Santander

Banco Santander Chile Announces Full-year and Fourth Quarter 2007 Earnings

- **In 4Q 2007 net income increased 16.3% YoY**, totaling Ch$70,775 million (Ch$0.38 per share and US$0.79/ADR). Compared to 3Q 2007, net income was down 16.9% mainly as a result of lower inflation and trading gains.

- **High quality of earnings: core revenues up 50.8% YoY** in 4Q 2007:

  - **Net interest income increases 59.9% YoY.** Net interest margin reaches 5.9% as the better asset and liability mix and higher inflation enhances margins.
  - **Fee income up 20.7% YoY** driven by rise in client base and product usage.

- **Net operating income up 59.7% YoY in 4Q 2007**. These results were partially offset by lower non-operating results in the quarter.

- **Solid growth of client base and distribution network.** The total number of clients increased 14.1% YoY to 2.8 million. Market share in checking accounts reached 27.9%, increasing 80 basis points in the past twelve months.

- **Total loans increased 5.2% QoQ and 14.3% YoY.** Loan growth accelerated to its fastest pace in 2007 in the 4Q 2007.

- **Customer funds increased 5.2% QoQ and 17.2% YoY**. Time deposits increased 8.5% QoQ, reflecting the high liquidity of the Chilean deposit market. The balance of non-interest bearing liabilities increased 10.4% QoQ and 18.1% YoY.

- **The Bank's local and foreign deposit rating were upgraded in 4Q 2007.** Standard & Poor's increased the Bank's foreign currency rating from A to A+. The Bank's local peso deposit ratings were increased to AAA by Feller Rate. We are the highest rated company in Latin America.

- **Net income increased 8.1% in 2007** and totaled Ch$308,647 million (Ch$1.64/share and US$3.43/ADR). Growth was led by a 28.1% increase in core revenues, reflecting the Bank's effort on increasing its recurring profitability. The Bank's ROAE in this period reached 23.5%. The efficiency ratio improved to a new record low of 36.5% in 2007.

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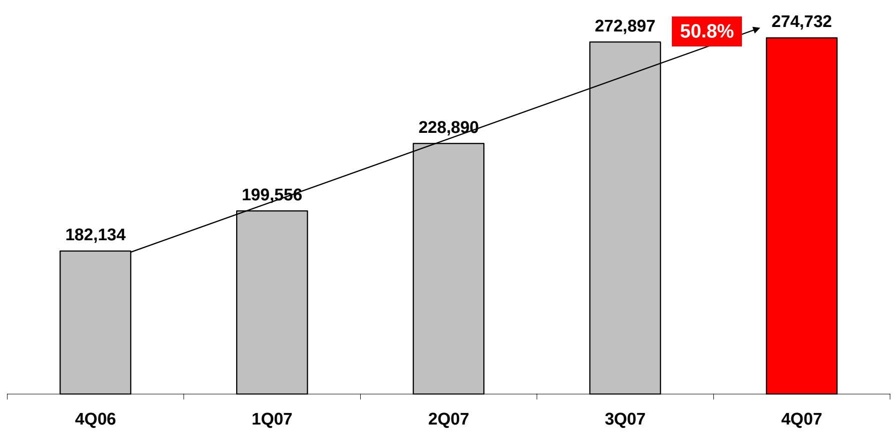
Santiago, Chile, February 7, 2008. Banco Santander Chile (NYSE: SAN; SSE: Bsantander) announced today its unaudited results for the fourth quarter and full-year 2007. These results are reported on a consolidated basis in accordance with Chilean GAAP[1,2] in nominal Chilean pesos.

In 4Q 07, net income totaled Ch$70,775 million (Ch$0.38 per share and US$0.79/ADR), increasing 16.3% YoY. Core revenues (net interest income and fees) increased 50.8% YoY and net operating income increased 59.7% YoY as a consequence of strong results in the retail banking business. These solid results reflect the Bank's continued focus on increasing the quality of its earnings and maximizing recurrent earnings growth. Net interest income (including the results of inflation hedging) increased 0.3% QoQ and 59.9% YoY. In 4Q 2007, the adjusted net interest margin reached 5.9%, increasing 180 basis YoY driven by the positive evolution of the asset and liability mix and a higher quarterly inflation. Net fee income increased 2.4% QoQ and 20.7% YoY in 4Q 2007. Fee income continues to be driven by the expansion of the Bank's client base, improvements in cross-selling and greater product usage. Compared to 3Q 2006, net income decreased 16.9% mainly as a result of the fall in quarterly inflation and lower trading gains.

Strong growth of core revenues

(Core revenues*, Ch$ million)



* Core revenues: Net interest income adjusted for inflation hedging + fees

In the quarter, loan growth expanded at its fastest pace in 2007. Total loans increased 5.2% QoQ (+20.8% on an annualized basis) and 14.3% YoY. Consumer loans expanded 4.6% QoQ (18.4% on an annualized basis) and 12.9% YoY. Market share in consumer lending increased 17 basis points between September and December 2007, reaching 26.3%. Residential mortgage lending increased 4.5% QoQ (18.0% on an annualized basis) and 18.5% YoY. Commercial loans increased 7.5% QoQ and 15.1% YoY led by an increase in lending to all company business segments as spreads improved across the board in these business segments.

