

BANCO SANTANDER - CHILE, AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
(Adjusted for general price level changes and expressed in millions of constant
Ch\$ of June 30, 2004)

| | 30-Jun | 30-Jun | 31-Mar | 30-Jun | % Change | % Change |
|--|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| | 2004 | 2004 | 2004 | 2003 | June 2004 / 2003 | June / March 2004 |
| | US\$ thousands | Ch\$ millions | Ch\$ millions | Ch\$ millions | | |
| ASSETS | | | | | | |
| Cash and due from banks | | | | | | |
| Noninterest bearing | 921.818 | 586.820 | 864.393 | 957.509 | -38,7% | -32,1% |
| Interbank deposits-interest bearing | 130.154 | 82.855 | 180.993 | 135.542 | -38,9% | -54,2% |
| Total cash and due from banks | 1.051.972 | 669.675 | 1.045.386 | 1.093.051 | -38,7% | -35,9% |
| Financial investments | | | | | | |
| Government securities | 1.305.573 | 831.115 | 1.157.485 | 998.250 | -16,7% | -28,2% |
| Investments purchased under agreements to resell | 62.998 | 40.104 | 41.853 | 74.395 | -46,1% | -4,2% |
| Other financial investments | 718.577 | 457.439 | 410.994 | 270.511 | 69,1% | 11,3% |
| Investment collateral under agreements to repurchase | 629.017 | 400.426 | 493.690 | 655.830 | -38,9% | -18,9% |
| Total financial investments | 2.716.165 | 1.729.084 | 2.104.022 | 1.998.986 | -13,5% | -17,8% |
| Loans, net | | | | | | |
| Commercial loans | 4.457.071 | 2.837.327 | 2.761.352 | 2.697.101 | 5,2% | 2,8% |
| Consumer loans | 1.592.774 | 1.013.944 | 979.921 | 731.667 | 38,6% | 3,5% |
| Mortgage loans (Financed with mortgage bonds) | 2.047.184 | 1.303.217 | 1.436.039 | 1.621.575 | -19,6% | -9,2% |
| Foreign trade loans | 955.695 | 608.386 | 624.110 | 502.433 | 21,1% | -2,5% |
| Interbank loans | 126.662 | 80.632 | 50.661 | 122.766 | -34,3% | 59,2% |
| Leasing | 752.641 | 479.124 | 463.234 | 440.382 | 8,8% | 3,4% |
| Other outstanding loans | 1.343.483 | 855.248 | 640.347 | 952.519 | -10,2% | 33,6% |
| Past due loans | 228.698 | 145.587 | 152.904 | 185.408 | -21,5% | -4,8% |
| Contingent loans | 1.690.159 | 1.075.938 | 971.173 | 652.187 | 65,0% | 10,8% |
| Reserve for loan losses | (253.219) | (161.197) | (160.247) | (175.247) | -8,0% | 0,6% |
| Total loans, net | 12.941.148 | 8.238.206 | 7.919.494 | 7.730.791 | 6,6% | 4,0% |
| Other assets | | | | | | |
| Bank premises and equipment | 321.752 | 204.824 | 209.067 | 211.576 | -3,2% | -2,0% |
| Foreclosed assets | 57.693 | 36.727 | 37.114 | 40.299 | -8,9% | -1,0% |
| Investments in other companies | 6.708 | 4.270 | 4.615 | 4.819 | -11,4% | -7,5% |
| Assets to be leased | 19.033 | 12.116 | 20.059 | 14.096 | -14,0% | -39,6% |
| Other | 757.455 | 482.188 | 428.107 | 537.901 | -10,4% | 12,6% |
| Total other assets | 1.162.641 | 740.125 | 698.962 | 808.691 | -8,5% | 5,9% |
| TOTAL ASSETS | 17.871.927 | 11.377.090 | 11.767.864 | 11.631.519 | -2,2% | -3,3% |

