Banco Santander Chile Announces First Half and Second Quarter 2007 Earnings

- **In 2Q 2007 net income increases 11.5% QoQ** and 0.2% YoY totaling Ch$80,487 million (Ch$0.43 per share and US$0.84/ADR).

- **ROAE in 2Q 2007 reached 25.8% compared to 22.4% in 1Q 2007** and 28.7% in 2Q 2006**.**

- **Core revenues up 19.0% QoQ and 12.3% YoY**.

- **Net interest margin reaches a record level of 5.5%, up 50 basis points YoY,** as the better earnings mix enhances margins**.** Net interest income increased 23.3% QoQ and 10.9% YoY.

- **Net fee income increased 4.4% QoQ and 18.5% YoY** driven by a rise in product usage and higher asset management fees.

- **Solid growth of client base and distribution network.** The total number of clients increased 14.5% YoY to 2.6 million and the Bank opened 20 new branches in the 1H 2007, expanding its branch network to 417 offices.

- **Total loans increased 2.7% QoQ and 12.4% YoY.** Consumer loans increased 18.8% YoY while residential mortgage loans grew 20.2% and lending to SMEs increased 18.7%.

- **The funding mix improved in the 2Q 2007**. Total customer funds increased 3.8% QoQ and 16.1% YoY led by the 5.2% QoQ and 17.7% YoY rise in average non-interest bearing demand deposits. Assets under management in the Bank's mutual fund subsidiary increased 12.9% QoQ and 42.2% YoY.

- **Efficiency ratio reached 36.0% in 2Q 2007.**

- **Coverage of past due loans reached 200%.** QoQ growth of adjusted provision expenses stabilizing. In 2Q 2007 YoY growth of provision expenses reached 107.8%.

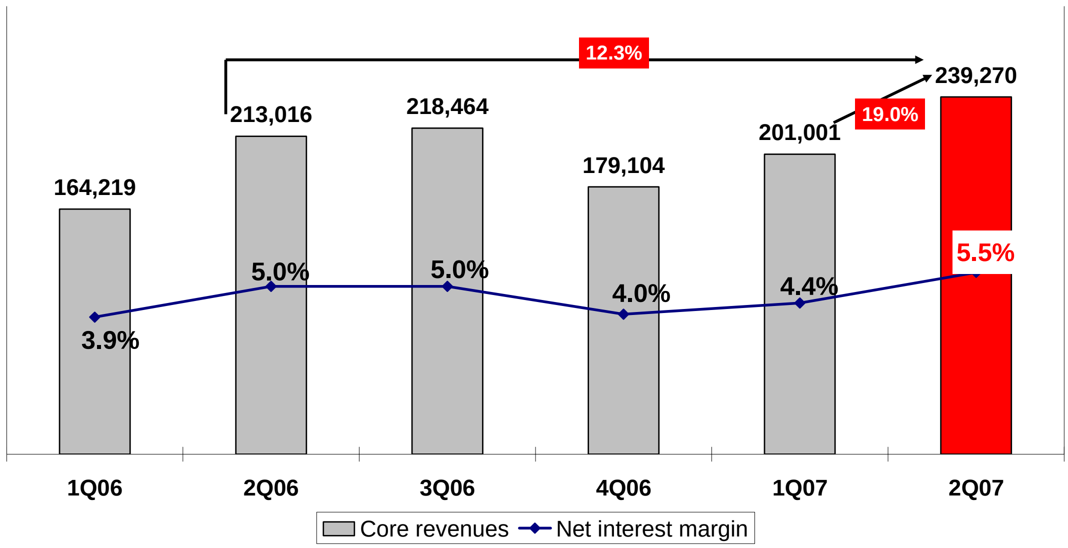
- **Net income increased 5.5% in 1H 2007 compared to 1H 2006** and totaled Ch$152,676 million (Ch$0.81/share and US$1.60/ADR). Growth was led by a 16.7% increase in core revenues. The net interest margin in 1H 2007 reached 5.1% compared to 4.7% in 1H 2006. ROAE was 24.1% and Efficiency improved to 36.9% in 1H 2007.

Investor Relations Department
Bandera 140 19th Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,
email: rmorenoh@santander.cl

Santiago, Chile, July 27, 2007. Banco Santander Chile (NYSE: SAN) announced today its unaudited results for the first half and second quarter of 2007. These results are reported on a consolidated basis in accordance with Chilean GAAP[1,2] in nominal Chilean pesos.

In the second quarter of 2007 net income totaled Ch$80,487 million (Ch$0.43 per share and US$0.84/ADR), increasing 11.5% compared to 1Q 2007 (from now on QoQ) and 0.2% compared to 2Q 2006 (from now on YoY). Core revenues (net interest income and fees) increased 19.0% QoQ and 12.3% YoY, as the Bank continued to show strong results in its retail banking business.

Strong growth of core revenues and solid margin expansion
(Core revenues*, Ch$ million and Net interest margin, %)



* Core revenues: Net interest income + fees

In the quarter the Bank focused on increasing its margins and profitability by raising its profitability targets, taking into consideration the different risk levels of the segments attended. As a consequence, Net interest income increased 23.3% QoQ and 10.9% YoY driven by solid margin expansion, the higher growth of retail lending activities and the positive evolution of non-interest bearing liabilities.