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$495.82 per US$ dollar. All figures presented are in nominal terms. Historical figures are not adjusted by inflation.

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Total customer funds increased 5.2% QoQ and 17.2% YoY. In the quarter, the Bank's local peso deposit ratings were increased to AAA, the only Bank with this rating in Chile. At the same time, the Bank's foreign long-term ratings were increased to A+ by Standard & Poor's in the quarter along with Chile's sovereign ratings. We view this as a positive event that reflects the stability of Chile's economy, the strength of the local financial system and the strong market position of Santander Chile. The Bank has the best risk ratings for any issuer in Latin America.

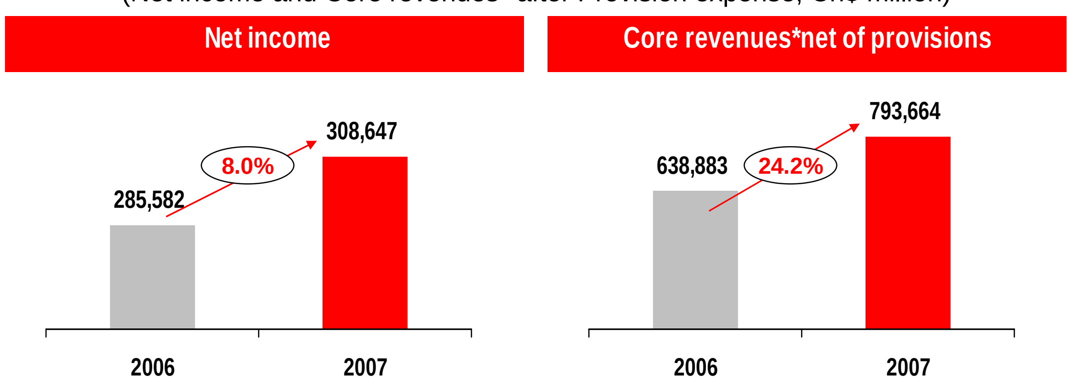
In 4Q 2007, the Bank's net provisions expenses increased 19.2% QoQ and 38.8% YoY. This rise was mainly due to an increase in net provision expense in retail banking, in line with loan growth in this business segment. The rise in provision expense was also due, in part, to a one-time provision expense of Ch$3,918 million recognized in the quarter as a result of the implementation of a more conservative credit model for consumer lending. The Bank finished 2007 with a coverage ratio of past due loans of 199.5%.

In 4Q 2007, the efficiency ratio reached 37.7% compared to 46.5% in 4Q 2006. In the same period, operating expenses increased 4.0% QoQ and 5.8% YoY. Personnel expenses increased 8.5% QoQ and 3.3% YoY in the same period. Average headcount increased 16.6% in 2007 YoY. This rise is mainly focused in front office positions as the Bank expands its distribution network. Administrative expense remained controlled in the quarter despite the acceleration of commercial activity in the quarter. Administrative expenses fell 2.1% QoQ and increased 3.4% YoY in 4Q 2007.

Net income increased 8.1% in 2007 and totaled Ch$308,647 million (Ch$1.64/share and US$3.43/ADR). Results were led by a 26.1% YoY increase in net interest income after provision expense and a 18.7% YoY rise in fee income. The efficiency ratio improved to 36.5% in 2007 compared to 39.0% in 2006. Santander has the best efficiency ratio among the top banks in Chile. The Bank's ROAE in 2007 reached 23.5%.

High quality of results in 2007

(Net income and Core revenues* after Provision expense, Ch$ million)



*Core revenues: Net interest income adjusted for inflation hedge + fee income

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Banco Santander Chile: summary of results