| | 30-Jun 2004 | 30-Jun 2004 | 31-Mar 2004 | 30-Jun 2003 | % Change June 2004 / 2003 | % Change June / March 2004 |
|---|-------------------|-------------------|-------------------|-------------------|------------------------------|-------------------------------|
| | US\$ thousands | Ch\$ millions | Ch\$ millions | Ch\$ millions | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Deposits | | | | | | |
| Current accounts | 1.947.451 | 1.239.728 | 1.187.573 | 1.220.201 | 1,6% | 4,4% |
| Bankers drafts and other deposits | 1.575.443 | 1.002.911 | 1.146.350 | 1.011.078 | -0,8% | -12,5% |
| Total non-interest bearing deposits | 3.522.894 | 2.242.639 | 2.333.923 | 2.231.279 | 0,5% | -3,9% |
| Savings accounts and time deposits | 5.563.499 | 3.541.668 | 3.851.578 | 3.915.380 | -9,5% | -8,0% |
| Total deposits | 9.086.393 | 5.784.307 | 6.185.501 | 6.146.659 | -5,9% | -6,5% |
| Other interest bearing liabilities | | | | | | |
| Banco Central de Chile borrowings | | | | | | |
| Credit lines for renegotiation of loans | 16.854 | 10.729 | 11.623 | 14.099 | -23,9% | -7,7% |
| Other Banco Central borrowings | 13.852 | 8.818 | 9.685 | 30.380 | -71,0% | -9,0% |
| Total Banco Central borrowings | 30.706 | 19.547 | 21.308 | 44.479 | -56,1% | -8,3% |
| Investments sold under agreements to repurchase | 827.413 | 526.723 | 527.866 | 508.113 | 3,7% | -0,2% |
| Mortgage finance bonds | 1.920.842 | 1.222.789 | 1.215.199 | 1.609.319 | -24,0% | 0,6% |
| Other borrowings | | | | | | |
| Bonds | 215.603 | 137.251 | 243.127 | 323.701 | -57,6% | -43,5% |
| Subordinated bonds | 636.370 | 405.107 | 401.942 | 442.213 | -8,4% | 0,8% |
| Borrowings from domestic financial institutions | 130.458 | 83.048 | 72.500 | 89.631 | -7,3% | 14,5% |
| Foreign borrowings | 1.059.582 | 674.519 | 621.711 | 584.306 | 15,4% | 8,5% |
| Other obligations | 104.835 | 66.737 | 65.243 | 65.692 | 1,6% | 2,3% |
| Total other borrowings | 2.146.848 | 1.366.662 | 1.404.523 | 1.505.543 | -9,2% | -2,7% |
| Total other interest bearing liabilities | 4.925.809 | 3.135.721 | 3.168.896 | 3.667.454 | -14,5% | -1,0% |
| Other liabilities | | | | | | |
| Contingent liabilities | 1.690.044 | 1.075.865 | 970.754 | 651.374 | 65,2% | 10,8% |
| Other | 736.948 | 469.134 | 356.465 | 244.809 | 91,6% | 31,6% |
| Minority interest | 1.959 | 1.247 | 1.194 | 873 | 42,8% | 4,4% |
| Total other liabilities | 2.428.951 | 1.546.246 | 1.328.413 | 897.056 | 72,4% | 16,4% |
| Shareholders' equity | | | | | | |
| Capital and reserves | 1.287.284 | 819.472 | 1.033.102 | 828.339 | -1,1% | -20,7% |
| Income for the year | 143.490 | 91.344 | 51.952 | 92.011 | -0,7% | 75,8% |
| Total shareholders' equity | 1.430.774 | 910.816 | 1.085.054 | 920.350 | -1,0% | -16,1% |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | 17.871.927 | 11.377.090 | 11.767.864 | 11.631.519 | -2,2% | -3,3% |

