%</b>   |                 |                 |
| Avg. overnight interbank rate<br>(nominal)  | 5.45%          | 5.08%          | 5.24%          |                 |                 |
| <b>Avg. 10 year Central Bank yield<br/>(real)</b>                                       | <b>3.08%</b>   | <b>2.90%</b>   | <b>3.13%</b>   |                 |                 |

1. The Bank hedges part of its UF gap (UF = Unidad de Fomento, an inflation indexed currency) with derivatives. The result of this hedge is included in the net gain from trading and mark-to-market. The UF gap results from the Bank's assets denominated in UF funded through deposits denominated in nominal pesos and free funds. The adjusted net interest income and margin is net of the results of this hedge.

2. Annualized

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

Net interest income in 3Q 2007 increased 26.3% QoQ and 37.8% YoY. Adjusting for the results of inflation hedging, net interest income increased 22.7% QoQ and 34.2% YoY. In 3Q 2007 the adjusted net interest margin reached a record level of 6.2%, increasing 100 basis points QoQ and 150 basis points YoY. Among the various reasons for this solid performance, the following points are worth mentioning:

**Higher inflation.** Inflation reached 3.0% in 3Q 2007, boosting net interest income and margins. The Bank has a more assets than liabilities denominated in Unidades de Fomento (UF, an inflation-indexed currency). The UF gap results from the Bank's assets denominated in UF funded through deposits denominated in nominal pesos and free funds. This positive gap is, in part, hedged with peso/UF derivatives, the results of which are recognized in the net gains from financial transactions. The Bank hedges this gap in order to maintain interest rate risk below internal and regulatory limits. The positive effects of higher inflation are also partially offset by the loss from price level restatement. Going forward, if inflation decelerates, this should negatively affect net interest income compared to 3Q 2007 levels.

**Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmorenoh@santander.cl

**Rising net interest margins\***

\* Net interest margin adjusted for inflation hedging

**Improved asset mix** and the constant focus of adequately allocating capital to the most productive uses. In 3Q 2007 interest earning assets increased 1.3% YoY, while average loans increased 11.2% in the same period. The yield on average consumer loans increased 133 bp to 23.2% and the average volume of consumer loans increased 18.8%. The average volume of commercial and other loans increased 10.1% YoY and the yield earned on these loans increased 336 bp. As a result, loan yields were up 318 bp. YoY, reaching 14.7%. This reflects the strategic focus on improving the asset and pricing mix of the loan portfolio.

| 3Q 2007 vs. 3Q 2006                       | Avg. balance<br>(Ch\$mnn) | YoY chg.<br>(%) | Yield*<br>(%) | Chg. yield<br>(bp) |
|---|---------------------------|-----------------|---------------|--------------------|
| <b>Loans</b>                              | <b>12,213,946</b>         | <b>11.2%</b>    | <b>14.7%</b>  | <b>+318</b>        |
| Consumer loans                            | 1,683,360                 | 18.8%           | 23.2%         | +133               |
| Commercial & other loans                  | 10,530,585                | 10.1%           | 13.3%         | +336               |
| <b>Total avg. interest earning assets</b> | <b>14,342,826</b>         | <b>1.3%</b>     | <b>14.0%</b>  | <b>+396</b>        |

\* Interest income annualized / average volume

**Improved funding mix.** During the quarter, the rise in inflation expectations pushed short-term rates upward. The average overnight interbank rate increased from 5.08% in 2Q 2007 to 5.45% in 3Q 2007. This placed pressure on the Bank's margins by increasing funding costs. As mentioned above, the Bank issued long-term bonds in the local market to counterbalance rising funding costs. At the same time, the ratio of average non-interest bearing liabilities to interest earning asset reached 24.5% in 3Q 2007 compared to 21.0% in 3Q 2007. As short-term rates rise, the yield obtained over non-interest bearing deposits and capital increases.

**Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmorenoh@santander.cl

**PROVISION FOR LOAN LOSSES***Provision expense stable QoQ. Coverage ratio reaches 197%*

| Provision for loan losses<br>(Ch\$ million) | Quarter         |                 |                 | Change %        |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 3Q 2007         | 2Q 2007         | 3Q 2006         | 3Q 07/<br>3Q 06 | 3Q / 2Q<br>2007 |
| Provisions                                  | (11,143)        | (11,556)        | (14,178)        | (21.4%)         | (3.6%)          |
| Charge-offs                                 | (49,465)        | (47,965)        | (34,168)        | 44.8%           | 3.1%            |
| Gross provisions and charge-offs            | (60,608)        | (59,521)        | (48,346)        | 25.4%           | 1.8%            |
| Loan loss recoveries                        | 14,598          | 14,307          | 12,069          | 21.0%           | 2.0%            |
| <b>Net provisions</b>                       | <b>(46,010)</b> | <b>(45,214)</b> | <b>(36,277)</b> | <b>26.8%</b>    | <b>1.8%</b>     |
| Total loans                                 | 12,800,321      | 12,541,155      | 11,417,738      | 12.1%           | 2.1%            |
| Total reserves (RLL)                        | 221,070         | 211,113         | 160,879         | 37.4%           | 4.7%            |
| <b>Past due loans** (PDL)</b>               | <b>112,130</b>  | <b>105,668</b>  | <b>88,863</b>   | <b>26.2%</b>    | <b>6.1%</b>     |
| Gross provision expense / loans***          | 1.89%           | 1.90%           | 1.69%           |                 |                 |
| <b>Net provision expense / loans</b>        | <b>1.44%</b>    | <b>1.44%</b>    | <b>1.27%</b>    |                 |                 |
| <b>PDL/Total loans</b>                      | <b>0.88%</b>    | <b>0.84%</b>    | <b>0.78%</b>    |                 |                 |
| Expected loss (RLL / loans)                 | 1.73%           | 1.68%           | 1.41%           |                 |                 |
| <b>RLL / Past due loans</b>                 | <b>197.2%</b>   | <b>199.8%</b>   | <b>181.0%</b>   |                 |                 |

\* See text and footnote 3

\*\* Past due loans: installments or credit lines more than 90 days overdue

\*\*\* Annualized

In 3Q 2007, the Bank's net provisions expenses increased 1.8% QoQ and 26.8% YoY. This rise was mainly due to an increase in net provisions in retail banking in line with loan growth in this business segment. As mentioned in previous releases, provisions are expected to increase due to the growth of lending to higher yielding and riskier retail segments.

| Net provision expense by segment<br>(Ch\$ million) | Quarter       |               |               | Change %        |                 |
|--|---------------|---------------|---------------|-----------------|-----------------|
|  | 3Q 2007       | 2Q 2007       | 3Q 2006       | 3Q 07/<br>3Q 06 | 3Q / 2Q<br>2007 |
| Retail banking*                                    | 45,324        | 43,102        | 36,721        | 23.4%           | 5.2%            |
| Middle-market                                      | (303)         | 1,792         | (885)         | (65.8%)         | —%              |
| Corporate banking                                  | (184)         | (32)          | (48)          | 283.3%          | 475.0%          |
| Leasing subsidiary                                 | (13)          | (109)         | (355)         | (96.3%)         | (88.1%)         |
| <b>Total**</b>                                     | <b>44,824</b> | <b>44,753</b> | <b>35,433</b> | <b>26.5%</b>    | <b>0.2%</b>     |

\* Includes individuals and SMEs.

\*\* Excludes provisions over repossessed assets

The Bank continues to display sound asset quality indicators as a result of the proactive management of asset quality and the strengthening of credit policies and processes. Coverage of past due loans reached 197% at September 2007. The past due loan ratio as of September 30, 2007 reached 0.88%. Reserves for loan losses over total loans remained steady at 1.73% compared to 1.68% in 2Q 2007. The ratio of net provision expense over total loans remained steady QoQ at 1.4% in 3Q 2007.

**Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmorenoh@santander.cl



**FEE INCOME***Growth in distribution network, client base and product usage boosts fee income*

| Fee income<br>(Ch\$ million)            | Quarter       |               |               | Change %        |                 |
|---|---------------|---------------|---------------|-----------------|-----------------|
|   | 3Q 2007       | 2Q 2007       | 3Q 2006       | 3Q 07/<br>3Q 06 | 3Q / 2Q<br>2007 |
| Checking accounts*                      | 16,011        | 13,822        | 13,638        | 17.4%           | 15.8%           |
| Adm. & collection of insurance policies | 6,492         | 7,644         | 5,141         | 26.3%           | (15.1%)         |
| Mutual fund services                    | 8,162         | 7,145         | 4,974         | 64.1%           | 14.2%           |
| Credit cards                            | 5,727         | 5,046         | 4,910         | 16.6%           | 13.5%           |
| Automatic teller cards                  | 4,172         | 3,959         | 3,646         | 14.4%           | 5.4%            |
| Insurance brokerage                     | 2,891         | 3,027         | 3,353         | (13.8%)         | (4.5%)          |
| Stock brokerage                         | 1,888         | 1,920         | 349           | 441.0%          | (1.7%)          |
| Other product and services              | 4,419         | 4,544         | 6,236         | (29.1%)         | (2.8%)          |
| <b>Total fee income, net</b>            | <b>49,762</b> | <b>47,107</b> | <b>42,247</b> | <b>17.8%</b>    | <b>5.6%</b>     |
| <b>Fees / operating expense</b>         | <b>55.5%</b>  | <b>56.2%</b>  | <b>55.8%</b>  |                 |                 |

\*Includes lines of credit

Net fee income increased 5.6% QoQ and 17.8% YoY in 3Q 2007. The Bank continues to expand its client base, cross-selling and product usage, especially in retail banking along with positive results from asset management. The total number of clients increased 15.2% YoY to 2.7 million. The Bank continues to invest in expanding its distribution network. As of September 2007, the Bank's distribution network totaled 425 branches and 1,808 ATMs, increasing 15.5% and 22.2% YoY, respectively. 1/3 of the Bank's branches have been opened in the last three years.

**Investing to sustain growth momentum in retail banking**

\* Including Santander SuperCaja offices

A greater amount of clients with checking accounts coupled with continuous improvements in client service has led to better cross selling ratios. The amount of middle/upper income individual clients that are cross-sold (a client with a checking account and that uses at least three other products) increased 19.7% YoY as of September 2007. In Santander Banefe, the amount of cross-sold clients (clients that uses at least 2 or more other products) rose 20.2% YoY as of September 2007.

**Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmorenoh@santander.cl

This rise in client base has been driven by the growth in our retail checking account base. Market share in checking accounts reached 27.8% as of August 2007, the latest figure available, compared to 26.7% as of August 2006. In this 12 month period, the Bank's opened 49.6% of all new account opened in the Chilean market. As a result, in 3Q 2007 fees from checking accounts increased 17.4% YoY and 15.8% QoQ.

Credit card fees increased 16.6% QoQ and 13.5% YoY in 3Q 2007. According to information published by Transbank, the industry's credit card processor, as of September 2007 purchases with Santander credit cards in monetary terms were growing 16.4% YoY in real terms compared to 15.6% for the market. Market share in terms of purchases reached 35.5% as of September 2007 compared to 35.3% as of September 2006.

Asset management has been an important contributor to fee income in 2007. Fees from mutual fund management increased 14.2% QoQ and 64.1% YoY in 3Q 2007. Assets under management totaled Ch\$2,867,438 million and increased 11.2% QoQ and 50.6% YoY, fuelling asset management fee growth.

ATM fees increased 5.4% QoQ and 14.4% YoY in line with the expansion of the Bank's ATM network. As of September 2007, the Bank had a total of 1,808 ATMs, the largest network in Chile, which represents a 22.2% YoY increase. An extensive ATM network is key to this process.

Insurance brokerage fees decreased 4.5% QoQ and 13.8% YoY in 3Q 2007. Fees from the administration and collection of insurance policies increased 15.1% QoQ and 26.3% YoY in the same period. Lower loan growth reduced the growth rate of insurance policies associated with different loan products. This was offset by the continued strength in distributing insurance products and collecting insurance premiums for third parties.

#### **Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: [rmorenoh@santander.cl](mailto:rmorenoh@santander.cl)

Fees from stock brokerage decreased 1.7% QoQ, but increased 441% YoY in 3Q 2007. In 1Q 2007, the merger between Santiago Corredores de Bolsa Ltda, a subsidiary of the Bank, and Santander Investment S.A. Corredores de Bolsa was completed. The Bank now owns 50.5% of the merged entity.

## **OPERATING EXPENSES AND EFFICIENCY**

### *Efficiency ratio reaches 34.7% in 3Q 2007*

| Operating Expenses<br>(Ch\$ million) | Quarter       |               |               | Change %        |                 |
|--------------------------------------|---------------|---------------|---------------|-----------------|-----------------|
|                                      | 3Q 2007       | 2Q 2007       | 3Q 2006       | 3Q 07/<br>3Q 06 | 3Q / 2Q<br>2007 |
| Personnel expenses                   | 45,831        | 42,879        | 38,468        | 19.1%           | 6.9%            |
| Administrative expenses              | 31,633        | 30,354        | 27,563        | 14.8%           | 4.2%            |
| Depreciation and amortization        | 12,148        | 10,585        | 9,650         | 25.9%           | 14.8%           |
| <b>Operating expenses</b>            | <b>89,612</b> | <b>83,818</b> | <b>75,680</b> | <b>18.4%</b>    | <b>6.9%</b>     |
| <b>Efficiency ratio*</b>             | <b>34.7%</b>  | <b>36.0%</b>  | <b>35.9%</b>  |                 |                 |

\* Operating expenses / operating income. Operating income = Net financial income + Net fee income + other operating income, net.

The Bank continues to have a world class efficiency ratio, which reached a record low of 34.7% in 3Q 2007.

In the same period, operating expenses increased 6.9% QoQ and 18.4% YoY. Personnel expenses increased 6.9% QoQ and 19.1% YoY in the same period. Headcount increased 12.8% YoY. This rise is mainly focused in front office positions as the Bank expands its distribution network. Santander SuperCaja and the merger of the stock brokerages also added approximately 200 new employees to headcount. Additionally in the quarter, the spurt in inflation triggered an automatic increase in wages.

The 4.2% QoQ and 14.8% YoY rise in administrative expenses was directly linked to the higher commercial activities and the larger distribution network. The same hold true for depreciation and amortizations.

For the nine-month period ended September 30, 2007, the efficiency ratio reached 36.1% compared to 36.6% in the same period in 2006.

### **Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmorenoh@santander.cl

**Positive evolution of efficiency ratio\*, (%)**

\*Operating expenses / operating income. Operating income = Net financial income + Net fee income + other operating income, net

**GAINS (LOSSES) ON FINANCIAL TRANSACTIONS**

| Net Result from financial transactions<br>(Ch\$ million)   | Quarter         |                 |                | Change %        |                 |
|--|-----------------|-----------------|----------------|-----------------|-----------------|
|  | 3Q 2007         | 2Q 2007         | 3Q 2006        | 3Q 07/<br>3Q 06 | 3Q / 2Q<br>2007 |
| Net gain (loss) from trading and mark-to-market            | (64,091)        | (628)           | (5,056)        | 1,167.6%        | 10,105.6%       |
| Foreign exchange transactions, net                         | 42,145          | 5,167           | 5,499          | 666.4%          | 715.7%          |
| <b>Net results from financial transactions<sup>3</sup></b> | <b>(21,946)</b> | <b>4,539</b>    | <b>443</b>     | <b>—%</b>       | <b>—%</b>       |
| <b>Inflation hedge *</b>                                   | <b>(19,620)</b> | <b>(10,380)</b> | <b>(9,968)</b> | <b>96.8%</b>    | <b>89.0%</b>    |
| <b>Adjusted Gains (losses) on financial transactions*</b>  | <b>(2,326)</b>  | <b>14,919</b>   | <b>10,411</b>  | <b>—%</b>       | <b>—%</b>       |
| Quarterly inflation rate**                                 | 2.98%           | 1.00%           | 1.38%          |                 |                 |
| Avg. overnight interbank rate (nominal)                    | 5.45%           | 5.08%           | 5.24%          |                 |                 |
| Avg. 10 year Central Bank yield (real)                     | 3.08%           | 2.90%           | 3.13%          |                 |                 |

\* The Bank hedges part of its UF gap (UF = Unidad de Fomento, an inflation indexed currency) with derivatives. The result of this hedge is included in the net gain from trading and mark-to-market. The UF gap results from the Bank's assets denominated in UF funded through deposits denominated in nominal pesos and free funds. The adjusted net interest income and margin is net of the results of this hedge.