(Ch$ million)	YTD 12M 2007	YTD 12M 2006	Change % 2007 / 2006	Quarter 4Q 2007	Quarter 3Q 2007	Quarter 4Q 2006	Change % 4Q 2007/2006	Change % 4Q / 3Q 2007
Net interest income	825,616	612,254	34.8%	234,806	242,755	136,899	71.5%	(3.3%)
Inflation hedge	(42,465)	(12,899)	229.2%	(11,020)	(19,620)	3,030	(463.7%)	(43.8%)
Adjusted net interest income	783,151	599,355	30.7%	223,786	223,135	139,929	59.9%	0.3%
Fees and income from services	192,924	162,550	18.7%	50,946	49,762	42,205	20.7%	2.4%
Core revenues	**976,075**	**761,905**	**28.1%**	**274,732**	**272,897**	**182,134**	**50.8%**	**0.7%**
Total provisions, net of recoveries	(182,411)	(123,022)	48.3%	(54,856)	(46,010)	(39,514)	38.8%	19.2%
Core revenues net of provisions	**793,664**	**638,883**	**24.2%**	**219,876**	**226,887**	**142,620**	**54.2%**	**(3.1%)**
Net financial transactions (excl. hedge)	8,153	64,506	(87.4%)	(16,115)	(2,326)	15,282	(205.5%)	592.8%
Other operating results	(45,413)	(32,960)	37.8%	(11,612)	(11,966)	(7,869)	47.6%	(3.0%)
Operating expenses	(342,685)	(309,284)	10.8%	(93,154)	(89,612)	(88,061)	5.8%	4.0%
Net operating income	**413,719**	**361,142**	**14.6%**	**98,995**	**122,983**	**61,972**	**59.7%**	**(19.5%)**
Non-operating income, net	6,424	(3,579)	(279.5%)	194	982	8,932	(97.8%)	(80.2%)
Net income	**308,647**	**285,582**	**8.1%**	**70,775**	**85,196**	**60,868**	**16.3%**	**(16.9%)**
Net income/share (Ch$)	1.64	1.52	8.1%	0.38	0.45	0.32	16.3%	(16.9%)
Net income/ADR (US$)[1]	3.43	2.95	16.5%	0.79	0.92	0.63	25.3%	(14.3%)
Total loans	**13,468,981**	**11,788,959**	**14.3%**	**13,468,981**	**12,800,321**	**11,788,959**	**14.3%**	**5.2%**
Customer funds	**13,455,817**	**11,484,525**	**17.2%**	**13,455,817**	**12,796,548**	**11,484,525**	**17.2%**	**5.2%**
Shareholders' equito	1,438,042	1,245,339	15.5%	1,438,042	1,348,162	1,245,339	15.5%	6.7%
Net interest margin	5.7%	4.7%		6.2%	6.8%	4.0%		
Adjusted net interest margin[2]	5.4%	4.6%		5.9%	6.2%	4.1%		
Efficiency ratio	36.5%	39.0%		37.7%	34.7%	46.5%		
Return on average equity[3]	23.5%	24.8%		19.9%	26.1%	18.3%		
PDL / Total loans	0.87%	0.79%		0.87%	0.88%	0.79%		
Coverage ratio of Pals	199.5%	188.1%		199.5%	197.2%	188.1%		
Expected loss[4]	1.73%	1.48%		1.73%	1.73%	1.48%		
BIS ratio	12.2%	12.6%		12.2%	12.5%	12.6%		
Branches[5]	467	413	13.1%	467	439	413		
ATMs	2,004	1,588	26.2%	2,004	1,808	1,588		
Employees	9,174	8,184	12.1%	9,174	9,057	8,184		

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 and mini payment centers.

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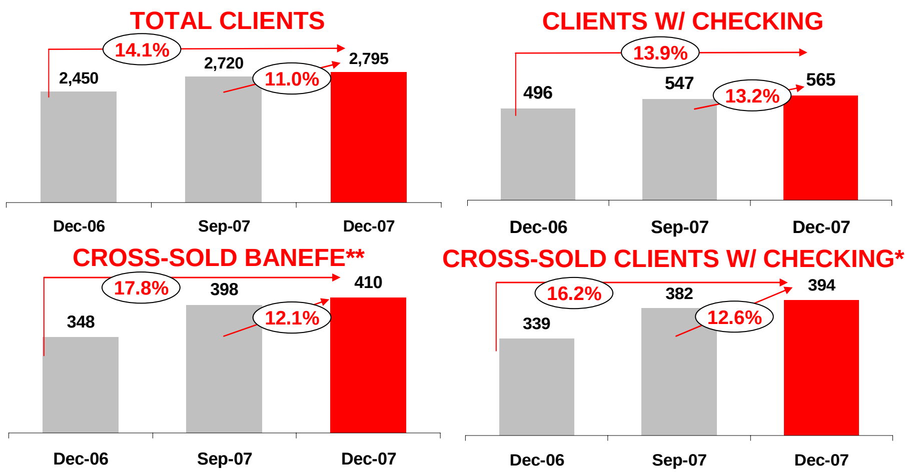
DISTRIBUTION NETWORK, CLIENT BASE AND PRODUCTS

Client base expanding at a rapid pace

The total number of clients increased 14.1% YoY to 2.8 million. The amount of retail clients with a checking account increased 13.9% in 2007. However, only 20% of our retail clients have this product. As of November 2007, the latest market data available, market share in checking accounts reached 27.9% compared to 27.1% as of November 2006. In this twelve month period, the Bank opened 35% of all new checking accounts in the Chilean market.

A greater amount of clients with checking accounts coupled with continuous improvements in client service has led to higher cross selling ratios. The amount of middle/upper income individual clients that are cross-sold (a client with a checking account that uses at least three other products) increased 16.2% YoY as of December 2007. In Santander Banefe, the amount of cross-sold clients (clients that uses at least 2 or more products) rose 17.8% in the twelve month period. Despite this improvement, less than 30% of our clients have 2 or more products, reflecting the high cross-selling potential of the Bank's client base.

More clients and cross-selling
(Number of clients, thousands)



* 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

Another area of strong growth in 2007 was credit cards. According to information published by Transbank, the industry's credit card processor, as of December 2007 Santander Chile's market share in bank credit cards reached 36.0% compared to 35.8% as of December 2006. This represents an increase of 16.2% YoY in the Bank's number of credit card accounts. Purchases with Santander credit cards in monetary terms grew 16.4% in 2007 and market share in terms of purchases reached 35.4% at year-end 2007, 40 basis points higher than in 2006.