In 2Q 2007 the net interest margin reached a record level of 5.5%, increasing 110 basis points QoQ and 50 basis points YoY. Total loans increased 2.7% QoQ and 12.4% YoY, with stronger growth in retail segments. Consumer loans expanded 1.1% QoQ and 18.8% YoY. Residential mortgage loans increased 4.5% QoQ and 20.2% YoY. Commercial loans increased 1.2% QoQ and 5.4% YoY, led

1 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.
2 The exchange rate used for translating Ch$ to US$ was Ch$527.55 per US$ dollar. All figures presented are in nominal terms. Historical figures are not adjusted by inflation.

Investor Relations Department
Bandera 140 19th Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,
email: rmorenoh@santander.cl

by an increase in lending to high yielding Small and Mid-sized companies (SMEs).

The funding mix improved in the 2Q 2007. During the quarter the economy grew at a faster pace than expected, fuelling an increase in inflation and a rise in short-term interest rates. Despite rising rates, the average balance of non-interest bearing checking accounts increased 5.2% QoQ and 17.7% YoY.

Net fee income increased 4.4% QoQ and 18.5% YoY in 2Q 2007. Insurance brokerage fees increased 3.4% QoQ and 32.8% YoY, reflecting the strength of the Bank's bancassurance business. Assets under management grew 12.9% QoQ and 42.2% YoY, fuelling asset management fee growth which expanded 17.3% QoQ and 46.1% YoY in the quarter. Credit card fees increased 3.1% QoQ and 13.7% YoY, as usage of credit cards continues to expand. ATM fees increased 2.2% QoQ and 11.2% YoY in line with the growth of the Bank's ATM network.

In 2Q 2007, the Bank's net provisions expenses increased 24.5% QoQ and 107.8% YoY. The QoQ rise in provision expense was mainly due to the one-time net pretax gain of Ch$7,754 million recognized in 1Q 2007 due to the sale of charged-off loans, the implementation of an improved provisioning model for consumer loans and extraordinary provisions in the middle-market. On an adjusted basis, provision expense increased 2.6% QoQ, mainly due to higher provisions in the middle-market. Net provisions in retail banking, on an adjusted basis, decreased 3.3% QoQ. As mentioned in previous releases, provisions were expected to increase due to the growth of lending to higher yielding and riskier retail segments and the upgrading of provisioning models and credit scoring in order to maintain provisioning and coverage standards up to date with the expansion of this profitable business. As a consequence, the Bank continues to display sound asset quality indicators. Coverage of past due loans reached 200% at June 2007. The past due loan ratio as of June 2007 reached 0.84% compared to 0.80% as of March 2007 and 0.79% in 2Q 2007. The expected loan loss ratio (reserves for loan losses over total loans) remained steady at 1.68% compared to 1.64% in 1Q 2007.

Costs remain under control. In 2Q 2007 operating expenses increased 9.4% YoY. The efficiency ratio reached 36.0% in 2Q 2007, the lowest efficiency ratio among the leading banks in Chile and Latin America.

Net income increased 5.5% in 1H 2007 compared to 1H 2006 and totaled Ch$152,676 million (Ch$0.81/share and US$1.60/ADR). Growth was led by a 16.7% increase in core revenues. The net interest margin in 1H 2007 reached 5.1% compared to 4.7% in 1H 2006. ROAE was 24.1% in 1H 2007 and the efficiency ratio was 36.9%. The ROAE for the Chilean banking system in the same period was 16.3% and the efficiency ratio reached 51.2%. Net income in the Chilean banking system increased 0.2% in 1H 2007 compared to 1H 2006 (a decrease of 2.2%, excluding Santander).

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

Banco Santander Chile	Quarter			Change %	
(Ch$ million)	2Q 2007	1Q 2007	2Q 2006	2Q 07/ 2Q 06	2Q / 1Q 2007
Net interest income	192,163	155,892	173,249	10.9%	23.3%
Fees and income from services	47,107	45,109	39,767	18.5%	4.4%
Core revenues	**239,270**	**201,001**	**213,016**	**12.3%**	**19.0%**
Total provisions, net of recoveries	(45,214)	(36,331)	(21,760)	107.8%	24.5%
Gains losses on financial transactions	4,539	10,230	9,541	(52.4%)	(55.6%)
Other operating income, net	(11,298)	(10,537)	(9,133)	23.7%	7.2%
Operating expenses	(83,818)	(76,101)	(76,626)	9.4%	10.1%
Income before income taxes	94,449	86,758	96,658	(2.3%)	8.9%
Net income	**80,487**	**72,189**	**80,345**	**0.2%**	**11.5%**
Net income/share (Ch$)	0.43	0.38	0.43	0.2%	11.5%
Net income/ADR (US$)[1]	0.84	0.74	0.81	3.9%	14.0%
Total loans	**12,541,155**	**12,208,166**	**11,153,071**	**12.4%**	**2.7%**
Customer funds	12,569,958	12,108,365	10,825,912	16.1%	3.8%
Shareholders' equity	1,228,053	1,317,185	1,084,985	13.2%	(6.8%)
Client margin[2]	5.2%	5.1%	5.1%		
Net interest margin	5.5%	4.4%	5.0%		
Efficiency ratio	36.0%	37.9%	35.9%		
Return on average equity[3]	25.8%	22.4%	28.7%		
PDL / Total loans	0.84%	0.80%	0.79%		
Coverage ratio of PDLs	199.8%	204.2%	166.6%		
Risk index[4]	1.68%	1.64%	1.32%		
BIS ratio	13.0%	14.6%	12.2%		
Branches[5]	417	410	367		
ATMs	1,744	1,635	1,443		
Employees	8,913	8,691	7,782		