\*\* Quarterly variation of the Unidad de Fomento (UF)

In 3Q 2007, the gain on financial transactions totaled a loss of Ch\$21,946 million. Of this loss, Ch\$19,620 million are directly related to the results from the Bank's peso/UF hedging produced by the high inflation rate in 3Q 2007 (+2.98%). The Bank maintains long-term assets (mainly financial investments and mortgage loans) that are denominated in UFs (an inflation linked currency) that are funded with deposits that have a shorter duration. In order to keep interest rate risk in line with regulatory limits, the Bank partially hedges this UF gap with derivatives. The results produced by this hedge are recognized in this line item and move inversely with inflation. All-in the Bank benefits from a higher inflation scenario due to the positive gap between assets and liabilities denominated in UFs.

<sup>3</sup> For analysis purposes only, we have created the line item: Net results from financial transactions. This is the sum of the net gain (loss) from trading, the mark-to-market of financial investment and derivatives, and foreign exchange transactions. The results recorded in foreign exchange transactions mainly includes the translation gains or losses of assets and liabilities denominated in foreign currency, but does not include the mark-to-market of FX derivatives. As Santander Chile limits its foreign exchange gap, the results recorded in foreign exchange transactions are, for the most part, offset by the mark-to-market of foreign currency forwards. For this reason they are added to the net gains (loss) from trading and mark-to-market, which includes the mark-to-market of FX forwards.

**Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmoreno@santander.cl

Excluding this effect, the adjusted result from gains and losses from financial transactions totaled a loss of Ch\$2,326 million. This was mainly due to a loss of Ch\$2,800 million in our market-making and trading business.

**OTHER OPERATING INCOME/EXPENSES, OTHER INCOME/EXPENSES, PRICE LEVEL RESTATEMENT AND INCOME TAX**

| Other Income and Expenses<br>(Ch\$ million)              | Quarter         |                 |                 | Change %        |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | 3Q 2007         | 2Q 2007         | 3Q 2006         | 3Q 07/<br>3Q 06 | 3Q / 2Q<br>2007 |
| Sales force expense                                      | (7,168)         | (4,934)         | (4,148)         | 72.8%           | 45.3%           |
| Other operating expenses, net                            | (4,798)         | (6,364)         | (4,040)         | 18.8%           | (24.6%)         |
| <b>Total other operating results, net</b>                | <b>(11,966)</b> | <b>(11,298)</b> | <b>(8,188)</b>  | <b>46.1%</b>    | <b>5.9%</b>     |
| Non-operating income, net                                | 2,507           | 5,613           | 6,269           | (60.0%)         | (55.3%)         |
| Income attributable to investments<br>in other companies | (635)           | (728)           | 219             | —%              | (12.8%)         |
| Losses attributable to minority<br>interest              | (890)           | (282)           | (28)            | 3078.6%         | 215.6%          |
| <b>Total non-operating results, net</b>                  | <b>982</b>      | <b>4,603</b>    | <b>6,460</b>    | <b>(84.8%)</b>  | <b>(78.7%)</b>  |
| <b>Price level restatement</b>                           | <b>(23,902)</b> | <b>(13,633)</b> | <b>(8,796)</b>  | <b>171.7%</b>   | <b>75.3%</b>    |
| Quarterly inflation rate**                               | 2.98%           | 1.00%           | 1.38%           |                 |                 |
| <b>Income tax</b>  | <b>(14,867)</b> | <b>(13,962)</b> | <b>(16,493)</b> | <b>(9.9%)</b>   | <b>6.5%</b>     |

Other operating results, net totaled a loss of Ch\$11,966 million, increasing 5.9% QoQ and 46.1% YoY in 3Q 2007. Total sales force expenses reached Ch\$7,168 million in 3Q 2007, increasing 45.3% QoQ and 72.8% YoY, reflecting the strong commercial efforts being made in retail banking and a one-time adjustment of approximately Ch\$2,000 million charged to our sales force expense in the quarter. Other net operating expenses decreased 24.6% QoQ due to a Ch\$624 million increase in gains from the sale of repossessed assets that totaled Ch\$1,370 million in 3Q 2007. The 18.8% YoY increment in other net operating expenses was mainly due to higher customer service expenses and expenses relating to the promotion of our credit card business.

Non-operating income, net totaled a gain of Ch\$982 million in 3Q 2007 compared to a gain of Ch\$4,603 million in 2Q 2007 and a gain of Ch\$6,460 million in 3Q 2006. This difference is mainly due to the lower gains from the reversal of non-credit related contingencies in 3Q 2007 compared to prior periods. These contingencies are mainly related to non-credit risks, including non-specific contingencies, tax contingencies, legal contingencies and other impairments.

Price level restatement in the quarter totaled a loss of Ch\$23,902 million. The Bank must adjust its capital and fixed assets for the variations in price levels. When inflation is positive, the Bank records a loss from price restatement, since the Bank's capital is larger than fixed assets. The inflation rate of +2.98% in 3Q 2007 compared to +1.00% in 2Q 2007 and +1.38% in 3Q 2006, explains the higher loss in this line item compared to previous periods.

**Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmorenoh@santander.cl

**SHAREHOLDERS' EQUITY AND REGULATORY CAPITAL**

ROAE in 3Q 2007 reaches 26.1% with a solid BIS ratio of 12.5%

| Shareholders' equity<br>(Ch\$ million)                 | Quarter ended     |                  |                   | Change %           |                      |
|--|-------------------|------------------|-------------------|--------------------|----------------------|
|  | Sept. 30,<br>2007 | June 30,<br>2007 | Sept. 30,<br>2006 | Sept.<br>2007/2006 | Sept. /<br>June 2007 |
| Capital  | 1,114,163         | 1,079,822        | 965,615           | 15.4%              | 3.2%                 |
| Unrealized gain (loss) available<br>for sale portfolio | (3,873)           | (4,445)          | (3,191)           | 21.4%              | (12.9%)              |
| <b>Total capital and reserves</b>                      | <b>1,110,290</b>  | <b>1,075,377</b> | <b>962,424</b>    | <b>15.4%</b>       | <b>3.2%</b>          |
| Net Income   | 237,872           | 152,676          | 224,713           | 5.9%               | 55.8%                |
| <b>Total shareholders' equity</b>                      | <b>1,348,162</b>  | <b>1,228,053</b> | <b>1,187,137</b>  | <b>13.6%</b>       | <b>9.8%</b>          |
| <b>Return on average equity<br/>(ROAE)</b>             | <b>26.1%</b>      | <b>25.8%</b>     | <b>27.5%</b>      |                    |                      |

Shareholders' equity totaled Ch\$1,110,290 million (US\$2,635 million) as of September 30, 2007. The Bank's ROAE in 3Q 2007, reached 26.1% and 25.1% in 9M 2007. The Bank's BIS ratio as of September 30, 2007 was 12.5% with a Tier I ratio of 9.0%. The decline in Tier II QoQ was mainly due to the translation loss produced by the 3% appreciation of the peso in the quarter, which reduced the balance of the Bank's subordinated bonds denominated in US dollars.

| Capital Adequacy<br>(Ch\$ million) | Quarter ended     |                   |                   | Change %           |                      |
|------------------------------------|-------------------|-------------------|-------------------|--------------------|----------------------|
|                                    | Sept. 30,<br>2007 | June 30,<br>2007  | Sept. 30,<br>2006 | Sept.<br>2007/2006 | Sept. /<br>June 2007 |
| Tier I                             | 1,110,290         | 1,075,377         | 962,484           | 15.4%              | 3.2%                 |
| Tier II                            | 440,432           | 467,469           | 458,406           | (3.9%)             | (5.8%)               |
| Regulatory capital                 | 1,550,722         | 1,542,846         | 1,420,890         | 9.1%               | 0.5%                 |
| Risk weighted assets               | <b>12,364,773</b> | <b>11,851,230</b> | <b>11,068,534</b> | <b>11.7%</b>       | <b>4.3%</b>          |
| <b>Tier I ratio</b>                | <b>9.0%</b>       | <b>9.1%</b>       | <b>8.7%</b>       |                    |                      |
| <b>BIS ratio</b>                   | <b>12.5%</b>      | <b>13.0%</b>      | <b>12.8%</b>      |                    |                      |

**Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: rmorenoh@santander.cl

## **INSTITUTIONAL BACKGROUND**

As per latest public records published by the Superintendence of Banks for September 2007, Banco Santander Chile was the largest bank in Chile in terms of loans and deposits. The Bank has the highest credit ratings among all Latin American companies with an A rating from Standard and Poor's, A+ by Fitch and an A2 rating from Moody's, which are the same ratings assigned to the Republic of Chile. The stock is traded on the New York Stock Exchange (NYSE: SAN) and the Santiago Stock Exchange (SSE: Bsantander). The Bank's main shareholder is Santander, which controls 76.71% of Banco Santander Chile.