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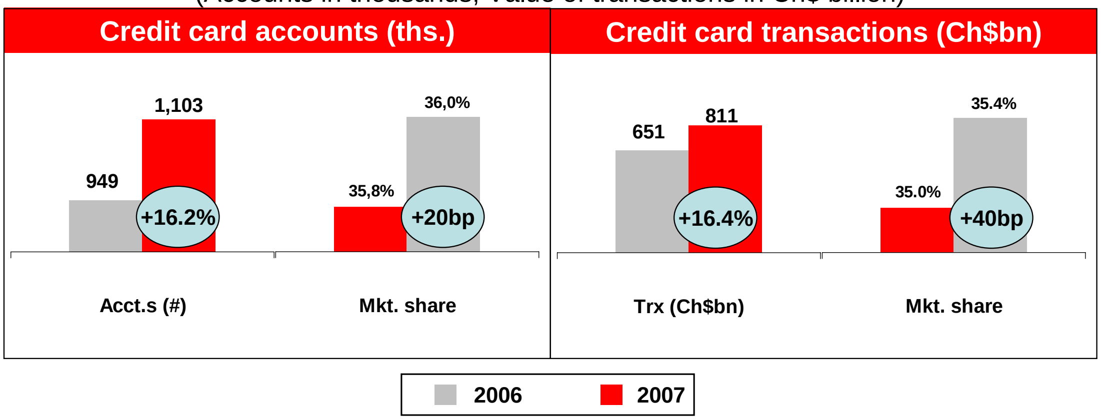
Credit cards: more cards and usage

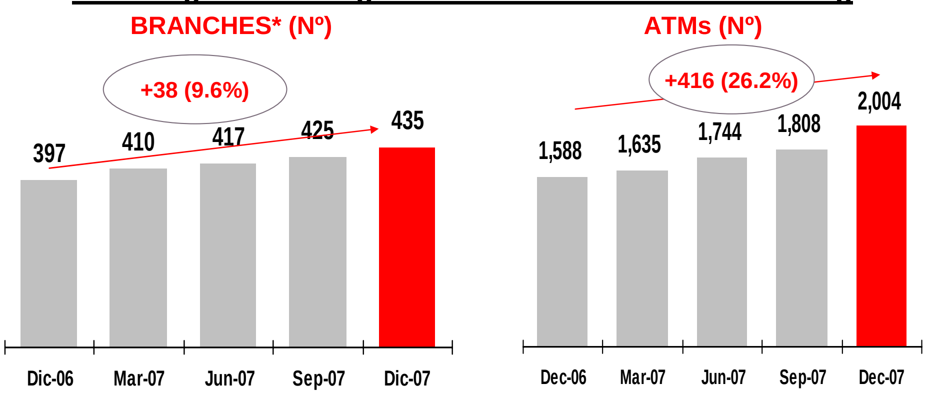
(Accounts in thousands; Value of transactions in Ch$ billion)



Source: Transbank, Dec. 2007

The Bank continues to invest in expanding its distribution network. As of December 2007, the Bank's distribution network totaled 467 branches and 2,004 ATMs, increasing 13.1% and 26.2% YoY, respectively. 1/3 of the Bank's branches have been opened in the last three years. Branch opening have been focused on all different customer segments, reflecting the Bank's segmentation strategy. In 2007, the Bank opened 12 full Santander brand branches, 6 Santander Banefe branches, 20 SuperCaja payment centers and 16 BancoPrime branches. Focus in 4Q 2007 was placed on the new BancoPrime network, an exclusive branch network for upper-income individuals. These new branches are located in the upper floors of wealthy neighborhoods and include wi-fi access to Internet, underground parking, a coffee-shop and personalized customer service. This new segmentation of the branch network should help improve our competitive stance in the upper-income market.

Investing to sustain growth momentum in retail banking



1/3 of branches opened in last 3 years

* Including Santander SuperCaja offices

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INTEREST EARNING ASSETS

Loan growth accelerated in 4Q 2007

Interest Earning Assets	Quarter ended,			% Change	
(Ch$ million)	Dec. 31, 2007	Sept. 30, 2007	Dec. 31, 2006	Dec. 2007/2006	Dec. / Sept. 2007
Consumer loans	2,033,125	1,944,579	1,800,507	12.9%	4.6%
Residential mortgage loans*	3,295,411	3,154,667	2,779,769	18.5%	4.5%
Commercial loans	4,657,869	4,333,120	4,048,221	15.1%	7.5%
Commercial mortgage loans**	116,553	146,566	181,628	(35.8%)	(20.5%)
Foreign trade loans	812,697	853,479	741,776	9.6%	(4.8%)
Leasing	879,731	836,268	764,408	15.1%	5.2%
Factoring	265,183	208,916	168,372	57.5%	26.9%
Contingent loans	1,191,280	996,156	1,022,687	16.5%	19.6%
Other outstanding loans	54,517	32,389	37,541	45.2%	68.3%
Interbank loans	45,961	182,051	151,491	(69.7%)	(74.8%)
Past due loans	116,654	112,130	92,559	26.0%	4.0%
Total loans	**13,468,981**	**12,800,321**	**11,788,959**	**14.3%**	**5.2%**
Total financial investments	1,819,266	1,653,462	1,015,376	79.2%	10.0%
Total interest-earning assets	**15,288,247**	**14,453,783**	**12,804,335**	**19.4%**	**5.8%**