1. The change in earnings per ADR may differ from the change in earnings per share due to the exchange rate.
2. Client net interest income / average loans (See Net interest revenue).
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 19th 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	Quarter ended,			% Change	
(Ch$ million)	**June 30, 2007**	**March 31, 2007**	**June 30, 2006**	**June 2007/2006**	**June / March 2007**
Consumer loans	1,889,268	1,869,318	1,590,374	18.8%	1.1%
Residential mortgage loans*	3,024,742	2,894,243	2,516,791	20.2%	4.5%
Commercial loans	4,221,007	4,172,835	4,006,219	5.4%	1.2%
Commercial mortgage loans**	155,827	168,704	184,484	(15.5%)	(7.6%)
Foreign trade loans	663,313	869,615	671,886	(1.3%)	(23.7%)
Leasing	810,598	787,287	720,424	12.5%	3.0%
Factoring	175,780	125,144	162,901	7.9%	40.5%
Other outstanding loans	29,424	44,153	34,118	(13.8%)	(33.4%)
Contingent loans	1,115,134	1,010,376	1,030,589	8.2%	10.4%
Interbank loans	350,393	168,554	146,725	138.8%	107.9%
Past due loans	105,668	97,937	88,559	19.3%	7.9%
Total loans	**12,541,154**	**12,208,166**	**11,153,070**	**12.4%**	**2.7%**
Total financial investments	1,374,164	1,197,671	1,565,034	(12.2%)	14.7%
Total interest-earning assets	**13,915,319**	**13,405,837**	**12,718,105**	**9.4%**	**3.8%**

* 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 2Q 2007, total loans increased 2.7% QoQ and 12.4% YoY. In the quarter, the Bank focused on increasing its margins and profitability by raising its profitability targets, taking into consideration the different risk levels of the segments attended. As a consequence, Net interest income increased 23.3% QoQ and 10.9% YoY driven mainly by solid margin expansion and higher retail lending activities.

Consumer loans expanded 1.1% QoQ and 18.8% YoY. Market share in consumer loans reached 26.4% as of June 2007 and increased 8 basis points YoY. Residential mortgage lending increased 4.5% QoQ and 20.2% YoY. Market share in residential mortgage lending reached 25.6% as of June 2007, rising 18 basis points YoY. Despite rising long-term interest rates demand for residential mortgage remains strong. The risk index of residential mortgage loans is 0.25% as of June 30, 2007, down from 0.28% at June 30, 2006.

Commercial loans increased 1.2% QoQ and 5.4% YoY led by an increase in lending to Small and Mid-sized companies (SMEs). This was also reflected in the growth of leasing and factoring operations that are mainly driven by the SME and middle market segments. The Bank also revamped its pricing structure among SMEs and continued with the policy of focusing on allocating efficiently its capital to the most profitable uses in Corporate Banking and stressing the growth of non-lending products to this segment. Market share in lending to companies, as defined by the Superintendence of Banks, decreased 164 basis points YoY to 19.8%. The 23.7% QoQ decrease in foreign trade loans was due in part to large one-time short-term trade operations realized in 1Q 2007. The appreciation 2.2% appreciation of the peso also produced a translation loss in this loan product. Total loan market share decreased 103 basis points YoY and reached 21.8% as of June

Investor Relations Department
Bandera 140 19th Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,
email: rmorenoh@santander.cl

2007, reflecting the growth pattern of the Bank in order to increase its profitability.

Loans by business segment*	**Quarter ended,**			**% Change**	
(Ch$ million)	**June 30, 2007**	**March 31, 2007**	**June 30, 2006**	**June 2007/2006**	**June / March 2007**
Total loans to individuals	5,376,224	5,214,822	4,611,707	16.6%	3.1%
SMEs	1,905,480	1,864,258	1,604,724	18.7%	2.2%
Total retail lending	**7,281,704**	**7,079,080**	**6,216,431**	**17.1%**	**2.9%**
Institutional lending	191,410	192,168	196,268	(2.5%)	(0.4%)
Middle-Market & Real estate	2,302,678	2,348,975	2,249,668	2.4%	(2.0%)
Corporate	1,280,267	1,376,704	1,310,135	(2.3%)	(7.0%)

*Excludes contingent loans and interbank loans

Retail lending expanded 2.9% QoQ and 17.1% YoY. Loans to individuals increased 3.1% QoQ and 16.6% YoY. Loans to SMEs increased 2.2% QoQ and 18.7% YoY.

Lending to the middle market segment decreased 2.0% QoQ and 10.5% YoY. Spreads of new loans in this segment have been under pressure and the Bank avoided renewing some loan operations at unattractive returns.

Loans in corporate banking decreased 7.0% QoQ and decreased 2.3% YoY. This decline was mainly due to the reduction in foreign trade loans and translation losses produced by the appreciation of the peso in the quarter. 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, especially in the mining sector.