**Santander (SAN.MC, STD.N)** is the largest bank in the euro zone by market capitalization and seventh in the world by profit. Founded in 1857, Santander has EUR 885,603 million in assets and EUR 1,071,815 million in managed funds, 69 million customers, 11,092 branches and a presence in 40 countries. It is the largest financial group in Spain and Latin America, and is the sixth largest bank in the United Kingdom, through its Abbey subsidiary, and is the third largest banking group in Portugal. Through Santander Consumer Finance, it also operates a leading consumer finance business in 12 European countries (Germany, Italy and Spain, among others) and the United States. In the first half 2007, Santander registered €4,458 million in net attributable profits, an increase of 39% from the previous year.

In Latin America, Santander manages over US\$200 billion in business volumes (loans, deposits, mutual funds, pension funds and managed funds) through 4,481 offices. In the first half 2007, Santander reported \$1,807 million in net attributable income in Latin America, 28% higher than the prior year.

## **CONTACT INFORMATION**

Robert Moreno  
Manager

Investor Relations Department  
Banco Santander Chile  
Bandera 140 Piso 19,  
Santiago,  
Chile

Tel: (562) 320-8284

Fax: (562) 671-6554

**New Email:** [rmorenoh@santander.cl](mailto:rmorenoh@santander.cl)

Website: [www.santander.cl](http://www.santander.cl)

### **Investor Relations Department**

Bandera 140 19<sup>th</sup> Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,  
email: [rmorenoh@santander.cl](mailto:rmorenoh@santander.cl)



**BANCO SANTANDER - CHILE, AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**

(In millions of nominal Chilean pesos)

|  | 30-Sep<br>2007<br>US\$<br>thousands | 30-Sep<br>2007<br>Ch\$ millions | 30-Jun<br>2007<br>Ch\$ millions | 30-Sep<br>2006<br>Ch\$ millions | %<br>Change<br>Sept. 2007<br>/ 2006 | %<br>Change<br>Sept. /<br>June 2007 |
|--|-------------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------------------------|-------------------------------------|
| <b>ASSETS</b>  |                                     |                                 |                                 |                                 |                                     |                                     |
| <b>Cash and due from banks</b>                       |                                     |                                 |                                 |                                 |                                     |                                     |
| Noninterest bearing                                  | 1,265,217                           | 647,437                         | 740,303                         | 716,085                         | (9.6%)                              | (12.5%)                             |
| Interbank deposits-interest bearing                  | 440,565                             | 225,446                         | 291,332                         | 307,289                         | (26.6%)                             | (22.6%)                             |
| Total cash and due from banks                        | 1,705,782                           | 872,883                         | 1,031,635                       | 1,023,373                       | (14.7%)                             | (15.4%)                             |
| <b>Financial investments</b>                         |                                     |                                 |                                 |                                 |                                     |                                     |
| Trading  | 1,576,600                           | 806,778                         | 669,060                         | 671,975                         | 20.1%                               | 20.6%                               |
| Available for sale                                   | 1,577,996                           | 807,492                         | 673,992                         | 602,872                         | 33.9%                               | 19.8%                               |
| Held to maturity                                     | 0                                   | 0                               | 0                               | 0                               | --%                                 | --%                                 |
| Investment collateral under agreements to repurchase | 76,589                              | 39,192                          | 31,112                          | 14,422                          | 171.7%                              | 26.0%                               |
| Total financial investments                          | 3,231,185                           | 1,653,462                       | 1,374,164                       | 1,289,269                       | 28.2%                               | 20.3%                               |
| <b>Loans, net</b>                                    |                                     |                                 |                                 |                                 |                                     |                                     |
| Commercial loans                                     | 8,467,756                           | 4,333,120                       | 4,221,007                       | 4,082,361                       | 6.1%                                | 2.7%                                |
| Consumer loans                                       | 3,800,084                           | 1,944,579                       | 1,889,268                       | 1,692,432                       | 14.9%                               | 2.9%                                |
| Mortgage loans (Financed with mortgage bonds)        | 797,495                             | 408,094                         | 429,819                         | 525,963                         | (22.4%)                             | (5.1%)                              |
| Foreign trade loans                                  | 1,667,863                           | 853,479                         | 663,313                         | 656,171                         | 30.1%                               | 28.7%                               |
| Interbank loans                                      | 355,763                             | 182,051                         | 350,393                         | 134,609                         | 35.2%                               | (48.0%)                             |
| Leasing  | 1,634,230                           | 836,268                         | 810,598                         | 754,572                         | 10.8%                               | 3.2%                                |
| Other outstanding loans                              | 6,125,311                           | 3,134,444                       | 2,955,955                       | 2,519,305                       | 24.4%                               | 6.0%                                |
| Past due loans                                       | 219,124                             | 112,130                         | 105,668                         | 88,863                          | 26.2%                               | 6.1%                                |
| Contingent loans                                     | 1,946,682                           | 996,156                         | 1,115,134                       | 963,463                         | 3.4%                                | (10.7%)                             |
| Reserves   | (432,014)                           | (221,070)                       | (211,113)                       | (160,879)                       | 37.4%                               | 4.7%                                |
| Total loans, net                                     | 24,582,294                          | 12,579,251                      | 12,330,042                      | 11,256,859                      | 11.7%                               | 2.0%                                |
| Derivatives  | 1,143,201                           | 584,999                         | 419,417                         | 305,641                         | 91.4%                               | 39.5%                               |
| <b>Other assets</b>                                  |                                     |                                 |                                 |                                 |                                     |                                     |
|  | 467,148                             | 239,049                         | 226,927                         | 222,441                         | 7.5%                                | 5.3%                                |

Edgar Filing: BANCO SANTANDER CHILE - Form 6-K

|                                |                   |                   |                   |                   |              |             |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|--------------|-------------|
| Bank premises and equipment    |                   |                   |                   |                   |              |             |
| Foreclosed assets              | 26,708            | 13,667            | 11,222            | 14,373            | (4.9%)       | 21.8%       |
| Investments in other companies | 96,029            | 49,140            | 5,707             | 6,941             | 607.9%       | 761.0%      |
| Assets to be leased            | 11,426            | 5,847             | 40,271            | 23,619            | (75.2%)      | (85.5%)     |
| Other                          | 1,479,841         | 757,264           | 773,696           | 483,377           | 56.7%        | (2.1%)      |
| Total other assets             | 2,081,152         | 1,064,967         | 1,057,823         | 750,751           | 41.9%        | 0.7%        |
| <b>TOTAL ASSETS</b>            | <b>32,743,614</b> | <b>16,755,562</b> | <b>16,213,081</b> | <b>14,625,894</b> | <b>14.6%</b> | <b>3.3%</b> |