* 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 4Q 2007, loan growth accelerated in most of our business segments. Total loans increased 5.2% QoQ (+20.8% on an annualized basis) and 14.3% YoY. Consumer loans expanded 4.6% QoQ (18.4% on an annualized basis) and 12.9% YoY. The Bank's market share in consumer lending increased 17 basis points between September and December 2007, reaching 26.3%. Residential mortgage lending increased 4.5% QoQ (18.0% on an annualized basis) and 18.5% YoY. Commercial loans increased 7.5% QoQ and 15.1% YoY led by an increase in lending to all company business segments as spreads improved across the board.

Loans by Business Segment*	Quarter ended,			% Change	
(Ch$ million)	Dec. 31, 2007	Sept. 30, 2007	Dec. 31, 2006	Dec. 2007/2006	Dec. / Sept. 2007
Total loans to individuals	5,846,856	5,576,602	5,087,387	14.9%	4.8%
SMEs	2,126,952	2,013,521	1,784,876	19.2%	5.6%
Total retail lending	**7,973,808**	**7,590,123**	**6,872,263**	**16.0%**	**5.1%**
Institutional lending	209,916	198,446	200,173	4.9%	5.8%
Middle-Market & Real estate	2,491,702	2,355,899	2,296,384	8.5%	5.8%
Corporate	1,534,098	1,452,592	1,220,631	25.7%	5.6%

* Excludes contingent loans and interbank loans

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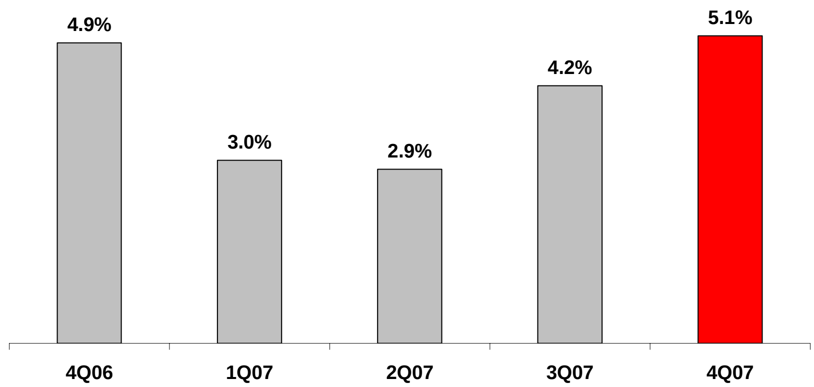
Retail lending has been showing a positive growth momentum in the second half of 2007. In 4Q 07, retail lending expanded at its fastest pace in the year, growing 5.1% QoQ and 16.0% YoY. The acceleration in loan growth is also being achieved with a better spread profile. Thus, the Bank concluded 2007 with an increase in loan growth to higher yielding retail segments coupled with a positive evolution of margins (See Net Interest Income).

Positive retail lending growth momentum
(Retail loans: QoQ growth, %)



In the same period, loans to individuals increased 4.8% QoQ and 14.9% YoY. Loans to SMEs increased 5.6% QoQ and 19.2% YoY. The retail segment experienced strong growth in high yielding consumer, residential mortgage commercial loans, leasing and factoring operations. Spreads in these segments have also remained strong.

Lending to the middle market and the large corporations was also strong in the quarter. Loans to the middle-market increased 5.8% QoQ and 8.5% YoY. Lending to large corporations increased 5.6% QoQ and 25.7% YoY. The rising international borrowing costs have led many local companies to finance more of their projects locally at attractive spreads, pushing loan growth in these segments. Going forward we expect this loan trend in corporate banking to continue.

CUSTOMER FUNDS

Solid growth of customer deposits reflects a healthy liquidity scenario

Customer Funds	**Quarter ended,**			**Change %**	
(Ch$ million)	**Dec. 31, 2007**	**Sept. 30, 2007**	**Dec. 31, 2006**	**Dec. 2007/2006**	**Dec. / Sept. 2007**
Non-interest bearing deposits	2,933,476	2,656,047	2,482,997	18.1%	10.4%
Time deposits	7,887,880	7,273,063	6,909,335	14.2%	8.5%
Total customer deposits	**10,821,356**	**9,929,110**	**9,392,332**	**15.2%**	**9.0%**
Mutual funds	2,634,461	2,867,438	2,092,193	25.9%	(8.1%)
Total customer funds	**13,455,817**	**12,796,548**	**11,484,525**	**17.2%**	**5.2%**

* Includes savings accounts

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In 4Q 07, customer funds increased 5.2% QoQ and 17.2% YoY. In the quarter, the Bank's local peso deposit ratings were increased to AAA, the only Bank, public or state-owned, with this rating. At the same time, the Bank's foreign long-term ratings were increased to A+ by Standard & Poor's in the quarter along with Chile's sovereign ratings. We view this as a positive sign, especially given the fact that many financial markets were affected by the after shocks of the sub-prime crisis. This reflects the stability of Chile's economy, the strength of the local financial system and the strong market position of Santander Chile. The Bank has the best risk ratings for any issuer in Latin America.