Investor Relations Department
Bandera 140 19th Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,
email: rmorenoh@santander.cl

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CUSTOMER FUNDS

Good growth of customer funds. Funding mix improves

Funding	Quarter ended,			Change %	
(Ch$ million)	**June 30, 2007**	**March 31, 2007**	**June 30, 2006**	**June 2007/2006**	**June / March 2007**
Non-interest bearing deposits	2,649,259	2,543,569	2,367,553	11.9%	4.2%
Time deposits and savings accounts	7,343,069	7,280,989	6,645,164	10.5%	0.9%
Total customer deposits	**9,992,328**	**9,824,558**	**9,012,717**	**10.9%**	**1.7%**
Mutual funds	2,577,630	2,283,807	1,813,195	42.2%	12.9%
Total customer funds	**12,569,958**	**12,108,365**	**10,825,912**	**16.1%**	**3.8%**

Total customer funds increased 3.8% QoQ and 16.1% YoY. During the quarter the economy grew at a faster pace than expected, fuelling a rise in inflation and a rise in short-term interest rates. As a result, the overnight reference rate set by the Central Bank was raised 25 basis points to 5.25% in July 2007. Despite rising rates, non-interest bearing liabilities increased 4.2% QoQ and 11.9% YoY. The average balance of non-interest bearing checking accounts increased 5.2% QoQ and 17.7% YoY.

Total quarterly average non-interest bearing demand deposits	Quarter ended,			Change %	
(Ch$ million)	**June 30, 2007**	**March 31, 2007**	**June 30, 2006**	**June 2007/2006**	**June / March 2007**
Total	**2,185,216**	**2,077,301**	**1,856,259**	**17.7%**	**5.2%**

Time deposits increased 0.9% QoQ and 10.5% YoY. The Bank has been issuing senior bonds to fund lending, especially residential mortgage loans, in order to minimize interest rate risk in a tightening interest rate environment. In the quarter the balance of senior bonds increased 32.9% as the Bank issued US$350 million in local senior bonds in the quarter. Santander has the best risk ratings for any private issuer in Latam, which have been recently up-graded.

Long-term funding	Quarter ended,			Change %	
(Ch$ million)	**June 30, 2007**	**March 31, 2007**	**June 30, 2006**	**June 2007/2006**	**June / March 2007**
Bond	747,098	562,285	562,778	32.8%	32.9%
Sub-bonds	477,041	491,133	390,984	22.0%	(2.9%)
Total	**1,224,139**	**1,053,418**	**953,762**	**28.3%**	**16.2%**

Assets under management in the Bank's mutual fund subsidiary increased 12.9% QoQ and 42.2% YoY. The strength of the local and international stock markets boosted investment levels and the value of funds under management in the quarter.

Investor Relations Department
Bandera 140 19th Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,
email: rmorenoh@santander.cl

NET INTEREST INCOME

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

Net Interest Income	Quarter			Change %	
(Ch$ million)	2Q 2007	1Q 2007	2Q 2006	2Q 07/ 2Q 06	2Q / 1Q 2007
Client net interest income [1,2]	156,852	150,071	137,291	14.2%	4.5%
Non-client net interest income [1,3]	35,311	5,821	35,958	(1.8%)	506.6%
Net interest income	**192,163**	**155,892**	**173,249**	**10.9%**	**23.3%**
Average interest-earning assets	14,001,833	14,204,463	13,928,060	0.5%	(1.4%)
Average loans	12,043,872	11,686,106	10,672,363	12.9%	3.1%
Net interest margin [4,5]	**5.5%**	**4.4%**	**5.0%**		
Client margin [4]	**5.2%**	**5.1%**	**5.1%**		
Avg. equity + non-interest bearing demand deposits / Avg. interest earning assets	24.5%	23.7%	20.5%		
Quarterly inflation rate [6]	1.37%	0.20%	1.32%		
Avg. overnight interbank rate (nominal)	5.08%	5.09%	4.96%		
Avg. 10 year Central Bank yield (real)	2.90%	2.69%	3.18%		

1. The Bank has modified the methodology of calculating client and non-client income. The historical evolution of this indicator is available in the appendix of this report.
2. Client net interest income and margins, is net interest income (and margins) generated by our commercial areas.
3. Non-client net interest income is net interest income generated by centralized activities, non-segmented portions of the balance sheet and Financial Management.
4. Annualized
5. Client net interest income divided by average loans
6. Inflation measured as the variation of the Unidad de Fomento in the quarter.

Net interest income in 2Q 2007 increased 10.9 YoY and 23.3% QoQ. In 2Q 2007 the net interest margin reached a record level of 5.5%, increasing 110 basis points QoQ and 50 basis points YoY, reflecting the growth of retail lending activities, the positive evolution of non-interest bearing liabilities and the constant focus of adequately allocating capital to the most productive use.

Client net interest income. Client net interest income - which is net interest income (and margins) generated by our commercial areas - increased 14.2% YoY and 4.5% QoQ. This growth was led by the 3.1% QoQ and 12.9% YoY increase in average loans. Client net interest margins increased 10 basis points QoQ and YoY to 5.2%. The ratio of average non-interest bearing liabilities to interest earning asset reached 24.5% in 2Q 2007 compared to 23.7% in 1Q 2007 and 20.5% in 2Q 2006. In the quarter, the Bank focused on increasing its margins and profitability by raising its profitability targets, taking into consideration the different risk levels of the segments attended. The growth of retail lending activities and the positive evolution of non-interest bearing liabilities were also factors that explain the growth of client net interest income and margins in the period.

margins and profitability by raising its profitability targets taking into consideration the different risk levels of the segments attended

Investor Relations Department
Bandera 140 19th Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,
email: rmorenoh@santander.cl

Non-Client net interest income. Non-client net interest income – which is net interest income generated by centralized activities, non-segmented portions of the balance sheet and Financial Management - totaled a gain of Ch$35,311 million decreasing 1.8% YoY and increasing 506.6% QoQ. The QoQ rise was mainly due to the higher inflation rate in 2Q 2007, +1.37%, compared to 0.20% in 1Q 2007 and 1.32% in 2Q 2006. This had a positive effect over margins due to the positive gap between assets and liabilities denominated in Unidades de Fomento (UF, an inflation-linked 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. This is also partially offset by the loss from price level restatement.