---

**BANCO SANTANDER - CHILE, AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**

(In millions of nominal Chilean pesos)

|   | 30-Sep     | 30-Sep        | 30-Jun        | 30-Sep        | %          | %         |
|---|------------|---------------|---------------|---------------|------------|-----------|
|   | 2007       | 2007          | 2007          | 2006          | Change     | Change    |
|   | US\$       | Ch\$ millions | Ch\$ millions | Ch\$ millions | Sept. 2007 | Sept. /   |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>     | thousands  |               |               |               | / 2006     | June 2007 |
| <b>Deposits</b>                                 |            |               |               |               |            |           |
| Current accounts                                | 3,356,597  | 1,717,638     | 1,721,326     | 1,487,518     | 15.5%      | (0.2%)    |
| Bankers drafts and other deposits               | 1,833,833  | 938,409       | 927,933       | 787,028       | 19.2%      | 1.1%      |
| Total non-interest bearing deposits             | 5,190,430  | 2,656,047     | 2,649,259     | 2,274,546     | 16.8%      | 0.3%      |
| Savings accounts and time deposits              | 14,212,974 | 7,273,063     | 7,343,069     | 6,816,812     | 6.7%       | (1.0%)    |
| Total deposits                                  | 19,403,404 | 9,929,110     | 9,992,328     | 9,091,358     | 9.2%       | (0.6%)    |
| <b>Other interest bearing liabilities</b>       |            |               |               |               |            |           |
| Banco Central de Chile borrowings               |            |               |               |               |            |           |
| Credit lines for renegotiation of loans         | 8,112      | 4,151         | 4,307         | 5,487         | (24.3%)    | (3.6%)    |
| Other Banco Central borrowings                  | 525,866    | 269,096       | 102,145       | 184,147       | 46.1%      | 163.4%    |
| Total Banco Central borrowings                  | 533,978    | 273,247       | 106,452       | 189,634       | 44.1%      | 156.7%    |
| Investments sold under agreements to repurchase | 240,934    | 123,291       | 158,899       | 73,434        | 67.9%      | (22.4%)   |
| Mortgage finance bonds                          | 924,887    | 473,283       | 484,368       | 560,334       | (15.5%)    | (2.3%)    |
| Other borrowings                                |            |               |               |               |            |           |
| Bonds   | 1,916,081  | 980,497       | 747,098       | 559,165       | 75.4%      | 31.2%     |
| Subordinated bonds                              | 861,014    | 440,598       | 477,041       | 490,974       | (10.3%)    | (7.6%)    |
| Borrowings from domestic financial institutions | 9,423      | 4,822         | 0             | 3,777         | --%        | --%       |
| Foreign borrowings                              | 2,313,302  | 1,183,763     | 1,164,200     | 924,776       | 28.0%      | 1.7%      |
| Other obligations                               | 232,295    | 118,870       | 52,409        | 43,235        | 174.9%     | 126.8%    |
| Total other borrowings                          | 5,332,115  | 2,728,550     | 2,440,748     | 2,021,926     | 34.9%      | 11.8%     |
|   | 7,031,914  | 3,598,371     | 3,190,467     | 2,845,328     | 26.5%      | 12.8%     |

|   |            |            |            |            |         |         |
|---|------------|------------|------------|------------|---------|---------|
| <b>Total other interest bearing liabilities</b>   |            |            |            |            |         |         |
| Derivatives                                       | 1,111,117  | 568,581    | 365,167    | 307,621    | 84.8%   | 55.7%   |
| <b>Other liabilities</b>                          |            |            |            |            |         |         |
| Contingent liabilities                            | 1,948,837  | 997,259    | 1,116,959  | 964,924    | 3.4%    | (10.7%) |
| Other   | 576,031    | 294,766    | 302,219    | 228,038    | 29.3%   | (2.5%)  |
| Minority interest                                 | 37,741     | 19,313     | 17,888     | 1,489      | 1196.7% | 8.0%    |
| Total other liabilities                           | 2,562,609  | 1,311,338  | 1,437,066  | 1,194,451  | 9.8%    | (8.7%)  |
| <b>Shareholders' equity</b>                       |            |            |            |            |         |         |
| Capital and reserves                              | 2,169,722  | 1,110,290  | 1,075,377  | 962,424    | 15.4%   | 3.2%    |
| Income for the year                               | 464,848    | 237,872    | 152,676    | 224,713    | 5.9%    | 55.8%   |
| Total shareholders' equity                        | 2,634,570  | 1,348,162  | 1,228,053  | 1,187,137  | 13.6%   | 9.8%    |
| <b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b> |            |            |            |            |         |         |
|   | 32,743,614 | 16,755,562 | 16,213,081 | 14,625,894 | 14.6%   | 3.3%    |

**BANCO SANTANDER CHILE**  
**QUARTERLY INCOME STATEMENTS**

Million of nominal Chilean pesos

|   | IIIQ 2007<br>US\$<br>thousands | IIIQ 2007<br>Ch\$ millions | IIQ 2007<br>Ch\$ millions | IIIQ 2006<br>Ch\$ millions | % Change<br>IIIQ<br>2007/2006 | % Change<br>IIIQ / IIQ<br>2007 |
|---|--------------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|--------------------------------|
| <b>Interest income and expense</b>                    |                                |                            |                           |                            |                               |                                |
| Interest income                                       | 985,549                        | 504,325                    | 380,183                   | 356,538                    | 41.5%                         | 32.7%                          |
| Interest expense                                      | (511,158)                      | (261,570)                  | (188,020)                 | (180,320)                  | 45.1%                         | 39.1%                          |
| Net interest income                                   | 474,390                        | 242,755                    | 192,163                   | 176,217                    | 37.8%                         | 26.3%                          |
| <b>Provision for loan losses</b>                      | (89,912)                       | (46,010)                   | (45,214)                  | (36,277)                   | 26.8%                         | 1.8%                           |
| <b>Fees and income from services</b>                  |                                |                            |                           |                            |                               |                                |
| Fees and other services income                        | 118,924                        | 60,856                     | 57,641                    | 50,458                     | 20.6%                         | 5.6%                           |
| Other services expense                                | (21,680)                       | (11,094)                   | (10,534)                  | (8,211)                    | 35.1%                         | 5.3%                           |
| Total fee income                                      | 97,245                         | 49,762                     | 47,107                    | 42,247                     | 17.8%                         | 5.6%                           |
| <b>Net results from financial transactions</b>        |                                |                            |                           |                            |                               |                                |
| Net gain (loss) from trading and mark-to-market       | (125,246)                      | (64,091)                   | (628)                     | (5,056)                    | 1167.6%                       | 10105.6%                       |
| Foreign exchange transactions, net                    | 82,359                         | 42,145                     | 5,167                     | 5,499                      | 666.4%                        | 715.7%                         |
| Net results from financial transactions               | (42,887)                       | (21,946)                   | 4,539                     | 443                        | --%                           | --%                            |
| <b>Other operating income, net</b>                    |                                |                            |                           |                            |                               |                                |
| Other operating income, net                           | (23,384)                       | (11,966)                   | (11,298)                  | (8,188)                    | 46.1%                         | 5.9%                           |
| <b>Operating expenses</b>                             |                                |                            |                           |                            |                               |                                |
| Personnel salaries and expenses                       | (89,563)                       | (45,831)                   | (42,879)                  | (38,468)                   | 19.1%                         | 6.9%                           |
| Administrative and other expenses                     | (61,817)                       | (31,633)                   | (30,354)                  | (27,563)                   | 14.8%                         | 4.2%                           |
| Depreciation and amortization                         | (23,740)                       | (12,148)                   | (10,585)                  | (9,650)                    | 25.9%                         | 14.8%                          |
| Total operating expenses                              | (175,119)                      | (89,612)                   | (83,818)                  | (75,680)                   | 18.4%                         | 6.9%                           |
| <b>Other income and expenses</b>                      |                                |                            |                           |                            |                               |                                |
| Nonoperating income, net                              | 4,899                          | 2,507                      | 5,613                     | 6,269                      | (60.0%)                       | (55.3%)                        |
| Income attributable to investments in other companies | (1,241)                        | (635)                      | (728)                     | 219                        | --%                           | (12.8%)                        |
| Losses attributable to minority interest              | (1,739)                        | (890)                      | (282)                     | (28)                       | 3078.6%                       | 215.6%                         |
| Total other income and expenses, net                  | 1,919                          | 982                        | 4,603                     | 6,460                      | (84.8%)                       | (78.7%)                        |

|   |          |          |          |          |        |       |
|---|----------|----------|----------|----------|--------|-------|
| <b>Gain (loss) from price-level restatement</b> | (46,709) | (23,902) | (13,633) | (8,796)  | 171.7% | 75.3% |
| <b>Income before income taxes</b>               | 195,542  | 100,063  | 94,449   | 96,427   | 3.8%   | 5.9%  |
| <b>Income taxes</b>                             | (29,053) | (14,867) | (13,962) | (16,493) | (9.9%) | 6.5%  |
| <b>Net income</b>                               | 166,489  | 85,196   | 80,487   | 79,934   | 6.6%   | 5.9%  |