**BANCO SANTANDER CHILE
YTD INCOME STATEMENTS**

Constant Chilean pesos of June 30, 2004

| | IH 2004 | IH 2004 | IH 2003 | % Change |
|---|-----------------|-----------------|-----------------|---------------|
| | US\$ thousands | Ch\$ millions | Ch\$ millions | IH 2004/2003 |
| Interest income and expense | | | | |
| Interest income | 641.714 | 408.509 | 407.012 | 0,4% |
| Interest expense | (249.570) | (158.874) | (198.150) | -19,8% |
| Net interest income | 392.144 | 249.635 | 208.862 | 19,5% |
| Provision for loan losses | (55.068) | (35.056) | (58.989) | -40,6% |
| Fees and income from services | | | | |
| Fees and other services income | 107.009 | 68.121 | 67.742 | 0,6% |
| Other services expense | (19.707) | (12.545) | (12.519) | 0,2% |
| Total fees and income from services, net. | 87.302 | 55.576 | 55.223 | 0,6% |
| Other operating income, net | | | | |
| Net gain (loss) from trading and brokerage. | 22.016 | 14.015 | 9.440 | 48,5% |
| Foreign exchange transactions, net. | (33.458) | (21.299) | 30.690 | -169,4% |
| Other, net. | (17.313) | (11.021) | (10.202) | 8,0% |
| Total other operating income, net | (28.755) | (18.305) | 29.928 | -161,2% |
| Other income and expenses | | | | |
| Recovery of loans previously written off | 0 | 0 | 14.512 | -100,0% |
| Nonoperating income, net | (12.914) | (8.221) | (2.735) | 200,6% |
| Income attributable to investments in other companies | 437 | 278 | 640 | -56,6% |
| Losses attributable to minority interest | (171) | (109) | (84) | 29,8% |
| Total other income and expenses | (12.648) | (8.052) | 12.333 | -165,3% |
| Operating expenses | | | | |
| Personnel salaries and expenses | (99.288) | (63.206) | (63.485) | -0,4% |
| Administrative and other expenses | (72.701) | (46.281) | (44.746) | 3,4% |
| Depreciation and amortization | (31.077) | (19.783) | (19.156) | 3,3% |
| Total operating expenses | (203.066) | (129.270) | (127.387) | 1,5% |
| Gain (loss) from price-level restatement | (6.274) | (3.994) | (8.372) | -52,3% |
| Income before income taxes | 173.635 | 110.534 | 111.598 | -1,0% |
| Income taxes | (30.145) | (19.190) | (19.587) | -2,0% |
| Net income | 143.490 | 91.344 | 92.011 | -0,7% |



BANCO SANTANDER CHILE
QUARTERLY INCOME STATEMENTS

Constant Chilean pesos of June 30, 2004

| | IIQ 2004 | IIQ 2004 | IQ 2004 | IIQ 2003 | % Change | % Change |
|---|----------------|---------------|---------------|---------------|---------------|---------------|
| | US\$ thousands | Ch\$ millions | Ch\$ millions | Ch\$ millions | IIQ 2004/2003 | IIQ / 1Q 2004 |
| Interest income and expense | | | | | | |
| Interest income | 361.253 | 229.970 | 180.891 | 187.377 | 22,7% | 27,1% |
| Interest expense | (158.515) | (100.909) | (58.729) | (107.885) | -6,5% | 71,8% |
| Net interest income | 202.738 | 129.061 | 122.162 | 79.492 | 62,4% | 5,6% |
| Provision for loan losses | (32.765) | (20.858) | (14.385) | (27.683) | -24,7% | 45,0% |
| Fees and income from services | | | | | | |
| Fees and other services income | 54.171 | 34.485 | 34.079 | 34.946 | -1,3% | 1,2% |
| Other services expense | (9.994) | (6.362) | (6.264) | (6.249) | 1,8% | 1,6% |
| Total fees and income from services, net | 44.177 | 28.123 | 27.815 | 28.697 | -2,0% | 1,1% |
| Other operating income, net | | | | | | |
| Net gain (loss) from trading and brokerage | (3.252) | (2.070) | 16.297 | 1.162 | -278,1% | -112,7% |
| Foreign exchange transactions, net | (9.717) | (6.186) | (15.312) | 48.617 | -112,7% | -59,6% |
| Other, net | (8.517) | (5.422) | (5.673) | (4.317) | 25,6% | -4,4% |
| Total other operating income, net | (21.486) | (13.678) | (4.688) | 45.462 | -130,1% | 191,8% |
| Other income and expenses | | | | | | |
| Recovery of loans previously written off | 0 | 0 | 0 | 7.649 | -100,0% | #DIV/0! |
| Nonoperating income, net | 123 | 78 | (8.408) | (3.105) | -102,5% | -100,9% |
| Income attributable to investments in other companies | 405 | 258 | 20 | 503 | -48,7% | 1190,0% |
| Losses attributable to minority interest | (93) | (59) | (51) | (36) | 63,9% | 15,7% |
| Total other income and expenses | 435 | 277 | (8.439) | 5.011 | -94,5% | -103,3% |
| Operating expenses | | | | | | |
| Personnel salaries and expenses | (51.355) | (32.692) | (30.916) | (32.343) | 1,1% | 5,7% |
| Administrative and other expenses | (38.235) | (24.340) | (22.230) | (21.136) | 15,2% | 9,5% |
| Depreciation and amortization | (16.150) | (10.281) | (9.627) | (9.689) | 6,1% | 6,8% |
| Total operating expenses | (105.740) | (67.313) | (62.773) | (63.168) | 6,6% | 7,2% |
| Gain (loss) from price-level restatement | (12.008) | (7.644) | 3.698 | (5.310) | 44,0% | -306,7% |
| Income before income taxes | 75.351 | 47.968 | 63.390 | 62.501 | -23,3% | -24,3% |
| Income taxes | (12.411) | (7.901) | (11.438) | (11.238) | -29,7% | -30,9% |
| Net income | 62.940 | 40.067 | 51.952 | 51.263 | -21,8% | -22,9% |