PROVISION FOR LOAN LOSSES

Provision expense stabilizing in the retail segment. Coverage ratio reaches 200%

Provision for loan losses	**Quarter**			**Change %**	
(Ch$ million)	**2Q 2007**	**1Q 2007**	**2Q 2006**	**2Q 07/ 2Q 06**	**2Q / 1Q 2007**
Provisions	(11,556)	(26,551)	1,178	-%	(56.5%)
Charge-offs	(47,965)	(46,872)	(34,995)	37.1%	2.3%
Gross provisions and charge-offs	(59,521)	(73,423)	(33,817)	76.0%	(18.9%)
Adjusted gross provisions and charge-offs*	**(59,521)**	**(57,603)**	**(33,817)**	**76.0%**	**3.3%**
Loan loss recoveries	14,307	37,092	12,057	18.7%	(61.4%)
Adjusted loan loss recoveries*	**14,307**	**13,518**	**12,057**	**18.7%**	**5.8%**
Net provisions	(45,214)	(36,331)	(21,760)	107.8%	24.5%
Net provisions adjusted*	**(45,214)**	**(44,085)**	**(21,760)**	**107.8%**	**2.6%**
Total loans	12,541,154	12,208,167	11,153,070	12.4%	2.7%
Total reserves (RLL)	211,113	200,021	147,583	43.0%	5.5%
Past due loans (PDL)**	**105,668**	**97,937**	**88,559**	**19.3%**	**7.9%**
Gross provision expense / loans***	1.90%	2.41%	1.21%		
Net provision expense / loans ***	1.44%	1.19%	0.78%		
PDL/Total loans	**0.84%**	**0.80%**	**0.79%**		
Expected loss (RLL / loans)	1.68%	1.64%	1.32%		
RLL / Past due loans	**199.8%**	**204.2%**	**166.6%**		

* See text and footnote 3
** Past due loans: installments or credit lines more than 90 days overdue
*** Annualized

In 2Q 2007, the Bank's net provisions expenses increased 24.5% QoQ and 107.8% YoY. The QoQ rise in provision expense was mainly due to the one-time net pretax gain of Ch$7,754 million recognized in 1Q 2007[3]. On an adjusted basis, provision expense increased 2.6% QoQ mainly due

3 In 1Q 2007 the Bank recognized an extraordinary provision expense of Ch$13,379 million mainly due to implementation of an improved provisioning model for consumer loans and Ch$2,441 in provisions in the middle-market segment. In the quarter, the Bank also recognized a gain of Ch$23,574 million in one-time recoveries from the sale of charged-off loans. All together, this resulted in a one-time

Investor Relations Department
Bandera 140 19th Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,
email: rmorenoh@santander.cl

to higher provisions in the middle-market. This segment, after an extended period of very low provisioning levels due to a strong operational environment, is returning to a more normalized provision schedule.

Net provision expense by segment	Quarter			Change %	
(Ch$ million)	2Q 2007	1Q 2007	2Q 2006	2Q 07/ 2Q 06	2Q / 1Q 2007
Retail banking*	43,102	44,575	21,313	102.2%	(3.3%)
Middle-market	1,792	(1,042)	443	304.1%	--%
Corporate banking	(32)	41	29	--%	--%
Leasing subsidiary	(109)	(84)	(377)	(71.1%)	30.5%
Total**	**44,753**	**43,490**	**21,408**	**109.0%**	**2.9%**

* Includes individuals and SMEs. ** Excludes one-time effects in 1Q 2007 and provisions over repossessed assets

The 107.8% YoY increase in provision expense in 2Q 2007 was mainly due to higher provisioning in retail banking (+102.2%). This was mainly due to the growth of lending to higher yielding and riskier retail segments. As mentioned in previous releases, provisions were expected to increase due to the growth of lending to higher yielding and riskier retail segments and the upgrading of provisioning models and credit scoring in order to maintain provisioning and coverage standards up to date with the expansion of this profitable business. However, net provisions in retail banking, on an adjusted basis, decreased 3.3% QoQ.

Loan loss recoveries in 1Q 2007 include the one-time pretax gain of Ch$23,574 million from the sale of charged-off loans.[3] This explains the 61.4% QoQ decrease in loan loss recoveries during 2Q 07. On an adjusted basis, loan loss recoveries increased 18.7% YoY and 5.8% QoQ in 2Q 2007. This reflects, in part, the successful re-organization of the collection department commenced in the second half of 2006.

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 200% at June 2007. The past due loan ratio as of June 2007 reached 0.84% compared to 0.80% as of March 2007 and 0.79% in 2Q 2007. The expected loan loss ratio (reserves for loan losses over total loans) remained steady at 1.68% compared to 1.64% in 1Q 2007.