---

**BANCO SANTANDER CHILE**  
**NINE MONTH INCOME STATEMENT**

Million of nominal Chilean pesos

|   | 9M 2007<br>US\$ thousands | 9M 2007<br>Ch\$ millions | 9M 2006<br>Ch\$ millions | % Change<br>2007/2006 |
|---|---------------------------|--------------------------|--------------------------|-----------------------|
| <b>Interest income and expense</b>                    |                           |                          |                          |                       |
| Interest income                                       | 2,291,927                 | 1,172,825                | 915,323                  | 28.1%                 |
| Interest expense                                      | (1,137,369)               | (582,015)                | (439,967)                | 32.3%                 |
| Net interest income                                   | 1,154,557                 | 590,810                  | 475,356                  | 24.3%                 |
| <b>Provision for loan losses</b>                      | (249,266)                 | (127,555)                | (83,508)                 | 52.7%                 |
| <b>Fees and income from services</b>                  |                           |                          |                          |                       |
| Fees and other services income                        | 339,770                   | 173,867                  | 146,416                  | 18.7%                 |
| Other services expense                                | (62,316)                  | (31,889)                 | (26,072)                 | 22.3%                 |
| Total fee income                                      | 277,454                   | 141,979                  | 120,344                  | 18.0%                 |
| <b>Net results from financial transactions</b>        |                           |                          |                          |                       |
| Net gain (loss) from trading and mark-to-market       | (96,199)                  | (49,227)                 | 77,543                   | (163.5%)              |
| Foreign exchange transactions, net                    | 82,174                    | 42,050                   | (44,248)                 | (195.0%)              |
| Net result from financial transactions                | (14,024)                  | (7,177)                  | 33,295                   | --%                   |
| <b>Other operating income, net</b>                    |                           |                          |                          |                       |
| Other operating income, net                           | (66,054)                  | (33,801)                 | (25,091)                 | 34.7%                 |
| <b>Operating expenses</b>                             |                           |                          |                          |                       |
| Personnel salaries and expenses                       | (246,959)                 | (126,374)                | (111,605)                | 13.2%                 |
| Administrative and other expenses                     | (177,032)                 | (90,591)                 | (81,005)                 | 11.8%                 |
| Depreciation and amortization                         | (63,639)                  | (32,566)                 | (28,614)                 | 13.8%                 |
| Total operating expenses                              | (487,630)                 | (249,530)                | (221,224)                | 12.8%                 |
| <b>Other income and expenses</b>                      |                           |                          |                          |                       |
| Nonoperating income, net                              | 17,919                    | 9,170                    | (13,268)                 | (169.1%)              |
| Income attributable to investments in other companies | (2,401)                   | (1,229)                  | 868                      | (241.6%)              |
| Losses attributable to minority interest              | (3,344)                   | (1,711)                  | (112)                    | 1427.9%               |
| Total other income and expenses                       | 12,174                    | 6,230                    | (12,512)                 | (149.8%)              |
| <b>Gain (loss) from price-level restatement</b>       |                           |                          |                          |                       |
|   | (77,550)                  | (39,684)                 | (16,263)                 | 144.0%                |
| <b>Income before income taxes</b>                     | 549,660                   | 281,272                  | 270,397                  | 4.0%                  |
| <b>Income taxes</b>                                   | (84,812)                  | (43,400)                 | (45,684)                 | (5.0%)                |
| <b>Net income</b>                                     | 464,848                   | 237,872                  | 224,713                  | 5.9%                  |

**BANCO SANTANDER CHILE AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS -2006-2007**  
Ch\$ million nominal pesos

|  | 2006              |                   |                   |                   |                   | 2007              |                   |      |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------|
|  | 1Q06              | 2Q06              | 3Q06              | 4Q06              | 1Q07              | 2Q07              | 3Q07              | 4Q07 |
|  | Reclassified      |                   |                   |                   |                   |                   |                   |      |
| <b>ASSETS</b>                                    |                   |                   |                   |                   |                   |                   |                   |      |
| <b>CASH AND DUE FROM BANKS</b>                   |                   |                   |                   |                   |                   |                   |                   |      |
| Noninterest bearing                              | 346,360           | 855,315           | 716,085           | 947,741           | 410,617           | 740,303           | 647,437           |      |
| Interbank deposit-interest bearing               | 969,594           | 731,049           | 307,289           | 144,666           | 605,586           | 291,332           | 225,446           |      |
| <b>Total cash and due from banks</b>             | <b>1,315,954</b>  | <b>1,586,364</b>  | <b>1,023,373</b>  | <b>1,092,407</b>  | <b>1,016,203</b>  | <b>1,031,635</b>  | <b>872,883</b>    |      |
| <b>FINANCIAL INVESTMENTS</b>                     |                   |                   |                   |                   |                   |                   |                   |      |
| Trading  | 844,288           | 839,973           | 671,975           | 639,461           | 790,234           | 669,060           | 806,778           |      |
| Available for sale                               | 561,962           | 543,136           | 602,872           | 345,108           | 360,745           | 673,992           | 807,492           |      |
| Held to maturity                                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |      |
| Investments purchased under agreements to resell | 33,036            | 181,925           | 14,422            | 30,807            | 46,692            | 31,112            | 39,192            |      |
| <b>Total financial investments</b>               | <b>1,439,286</b>  | <b>1,565,034</b>  | <b>1,289,269</b>  | <b>1,015,376</b>  | <b>1,197,671</b>  | <b>1,374,164</b>  | <b>1,653,462</b>  |      |
| <b>LOANS, NET</b>                                |                   |                   |                   |                   |                   |                   |                   |      |
| Commercial loans                                 | 3,958,263         | 4,006,219         | 4,082,361         | 4,048,221         | 4,172,835         | 4,221,007         | 4,333,120         |      |
| Consumer loans                                   | 1,480,355         | 1,590,374         | 1,692,432         | 1,800,507         | 1,869,318         | 1,889,268         | 1,944,579         |      |
| Mortgage loans (Financed with mortgage bonds)    | 585,309           | 555,077           | 525,963           | 485,849           | 456,482           | 429,819           | 408,094           |      |
| Foreign trade loans                              | 589,509           | 671,886           | 656,171           | 741,776           | 869,615           | 663,313           | 853,479           |      |
| Interbank loans                                  | 195,798           | 146,725           | 134,609           | 151,491           | 168,554           | 350,393           | 182,051           |      |
| Leasing  | 694,733           | 720,424           | 754,572           | 764,408           | 787,287           | 810,598           | 836,268           |      |
| Other outstanding loans                          | 2,199,034         | 2,343,218         | 2,519,305         | 2,681,461         | 2,775,762         | 2,955,955         | 3,134,444         |      |
| Past due loans                                   | 100,382           | 88,559            | 88,863            | 92,559            | 97,937            | 105,668           | 112,130           |      |
| Contingent loans                                 | 933,590           | 1,030,589         | 963,463           | 1,022,687         | 1,010,376         | 1,115,134         | 996,156           |      |
| Reserve for loan losses                          | (149,112)         | (147,582)         | (160,879)         | (174,064)         | (200,021)         | (211,113)         | (221,070)         |      |
| <b>Total loans, net</b>                          | <b>10,587,861</b> | <b>11,005,488</b> | <b>11,256,859</b> | <b>11,614,895</b> | <b>12,008,146</b> | <b>12,330,042</b> | <b>12,579,251</b> |      |
| <b>DERIVATIVES</b>                               | 305,712           | 325,163           | 305,641           | 372,688           | 377,628           | 419,417           | 584,999           |      |



**OTHER ASSETS**

|                                |                   |                   |                   |                   |                   |                   |                   |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Bank premises and equipment    | 219,510           | 221,255           | 222,441           | 231,360           | 222,228           | 226,927           | 239,049           |
| Foreclosed assets              | 13,815            | 12,778            | 14,373            | 15,775            | 12,641            | 11,222            | 13,667            |
| Investments in other companies | 6,600             | 6,642             | 6,941             | 6,654             | 7,026             | 5,707             | 49,140            |
| Assets to be leased            | 24,263            | 20,754            | 23,619            | 30,293            | 27,572            | 40,271            | 5,847             |
| Other                          | 557,395           | 463,448           | 483,377           | 463,991           | 664,310           | 773,696           | 757,264           |
| <b>Total other assets</b>      | <b>821,582</b>    | <b>724,877</b>    | <b>750,751</b>    | <b>748,072</b>    | <b>933,777</b>    | <b>1,057,823</b>  | <b>1,064,967</b>  |
| <b>TOTAL ASSETS</b>            | <b>14,470,395</b> | <b>15,206,926</b> | <b>14,625,894</b> | <b>14,843,439</b> | <b>15,533,424</b> | <b>16,213,081</b> | <b>16,755,562</b> |