Time deposits increased 8.5% QoQ, reflecting the healthy liquidity of the Chilean market and the rising short-term rate environment. During the quarter, inflation continued to exceed market expectations fuelling further rises in short-term interest rates. The overnight reference rate set by the Central Bank is currently at 6.25%, 50 basis point higher than at the end of 3Q 2007.

The balance of non-interest bearing liabilities increased 10.4% QoQ and 18.1% YoY. The average balance of non-interest bearing checking accounts increased 1.0% QoQ and 17.5% YoY. The positive performance of checking account balances reflects our strong growth in checking account holders and the Bank's solid positioning in the cash-management business. This also helps to reduce the negative impact of rising rates on funding costs, as the yield on checking accounts rises with rate hikes.

Average Non-interest bearing Demand Deposits	**Quarter ended,**			**Change %**	
(Quarterly averages, Ch$ million)	**Dec. 31, 2007**	**Sept. 30, 2007**	**Dec. 31, 2006**	**Dec. 2007/2006**	**Dec. / Sept. 2007**
Total average non-interest bearing demand deposits	**2,226,485**	**2,203,374**	**1,895,592**	**17.5%**	**1.0%**

Assets under management in the Bank's mutual fund subsidiary decreased 8.1% QoQ. The depressed equity market environment seen in 4Q 07 lowered stock fund values and this resulted in an outflow of money to other assets, lowering the volume of assets under management. However, funds grew 25.9% YoY in the same period.

The Bank also continued to issue long-term bonds in the market increasing the duration of liabilities. The balance of senior and subordinated bonds increased 21.3% QoQ and 63.2% YoY. Despite international liquidity concerns, the Chilean market remains very liquid, allowing the Bank to issue 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. The Bank also issued subordinated bonds to strengthen its capitalization ratios. This reflects the Bank's proactive management of its balance sheet in order to maximize margins and profitability.

Long-term Funding	**Quarter ended,**			**Change %**	
(Ch$ million)	**Dec. 31, 2007**	**Sept. 30, 2007**	**Dec. 31, 2006**	**Dec. 2007/2006**	**Dec. / Sept. 2007**
Senior bonds	1,225,007	980,497	565,653	116.6%	24.9%
Subordinated bonds	498,216	440,598	490,416	1.6%	13.1%
Total long-term funding	**1,723,223**	**1,421,095**	**1,056,069**	**63.2%**	**21.3%**

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NET INTEREST INCOME

Positive evolution of NIM driven by improved asset/funding mix and higher inflation

Net Interest Income / Margin	**Quarter**			**Change %**	
(Ch$ million)	**4Q 2007**	**3Q 2007**	**4Q 2006**	**4Q 07/ 4Q 06**	**4Q / 3Q 2007**
Net interest income	234,806	242,755	136,899	71.5%	(3.3%)
Inflation hedge [1]	(11,020)	(19,620)	3,030	--%	(43.8%)
Adjusted net interest income[1]	**223,786**	**223,135**	**139,929**	**59.9%**	**0.3%**
Average interest-earning assets	15,139,298	14,342,826	13,783,754	9.8%	5.6%
Average loans	12,797,589	12,213,946	11,357,344	12.7%	4.8%
Net interest margin (NIM) [2]	6.2%	6.8%	4.0%		
Adjusted Net interest margin [1,2]	**5.9%**	**6.2%**	**4.1%**		
Avg. equity + non-interest bearing demand deposits / Avg. interest earning assets	24.1%	24.5%	23.4%		
Quarterly inflation rate [3]	2.31%	2.98%	(0.35%)		
Avg. overnight interbank rate (nominal)	5.81%	5.45%	5.30%		
Avg. 10 year Central Bank yield (real)	2.97%	3.08%	2.78%		

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 4Q 2007 decreased 3.3% QoQ and increased 71.5% YoY. Adjusting for the results of inflation hedging, net interest income increased 0.3% QoQ and 59.9% YoY. The Bank maintains long-term assets (mainly medium and long-term financial investments and mortgage loans) that are denominated in Unidades de Fomento (UF, an inflation linked currency) which are partially funded with peso deposits that usually have a shorter duration. In order to keep interest rate risk in line with internal and regulatory limits, the Bank hedges part of this UF/peso gap with peso/UF derivatives. The results of these derivatives are recognized in the line Net Gains from Financial Transactions. In 4Q 2007, the net interest margin, NIM, adjusted for inflation hedge reached 5.9%, decreasing 30 basis points QoQ and increasing 180 basis YoY. Among the reasons for these movements in net interest margins, the following points are worth mentioning:

- **Improved asset mix and focus on spreads**. In 4Q 2007 interest earning assets increased 9.8% YoY, while average loans increased 12.7% in the same period. This reflects the strategic focus on improving the asset and pricing mix of the loan portfolio. In 2007, the Bank remained steadily focused on profitability in order to balance growth and profitability. In 4Q 2007, loan growth accelerated as more loans complied with our risk return targets. Thus, the Bank concluded 2007 with an increase in loan growth coupled with a positive evolution of margins.