Going forward, the Bank expects asset quality indicators to remain sound, but as the retail banking portfolio increases and provisioning levels in the middle market return to historical levels, provision expense and the risk index could continue to rise.

net pretax gain of Ch$7,754 million recognized in 1Q 2007.

Investor Relations Department
Bandera 140 19th Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,
email: rmorenoh@santander.cl

FEE INCOME

Growth in client base, product usage and higher asset management volume boosts fees

Fee income	Quarter			Change %	
(Ch$ million)	2Q 2007	1Q 2007	2Q 2006	2Q 07/ 2Q 06	2Q / 1Q 2007
Checking accounts	13,822	13,280	13,370	3.4%	4.1%
Adm. & collection of insurance policies	7,644	7,052	5,495	39.1%	8.4%
Mutual fund services	7,145	6,093	4,889	46.1%	17.3%
Credit cards	5,046	4,892	4,438	13.7%	3.1%
Automatic teller cards	3,959	3,873	3,562	11.2%	2.2%
Insurance brokerage	3,027	2,927	2,279	32.8%	3.4%
Stock brokerage	1,920	1,984	237	711.3%	(3.2%)
Santander SuperCaja	734	505	--	--%	45.3%
Other product and services	3,811	4,503	5,498	(30.7%)	(15.4%)
Total fee income, net	**47,107**	**45,109**	**39,767**	**18.5%**	**4.4%**
Fees / operating expense	**56.2%**	**59.3%**	**51.9%**		

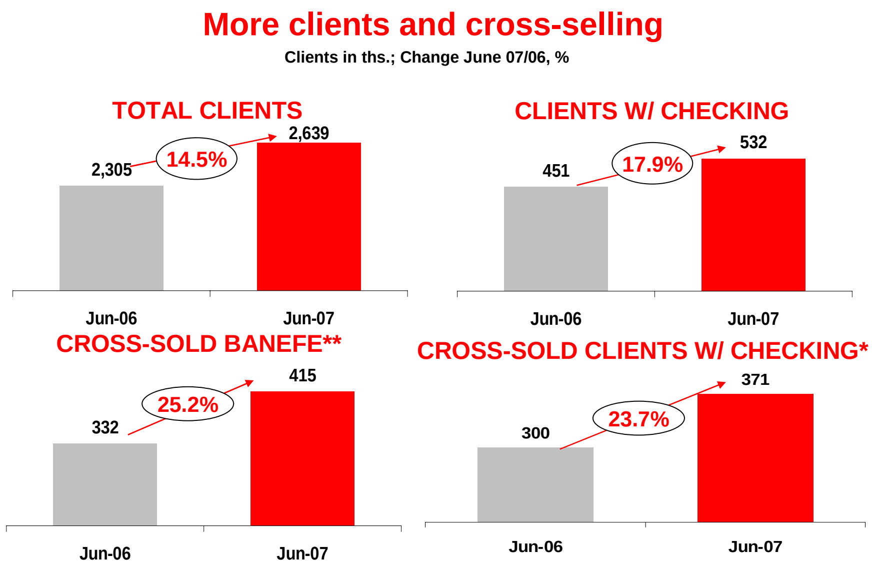
Net fee income increased 4.4% QoQ and 18.5% YoY in 2Q 2007. The Bank continues to expand its client base, cross-selling and product usage, especially in retail banking along with positive results from asset management. The total number of clients increased 14.5% YoY to 2.6 million.

Insurance brokerage fees increased 3.4% QoQ and 32.8% YoY in 2Q 2007. Fees from the administration and collection of insurance policies increased 8.4% QoQ and 39.1% YoY in the same period. These high growth rates reflect the strength of the Bank's distribution network in distributing insurance products and collecting insurance premiums.

Asset management has been an important contributor to fee income in 2007. Fees from mutual fund management increased 17.3% QoQ and 46.1% YoY in 2Q 2007. Assets under management totaled Ch$2,577,630 million and increased 42.2% YoY and 12.9% QoQ, fuelling asset management fee growth.

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 17.9% YoY as of June 2007. In Santander Banefe, the amount of cross-sold clients (clients that uses at least 2 or more other products) rose 25.2% YoY as of June 2007.

Investor Relations Department
Bandera 140 19th Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,
email: rmorenoh@santander.cl



* Clients that use 4 or more products including checking (excludes Santander Banefe)
** Santander Banefe: clients that use 2 or more products including a transactional product

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 17.9% YoY in 2Q 2007. Market share in checking accounts reached 27.7% as of May 2007, the latest figure available, compared to 26.0% as of May 2006. In this period, the Bank's opened 43.6% of all new account opened in the Chilean market. As a result, in 2Q 2007 fees from checking accounts increased 3.4% YoY and 4.1% QoQ. This was partially offset by a regulatory change introduced in the beginning of year that prohibited certain fees charged to checking account holders related to bad check clearance.

Credit card fees increased 3.1% QoQ and 13.7% YoY in 2Q 2007. According to information published by Transbank, the industry's credit card processor, as of June 2007 purchases with Santander credit cards in monetary terms were growing 17.3% YoY in real terms compared to 16.3% for the market. Market share in terms of purchases reached 35.4% as of June 2007 compared to 35.1% as of June 2006. This industry is also facing intense competition in this product offsetting, in part, the increases in market share and business activity.

ATM fees increased 2.2% QoQ and 11.2% YoY in line with the expansion of the Bank's ATM network. As of June 2007 the Bank had a total of 1,744 ATMs, the largest network in Chile, which represents a 20.9% YoY increase. An extensive ATM network is key to this process.