---

**BANCO SANTANDER CHILE AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS -2006-2007**

Ch\$ million nominal pesos

|   | 1Q06             | 2Q06             | 2006<br>3Q06     | 4Q06             | 1Q07             | 2007<br>2Q07     | 3Q07             | 4Q07 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------|
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>     |                  |                  |                  |                  |                  |                  |                  |      |
| <b>DEPOSITS</b>                                 |                  |                  |                  |                  |                  |                  |                  |      |
| Noninterest bearing                             |                  |                  |                  |                  |                  |                  |                  |      |
| Current accounts                                | 1,481,426        | 1,572,712        | 1,487,518        | 1,663,414        | 1,676,370        | 1,721,326        | 1,717,638        |      |
| Bankers' drafts and other deposits              | 736,502          | 794,842          | 787,028          | 819,583          | 867,199          | 927,933          | 938,409          |      |
|   | <b>2,217,928</b> | <b>2,367,553</b> | <b>2,274,546</b> | <b>2,482,997</b> | <b>2,543,569</b> | <b>2,649,259</b> | <b>2,656,047</b> |      |
| Savings accounts and time deposits              | 6,264,072        | 6,645,164        | 6,816,812        | 6,909,335        | 7,280,989        | 7,343,069        | 7,273,063        |      |
| Total deposits                                  | <b>8,482,000</b> | <b>9,012,717</b> | <b>9,091,358</b> | <b>9,392,332</b> | <b>9,824,557</b> | <b>9,992,328</b> | <b>9,929,110</b> |      |
| <b>OTHER INTEREST BEARING LIABILITIES</b>       |                  |                  |                  |                  |                  |                  |                  |      |
| Chilean Central Bank borrowings                 |                  |                  |                  |                  |                  |                  |                  |      |
| Credit lines for renegotiations of loans        | 6,120            | 5,752            | 5,487            | 5,080            | 4,605            | 4,307            | 4,151            |      |
| Other Central Bank borrowings                   | 124,311          | 166,067          | 184,147          | 134,417          | 237,241          | 102,145          | 269,096          |      |
| Total Central Bank borrowings                   | <b>130,431</b>   | <b>171,819</b>   | <b>189,634</b>   | <b>139,497</b>   | <b>241,846</b>   | <b>106,452</b>   | <b>273,247</b>   |      |
| Investments sold under agreements to repurchase | 96,447           | 149,641          | 73,434           | 19,929           | 167,280          | 158,899          | 123,291          |      |
| Mortgage finance bonds                          | 621,469          | 592,837          | 560,334          | 530,206          | 509,697          | 484,368          | 473,283          |      |
| <b>Other borrowings</b>                         |                  |                  |                  |                  |                  |                  |                  |      |
| Bonds   | 448,214          | 562,778          | 559,165          | 565,653          | 562,285          | 747,098          | 980,497          |      |
| Subordinated bonds                              | 390,756          | 390,984          | 490,974          | 490,416          | 491,133          | 477,041          | 440,598          |      |
| Borrowings from domestic financial institutions | 0                | 3,590            | 3,777            | 0                | 0                | 0                | 4,822            |      |
| Foreign borrowings                              | 1,547,899        | 1,637,251        | 924,776          | 812,267          | 615,930          | 1,164,200        | 1,183,763        |      |
| Other obligations                               | 47,421           | 53,338           | 43,235           | 64,193           | 70,047           | 52,409           | 118,870          |      |

|   |            |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|------------|
| Total other borrowings                            | 2,434,290  | 2,647,940  | 2,021,926  | 1,932,529  | 1,739,394  | 2,440,748  | 2,728,550  |
| Total other interest bearing liabilities          | 3,282,637  | 3,562,237  | 2,845,328  | 2,622,161  | 2,658,217  | 3,190,467  | 3,598,371  |
| <b>DERIVATIVES</b>                                | 277,760    | 289,098    | 307,621    | 355,922    | 375,290    | 365,167    | 568,581    |
| <b>OTHER LIABILITIES</b>                          |            |            |            |            |            |            |            |
| Contingent liabilities                            | 934,634    | 1,031,766  | 964,924    | 1,024,048  | 1,012,880  | 1,116,959  | 997,259    |
| Other   | 340,261    | 224,683    | 228,038    | 202,115    | 327,831    | 302,219    | 294,766    |
| Minority interest                                 | 1,518      | 1,442      | 1,489      | 1,522      | 17,464     | 17,888     | 19,313     |
| Total other liabilities                           | 1,276,413  | 1,257,890  | 1,194,451  | 1,227,685  | 1,358,175  | 1,437,066  | 1,311,338  |
| <b>SHAREHOLDERS' EQUITY</b>                       |            |            |            |            |            |            |            |
| Capital and reserves                              | 1,087,152  | 940,206    | 962,424    | 959,757    | 1,244,996  | 1,075,377  | 1,110,290  |
| Income for the period                             | 64,434     | 144,779    | 224,713    | 285,582    | 72,189     | 152,676    | 237,872    |
| Total shareholders' equity                        | 1,151,586  | 1,084,985  | 1,187,137  | 1,245,339  | 1,317,185  | 1,228,053  | 1,348,162  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> |            |            |            |            |            |            |            |
|   | 14,470,395 | 15,206,926 | 14,625,894 | 14,843,439 | 15,533,424 | 16,213,081 | 16,755,562 |

**BANCO SANTANDER CHILE AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS -2006-2007**

Ch\$ million nominal pesos

|  | 1Q06            | 2Q06            | 2006<br>3Q06    | 4Q06            | 1Q07            | 2007<br>2Q07    | 3Q07            | 4Q07 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------|
| <b>CONSOLIDADTE<br/>INCOME<br/>STATEMENT</b>           |                 |                 |                 |                 |                 |                 |                 |      |
|  | Reclassified    |                 |                 |                 |                 |                 |                 |      |
| <b>INTEREST<br/>REVENUE AND<br/>EXPENSE</b>            |                 |                 |                 |                 |                 |                 |                 |      |
| Interest revenue                                       | 217,595         | 341,190         | 356,538         | 253,529         | 288,317         | 380,183         | 504,325         |      |
| Interest expense                                       | (91,706)        | (167,941)       | (180,320)       | (116,630)       | (132,425)       | (188,020)       | (261,570)       |      |
| Net interest revenue                                   | <b>125,889</b>  | <b>173,249</b>  | <b>176,217</b>  | <b>136,899</b>  | <b>155,892</b>  | <b>192,163</b>  | <b>242,755</b>  |      |
| <b>PROVISIONS FOR<br/>LOAN LOSSES</b>                  | <b>(25,471)</b> | <b>(21,760)</b> | <b>(36,277)</b> | <b>(39,514)</b> | <b>(36,331)</b> | <b>(45,214)</b> | <b>(46,010)</b> |      |
| <b>FEES AND INCOME<br/>FROM SERVICES</b>               |                 |                 |                 |                 |                 |                 |                 |      |
| Fees and other services<br>income                      | 46,540          | 49,418          | 50,458          | 51,910          | 55,370          | 57,641          | 60,856          |      |
| Other services expenses                                | (8,210)         | (9,651)         | (8,211)         | (9,705)         | (10,261)        | (10,534)        | (11,094)        |      |
| Total fees and income<br>from services, net.           | <b>38,330</b>   | <b>39,767</b>   | <b>42,247</b>   | <b>42,205</b>   | <b>45,109</b>   | <b>47,107</b>   | <b>49,762</b>   |      |
| <b>NET RESULTS<br/>FROM FINANCIAL<br/>TRANSACTIONS</b> |                 |                 |                 |                 |                 |                 |                 |      |
| Net gains from trading<br>and brokerage activities     | 43,308          | 39,291          | (5,056)         | 22,772          | 15,492          | (628)           | (64,091)        |      |
| Foreign exchange<br>transactions, net                  | (19,997)        | (29,750)        | 5,499           | (4,460)         | (5,262)         | 5,167           | 42,145          |      |
| Net results from<br>financial transactions             | <b>23,311</b>   | <b>9,541</b>    | <b>443</b>      | <b>18,312</b>   | <b>10,230</b>   | <b>4,539</b>    | <b>(21,946)</b> |      |
| <b>OTHER<br/>OPERATING<br/>INCOME</b>                  |                 |                 |                 |                 |                 |                 |                 |      |
| Other operating income<br>(loss), net                  | <b>(7,770)</b>  | <b>(9,133)</b>  | <b>(8,188)</b>  | <b>(7,869)</b>  | <b>(10,537)</b> | <b>(11,298)</b> | <b>(11,966)</b> |      |
| <b>OPERATING<br/>EXPENSES</b>                          |                 |                 |                 |                 |                 |                 |                 |      |
| Personnel salaries and<br>expenses                     | (34,005)        | (39,132)        | (38,468)        | (48,118)        | (37,664)        | (42,879)        | (45,831)        |      |
| Administrative and<br>other expenses                   | (25,836)        | (27,607)        | (27,563)        | (29,943)        | (28,604)        | (30,354)        | (31,633)        |      |
| Depreciation and<br>amortization                       | (9,076)         | (9,888)         | (9,650)         | (10,000)        | (9,833)         | (10,585)        | (12,148)        |      |
| Total operating<br>expenses                            | <b>(68,917)</b> | <b>(76,626)</b> | <b>(75,680)</b> | <b>(88,061)</b> | <b>(76,101)</b> | <b>(83,818)</b> | <b>(89,612)</b> |      |