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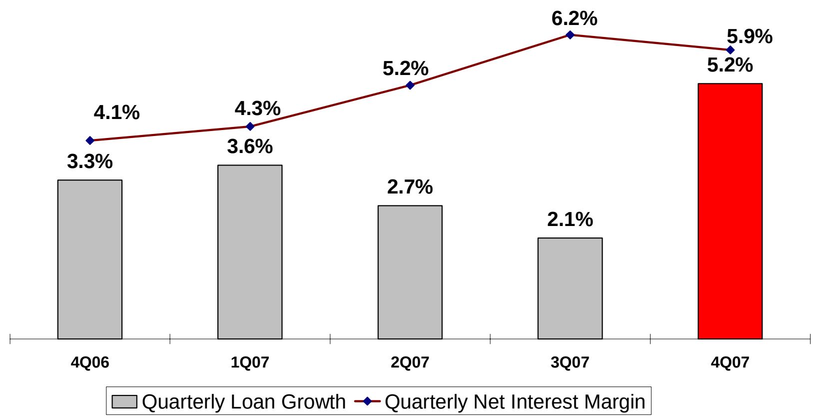
Higher loan growth at higher spreads
(QoQ total loan growth and Net interest margin*, %)



* Net interest margin adjusted for inflation hedging

- **Inflation.** The difference in inflation rates in 4Q 2007 and 4Q 2006 partially explains the expansion of NIM between these two periods. Inflation reached 2.31% in 4Q 2007 compared to -0.35% in 4Q 2006. Despite inflation hedging, the Bank maintains a positive gap between assets and liabilities indexed to inflation. Therefore, the rise in inflation had a positive impact on margins on a YoY basis in 4Q 2007. On the other hand, the decline in inflation between 3Q and 4Q 2007 negatively affected margins in 4Q 07, coming from 3Q 07's record high levels.

  The positive effects of higher inflation over the Bank's results are also partially offset by the loss from price level restatement. Going forward, if inflation decelerates, this should negatively affect net interest margins, but higher loan growth should offset this impact on net interest income.

- **Better funding mix.** During the quarter, the rise in inflation expectations pushed short-term rates upward. The average overnight interbank rate increased to 5.81% in 4Q 2007 compared to 5.45% in 3Q 2007 and 5.31% 4Q 2006. This placed pressure on the Bank's NIM by increasing funding costs. As mentioned above, the Bank issued long-term bonds in the local market to counterbalance the higher funding costs. At the same time, the ratio of average non-interest bearing liabilities to interest earning asset reached 24.1% in 4Q 2007, similar to the same ratio achieved in 3Q 2007 and 70 basis points higher than in 4Q 2006. As short-term rates rise, the yield obtained over non-interest bearing deposits and capital increases.

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PROVISION FOR LOAN LOSSES

Coverage of past due loans reaches 199.5%

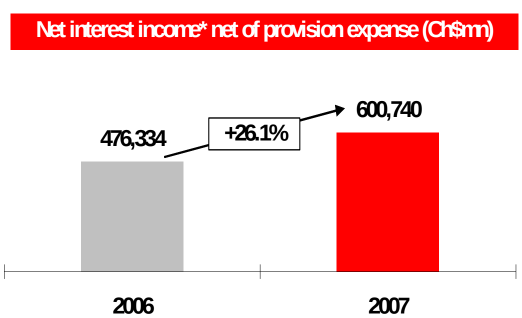
Provision for loan losses	Quarter			Change %	
(Ch$ million)	**4Q 2007**	**3Q 2007**	**4Q 2006**	**4Q 07/ 4Q 06**	**4Q / 3Q 2007**
Gross provisions	(11,835)	(11,143)	(13,569)	(12.8%)	6.2%
Charge-offs	(54,784)	(49,465)	(38,572)	42.0%	10.8%
Gross provisions and charge-offs	(66,619)	(60,608)	(52,141)	27.8%	9.9%
Loan loss recoveries	11,763	14,598	12,627	(6.8%)	(19.4%)
Net provisions for loan losses	**(54,856)**	**(46,010)**	**(39,514)**	**38.8%**	**19.2%**
Total loans	13,468,982	12,800,321	11,788,959	14.3%	5.2%
Total reserves (RLL)	232,766	221,070	174,064	33.7%	5.3%
Past due loans* (PDL)	**116,654**	**112,130**	**92,559**	**26.0%**	**4.0%**
Gross provision expense / Loans	1.98%	1.89%	1.77%		
Cost of credit**	1.63%	1.44%	1.34%		
PDL / Total loans	0.87%	0.88%	0.79%		
Expected loss (RLL / Total loans)	1.73%	1.73%	1.48%		
Coverage of past due loans* **	**199.5%**	**197.2%**	**188.1%**		

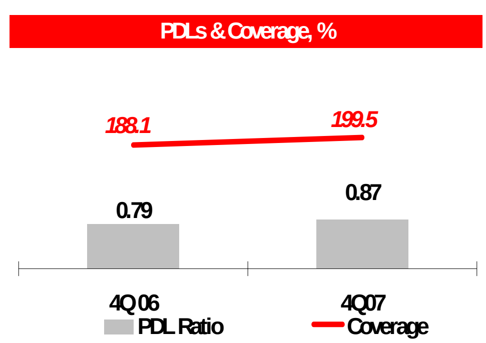
* Past due loans: installments or credit lines more than 90 days overdue. ** Net provision expense / loans annualized.
*** RLL / Past due loans.