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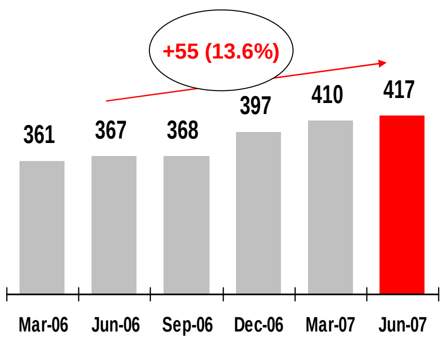
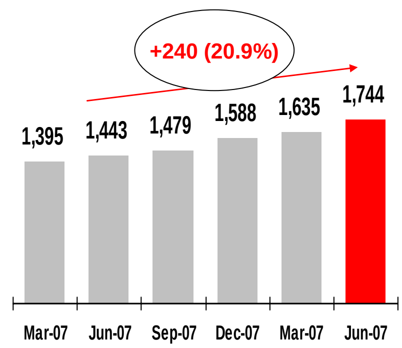
Bandera 140 19th Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,
email: rmorenoh@santander.cl

Investing to sustain growth momentum in retail banking

BRANCHES* (Nº)



ATMs (Nº)



* Including Santander SuperCaja offices

The fees collected by the subsidiary Santander Servicios de Recaudación y Pagos Ltda (Santander SuperCaja) continued to grow after the successful launch of this new branch format for payment services. These payment centers will operate seven days a week and total 26 branches. In 2Q 2007 SuperCaja generated fees of Ch$734 million in 2Q 2007, 45.3% higher than in 1Q 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. This has boosted the Bank's participation in the stock brokerage business, especially among retail clients by better utilizing the Bank's distribution network to brokerage shares. Fees from stock brokerage increased 711.3% YoY and decreased 3.2% QoQ in 2Q 2007.

OPERATING EXPENSES AND EFFICIENCY

Efficiency ratio reaches 36.0% in 2Q 2007

Operating Expenses	**Quarter**			**Change %**	
(Ch$ million)	**2Q 2007**	**1Q 2007**	**2Q 2006**	**2Q 07/ 2Q 06**	**2Q / 1Q 2007**
Personnel expenses	42,879	37,664	39,132	9.6%	13.8%
Administrative expenses	30,354	28,604	27,607	10.0%	6.1%
Depreciation and amortization	10,585	9,833	9,888	7.1%	7.6%
Operating expenses	**83,818**	**76,101**	**76,626**	9.4%	10.1%
Efficiency ratio*	**36.0%**	**37.9%**	**35.9%**		

* 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. In 2Q 2007, operating expenses increased 9.4% YoY. The efficiency ratio reached 36.0% in 2Q 2007 and 36.9% in the first half of 2007. Personnel expenses increased 9.6% YoY. Headcount has increased 14.5% in the same period, totaling 8,913 employees. Santander SuperCaja and the merger of the stock brokerages have added 200 new employees to headcount. The 10.0% YoY increase in administrative expenses was directly linked to the higher commercial activities and the larger distribution network.

Investor Relations Department
Bandera 140 19th Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,
email: rmorenoh@santander.cl

The 10.1% QoQ increase in operating expenses was mainly due to the 13.8% QoQ increase in personnel expenses, which was mainly due to seasonal factors. 1Q personnel expenses are seasonally lower than the rest of the year.

GAINS (LOSSES) ON FINANCIAL TRANSACTIONS

Gains and losses on financial transactions	**Quarter**			**Change %**	
(Ch$ million)	**2Q 2007**	**1Q 2007**	**2Q 2006**	**2Q 07/ 2Q 06**	**2Q / 1Q 2007**
Net gain (loss) from trading and mark-to-market	(628)	15,492	39,291	--%	--%
Foreign exchange transactions, net	5,167	(5,262)	(29,750)	(117.4%)	(198.2%)
Gains (losses) on financial transactions[4]	4,539	10,230	9,541	(52.4%)	(55.6%)
Adjusted Gains (losses) on financial transactions	**4,539**	**10,230**	**2,452**	**85.1%**	**(55.6%)**
Quarterly inflation rate*	1.37%	0.20%	1.32%		
Avg. overnight interbank rate (nominal)	5.08%	5.09%	4.96%		
Avg. 10 year Central Bank yield (real)	2.90%	2.69%	3.18%		

*Quarterly variation of the Unidad de Fomento (UF)

In 2Q 2007 the gain on financial transactions totaled Ch$4,539 million down 55.6% QoQ and 52.4% YoY.

The most important factors that drives this line item are: (1) the quarterly inflation rate, which impact the results from the Bank's peso/UF hedging; (2) the movement of long-term rates, which affects the mark-to-market of the fixed income trading portfolio; (3) the net results from proprietary trading (fixed income, FX and equity); (4) the results from market making and, (5) the sale of derivatives to clients. In June 2006, and following the guidelines of the Superintendency of Banks, new accounting standards were adopted for the valuation of financial instruments and derivatives, as well as new guidelines for hedge accounting. This resulted in a one-time gain in the month of June 2006 of Ch$7,089 million. Excluding this effect, the gains and losses on financial transactions increased 85.1% YoY in 2Q 2007.