**OTHER INCOME  
AND EXPENSES**

|   |                 |                |               |               |               |               |                |
|---|-----------------|----------------|---------------|---------------|---------------|---------------|----------------|
| Non-operating income (loss), net                      | (11,017)        | (8,522)        | 6,269         | 9,055         | 1,051         | 5,613         | 2,507          |
| Income attributable to investments in other companies | 240             | 409            | 219           | (82)          | 134           | (728)         | (635)          |
| Losses attributable to Minority interest              | (65)            | (20)           | (28)          | (41)          | (540)         | (282)         | (890)          |
| Total other income and expenses                       | <b>(10,842)</b> | <b>(8,132)</b> | <b>6,460</b>  | <b>8,932</b>  | <b>645</b>    | <b>4,603</b>  | <b>982</b>     |
| <b>LOSS FROM PRICE-LEVEL RESTATEMENT</b>              | 2,781           | (10,247)       | (8,796)       | 2,480         | (2,149)       | (13,633)      | (23,902)       |
| <b>INCOME BEFORE INCOME TAXES</b>                     | <b>77,311</b>   | <b>96,658</b>  | <b>96,427</b> | <b>73,384</b> | <b>86,758</b> | <b>94,449</b> | <b>100,063</b> |
| Income taxes  | (12,877)        | (16,314)       | (16,493)      | (12,516)      | (14,569)      | (13,962)      | (14,867)       |
| <b>NET INCOME</b>                                     | <b>64,434</b>   | <b>80,345</b>  | <b>79,934</b> | <b>60,868</b> | <b>72,189</b> | <b>80,487</b> | <b>85,196</b>  |

**BANCO SANTANDER CHILE AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS -2006-2007**  
Ch\$ million nominal pesos

|                                       | 1Q06           | 2006           |                |                |                | 2007           |                |          |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------|
|                                       | Reclassified   | 2Q06           | 3Q06           | 4Q06           | 1Q07           | 2Q07           | 3Q07           | 4Q07     |
| <b>Appendix</b>                       |                |                |                |                |                |                |                |          |
| Net interest income                   | 125,889        | 173,249        | 176,217        | 136,899        | 155,892        | 192,163        | 242,755        | 0        |
| Inflation hedge                       | 1,527          | (7,488)        | (9,968)        | 3,030          | (1,445)        | (10,380)       | (19,620)       | 0        |
| Adjusted net interest income          | 127,416        | 165,761        | 166,249        | 139,929        | 154,447        | 181,783        | 223,135        |          |
| Fee income                            | 38,330         | 39,767         | 42,247         | 42,205         | 45,109         | 47,107         | 49,762         | 0        |
| <b>Core revenues</b>                  | <b>165,746</b> | <b>205,528</b> | <b>208,496</b> | <b>182,134</b> | <b>199,556</b> | <b>228,890</b> | <b>272,897</b> | <b>0</b> |
| Gross operating income                | 154,289        | 191,664        | 174,443        | 150,033        | 164,363        | 187,297        | 212,595        | 0        |
| <b>Net operating income</b>           | <b>85,373</b>  | <b>115,038</b> | <b>98,763</b>  | <b>61,972</b>  | <b>88,262</b>  | <b>103,479</b> | <b>122,983</b> | <b>0</b> |
| Net income per share (Ch\$)           | 0.34           | 0.43           | 0.42           | 0.32           | 0.38           | 0.43           | 0.45           |          |
| Net income per ADR (US\$)             | 0.67           | 0.81           | 0.82           | 0.63           | 0.74           | 0.84           | 0.92           |          |
| <b>Profitability &amp; Efficiency</b> |                |                |                |                |                |                |                |          |
| Net interest margin                   | 3.9%           | 5.0%           | 5.0%           | 4.0%           | 4.4%           | 5.5%           | 6.8%           |          |
| Adjusted net interest margin          | 3.9%           | 4.8%           | 4.7%           | 4.1%           | 4.6%           | 5.2%           | 6.2%           |          |
| Efficiency ratio                      | 38.3%          | 35.9%          | 35.9%          | 46.5%          | 37.9%          | 36.0%          | 34.7%          |          |
| Return on average equity              | 22.8%          | 28.7%          | 27.5%          | 18.3%          | 22.4%          | 25.8%          | 26.1%          |          |
| <b>Asset Quality</b>                  |                |                |                |                |                |                |                |          |
| PDL / total loans                     | 0.93%          | 0.79%          | 0.78%          | 0.79%          | 0.80%          | 0.84%          | 0.88%          |          |
| Coverage ratio                        | 148.5%         | 166.6%         | 181.0%         | 188.1%         | 204.2%         | 199.8%         | 197.2%         |          |
| <b>Capitalization</b>                 |                |                |                |                |                |                |                |          |
| BIS ratio                             | 14.3%          | 12.2%          | 12.8%          | 12.6%          | 14.6%          | 13.0%          | 12.5%          |          |
| <b>Network</b>                        |                |                |                |                |                |                |                |          |
| Branches                              | 361            | 367            | 368            | 397            | 410            | 417            | 425            |          |
| ATMS                                  | 1,395          | 1,443          | 1,479          | 1,588          | 1,635          | 1,744          | 1,808          |          |
| Employees                             | 7,583          | 7,782          | 8,029          | 8,184          | 8,691          | 8,913          | 9,057          |          |
| <b>Market information</b>             |                |                |                |                |                |                |                |          |

Edgar Filing: BANCO SANTANDER CHILE - Form 6-K

**(period-end)**

|                                |           |           |           |           |           |           |           |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Stock price                    | 22.1      | 20.8      | 23.5      | 24.8      | 25.9      | 25.2      | 24.8      |
| ADR price                      | 43.6      | 40.3      | 45.3      | 48.2      | 49.9      | 49.5      | 50.6      |
| Market capitalization (US\$mn) | 7,908     | 7,317     | 8,207     | 8,735     | 9,045     | 8,985     | 9,172     |
| Shares outstanding             | 188,446.1 | 188,446.1 | 188,446.1 | 188,446.1 | 188,446.1 | 188,446.1 | 188,446.1 |
| ADRs (1 ADR = 1,039 shares)    | 181.4     | 181.4     | 181.4     | 181.4     | 181.4     | 181.4     | 181.4     |

**Other Data**

|                                      |        |        |        |        |        |        |        |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Quarterly inflation rate**           | -0.33% | 1.00%  | 1.38%  | -0.35% | 0.20%  | 1.00%  | 2.98%  |
| Exchange rate (Ch/US\$) (period-end) | 527.7  | 547.31 | 538.22 | 534.43 | 539.37 | 527.46 | 511.72 |