Financial Ratios

| | 1Q02 | 2Q02 | 3Q02 | 4Q02 | 1Q03 | 2Q03 | 3Q03 | 4Q03 | 1Q04 | 2Q04 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Profitability | | | | | | | | | | |
| Net interest margin* | 4,1% | 4,6% | 4,4% | 4,9% | 4,3% | 5,0% | 4,2% | 4,7% | 4,3% | 4,8% |
| Net fees / operating expenses | 35,9% | 34,2% | 35,9% | 34,9% | 41,3% | 45,4% | 49,6% | 42,3% | 43,2% | 43,0% |
| ROE | 24,6% | 33,1% | 16,8% | 0,0% | 17,0% | 23,6% | 24,3% | 32,2% | 20,1% | 18,5% |
| Capital ratio | | | | | | | | | | |
| BIS | 12,9% | 12,8% | 13,9% | 14,3% | 16,6% | 15,0% | 15,3% | 14,6% | 16,7% | 13,6% |
| Earnings per Share | | | | | | | | | | |
| Net income (nominal Ch\$m) | 58.498 | 64.839 | 33.375 | 37.803 | 40.497 | 50.948 | 49.678 | 65.852 | 51.277 | 40.067 |
| Net income per share (Nominal Ch\$) | 0,31 | 0,34 | 0,18 | 0,20 | 0,21 | 0,27 | 0,26 | 0,35 | 0,27 | 0,21 |
| Net income per ADS (US\$) | 0,49 | 0,51 | 0,25 | 0,0 | 0,31 | 0,40 | 0,41 | 0,61 | 0,45 | 0,35 |
| Shares outstanding in million | 188.446,1 | 188.446,1 | 188.446,1 | 188.446,1 | 188.446,1 | 188.446,1 | 188.446,1 | 188.446,1 | 188.446,1 | 188.446,1 |
| Credit Quality | | | | | | | | | | |
| Past due loans/total loans | 1,40% | 1,35% | 1,74% | 2,12% | 2,30% | 2,35% | 2,38% | 2,23% | 1,98% | 1,73% |
| Reserves for loan losses/past due loans | 139,6% | 129,9% | 108,6% | 100,5% | 93,3% | 94,5% | 94,3% | 99,1% | 104,8% | 110,7% |
| Efficiency | | | | | | | | | | |
| Operating expenses/operating income | 44,7% | 43,7% | 52,9% | 48,2% | 45,8% | 41,1% | 45,1% | 42,4% | 43,2% | 46,9% |
| Market information (period-end) | | | | | | | | | | |
| Stock price | 12,8 | 11,6 | 12,8 | 12,8 | 12,9 | 13,7 | 14,7 | 13,6 | 15,9 | 16,2 |
| ADR price | 20,10 | 17,35 | 17,7 | 18,63 | 18,33 | 20,41 | 23 | 23,8 | 26,9 | 26,7 |
| Market capitalization (US\$m) | 3.646 | 3.147 | 3.210 | 3.379 | 3.325 | 3.702 | 4.172 | 4.313 | 4.879 | 4.843 |
| Other Data | | | | | | | | | | |
| Exchange rate (Ch/US\$) (period-end) | 664,44 | 697,69 | 747,62 | 712,38 | 727,36 | 697,23 | 665,13 | 599,42 | 623,21 | 636,59 |

* Net interest margin including results of foreign exchange transactions