The 55.6% QoQ decline in gains from financial transactions in 2Q 2007 was mainly due to the higher inflation rate in 2Q 2007 compared to 1Q 2007. In order to keep interest rate risk in line with regulatory limits, the Bank hedges part of the UF gap with derivatives. The results produced by this hedge are recognized in this line item. All-in the Bank benefits from a higher inflation scenario due to the positive gap between assets and liabilities denominated in UFs.

4 For analysis purposes only, we have created the line item: Gains (losses) on 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 19th Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,
email: rmorenoh@santander.cl

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

Other Income and Expenses	Quarter			Change %	
(Ch$ million)	2Q 2007	1Q 2007	2Q 2006	2Q 07/ 2Q 06	2Q / 1Q 2007
Sales force expense	(4,934)	(4,703)	(4,121)	19.7%	4.9%
Other operating expenses, net	(6,364)	(5,834)	(5,012)	27.0%	9.1%
Total other operating loss, net	**(11,298)**	**(10,537)**	**(9,133)**	**23.7%**	**7.2%**
Non-operating income, net	5,613	1,051	(8,522)	(165.9%)	434.1%
Income attributable to investments in other companies	(728)	134	409	(277.8%)	(643.2%)
Losses attributable to minority interest	(282)	(540)	(20)	1346.2%	(47.8%)
Total non-operating results, net	**4,603**	**645**	**(8,132)**	**(156.6%)**	**613.7%**
Price level restatement	(13,633)	(2,149)	(10,247)	33.0%	534.4%
Income tax	(13,962)	(14,569)	(16,314)	(14.4%)	(4.2%)

Other operating results, net totaled a loss of Ch$11,299 million, increasing 7.2% QoQ and 23.7% YoY in 2Q 2007. Total sales force expenses reached Ch$4,934 million in 2Q 2007 increasing 4.9% QoQ and 19.7% YoY, reflecting the strong commercial efforts being made in retail banking. Other net operating expenses increased 9.1% QoQ and 27.0% YoY 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$4,603 million in 2Q 2007 compared to a gain of Ch$645 million in 1Q 2007 and a loss of Ch$8,132 million in 2Q 2006. This difference is mainly due to the reversal of Ch$5,434 million non-credit related contingencies in 2Q 2007. 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$13,633 million. The Bank must adjust its capital and fixed assets for the variations in price levels. Since the Bank's capital is larger than fixed assets, when inflation is positive, the Bank usually records a loss from price restatement and vice-versa. The inflation rate of +1.37% in 2Q 2007 compared to 1.32% in 2Q 2006 and 0.20% in 1Q 2007 explains the variation of this result.

Investor Relations Department
Bandera 140 19th Floor, Santiago, Chile, Tel: 562-320-8284, fax: 562-671-6554,
email: rmorenoh@santander.cl

SHAREHOLDERS' EQUITY AND REGULATORY CAPITAL

ROAE in 2Q 2007 reaches 25.8% with a solid BIS ratio of 13.0%

Shareholders' equity	**Quarter ended**			**Change %**	
(Ch$ million)	**June 30, 2007**	**March 31, 2007**	**June 30, 2006**	**June 2007/2006**	**June / March 2007**
Total capital and reserves	1,079,822	1,247,268	952,342	13.4%	(13.4%)
Unrealized gain (loss) available for sale portfolio	(4,445)	(2,272)	(12,136)	(63.4%)	95.6%
Net Income	152,676	72,189	144,779	5.5%	111.5%
Total shareholders' equity	**1,228,053**	**1,317,185**	**1,084,985**	**13.2%**	**(6.8%)**
Return on average equity (ROAE)	**25.8%**	**22.4%**	**28.7%**		

Shareholders' equity totaled Ch$1,228,053 million as of June 30, 2007. The Bank paid during 2Q 2007 its annual dividend of Ch$0.98504643 per share, corresponding to 65% of 2006 net income and was 19.1% higher than the dividend paid in 2006. This explains the 13.4% decrease in the Bank's capital QoQ.

The Bank's ROAE in 2Q 2007, reached 25.8%. The Bank's BIS ratio as of March 31, 2007 was 14.6% with a Tier I ratio of 10.6%. The dividend paid explains this lower level.

Capital Adequacy	**Quarter ended**			**Change %**	
(Ch$ million)	**June 30, 2007**	**March 31, 2007**	**June 30, 2006**	**June 2007/2006**	**June / March 2007**
Tier I	1,075,377	1,244,996	940,206	14.4%	(13.6%)
Tier II	467,469	470,098	372,999	25.3%	(0.6%)
Regulatory capital	1,542,846	1,715,095	1,313,205	17.5%	(10.0%)
Risk weighted assets	11,851,230	11,741,425	10,769,595	10.0%	0.9%
Tier I ratio	**9.1%**	**10.6%**	**8.7%**		
BIS ratio	**13.0%**	**14.6%**	**12.2%**		

Investor Relations Department
Bandera 140 19th 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 June 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 833,873 million in assets and EUR 1,000,996 million in managed funds, 67 million customers, 10,852 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 franchise in Germany, Italy, Spain and nine other European countries. In 2006, Santander registered €7,596 million in net attributable profits, an increase of 22% from the previous year.

In Latin America, Santander manages over US$250 billion in business volumes (loans, deposits, mutual funds, pension funds and managed funds) through 4,370 offices. In 2006, Santander reported $2.866 million in net attributable income in Latin America, 29% 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
Website: www.santander.cl