In 4Q 2007, the Bank's net provisions expenses increased 19.2% QoQ and 38.8% 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 but relatively riskier retail segments. This is the main explanation for the rise in charge-offs in the period. In 2007, the net interest income after provisions expanded 26.1%, reflecting that despite the rise in provision expense the higher margins of the Bank's retail activities have positively contributed to its profitability.

Positive net contribution of retail lending activities

(Net interest income* net of Provision expense, Ch$ million; PDL and Coverage ratios, %)





* Net interest income adjusted for inflation hedge

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The 6.2% QoQ rise in gross provisions was due higher provisions recognized as a result of the implementation of a more conservative credit model for consumer lending. In 2006, the Bank commenced a process of improving its internal provisioning models by incorporating additional elements in the risk analysis used to determine a client's risk profile and provision level. Additional innovations were implemented in 2007, the most important being the extension of the back-testing of a client's credit behavior from 12 to 21 months. As a result, and as of September 2007, the Bank had recognized additional reserves of approximately Ch$10,526 million directly related to this change. In December 2007, this model was fully implemented and required further provisions of Ch$3,918 million. The total impact in 2007 as a result of this modification was Ch$14,444 million.

The growth in gross provisions was also due to the acceleration of loan growth. The Bank's credit model requires every consumer loan and the majority of commercial loans disbursed by the Bank to be assigned a provision expense at the beginning of the loan term in accordance with the risk profile of the client. Therefore, as the loans book grows more provisions are recognized upfront.

The increase in net provision expense was also due to the 19.4% reduction in loan loss recoveries QoQ. In the quarter, the Bank was negotiating the sale of charged-off loans, therefore, the amounts assigned to collection agents did not include those charged-off loans that were being sold, temporarily reducing recoveries in the quarter. The focus of the collection departments in 2008 will be on incrementing the rate of recoverability in the first six months of non-performance as efforts to collect after this period tend to be less cost efficient.

Net provisions for loan losses by segment	**Quarter**			**Change %**	
(Ch$ million)	**4Q 2007**	**3Q 2007**	**4Q 2006**	**4Q 07/ 4Q 06**	**4Q / 3Q 2007**
Retail banking*	54,100	45,324	37,032	46.1%	19.4%
Middle-market	663	(303)	1,701	(61.0%)	--%
Corporate banking	55	(184)	391	(85.9%)	--%
Leasing subsidiary	(100)	(13)	9	--%	669.2%
Total net provisions for loan losses**	**54,718**	**44,824**	**39,133**	**39.8%**	**22.1%**

* Includes individuals and SMEs. ** Excludes provisions over repossessed assets.

As a result of the proactive management of asset quality and the strengthening of credit policies, the Bank continues to display sound asset quality indicators. Coverage of past due loans (Reserves/Past due loans) reached 199.5% at December 2007 up from 188.1% as of December 2006. The past due loan ratio (Past due loans/Total loans) as of December 31, 2007 was 0.87% compared to 0.88% as of September 2007 and 0.79% as of December 2006. The Expected loss ratio (Reserves for loan losses/total loans) remained steady QoQ at 1.73% and increased 28 basis points compared to 4Q 2006. The cost of credit (Net provision for loan losses/Total loans) reached 1.63% in 4Q 2007 compared to 1.44% as of 3Q 2007 and 1.34% in 4Q 2006. Going forward, the Bank's expects the cost of credit to rise in line with the shift in asset mix towards retail banking.

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NET FEE INCOME

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

Net Fee Income	**Quarter**			**Change %**	
(Ch$ million)	**4Q 2007**	**3Q 2007**	**4Q 2006**	**4Q 07/ 4Q 06**	**4Q / 3Q 2007**
Checking accounts*	14,562	16,011	14,446	0.8%	(9.1%)
Adm. & collection of insurance policies	7,910	6,492	6,249	26.6%	21.8%
Mutual fund services	8,202	8,162	5,710	43.6%	0.5%
Credit cards	7,301	5,727	4,808	51.9%	27.5%
Automatic teller cards	4,217	4,172	3,351	25.8%	1.1%
Insurance brokerage	3,158	2,891	3,597	(12.2%)	9.2%
Stock brokerage	1,670	1,888	416	301.4%	(11.5%)
Other product and services	3,926	4,419	3,628	8.2%	(11.2%)
Total net fee income	**50,946**	**49,762**	**42,205**	**20.7%**	**2.4%**
Fees / Operating expense	**54.7%**	**55.5%**	**47.9%**		

* Includes lines of credit

Net fee income increased 2.4% QoQ and 20.7% YoY in 4Q 2007. As mentioned above, the Bank continues to expand its client base, cross-selling and product usage, especially in retail banking and this is driving fee income growth. Credit card fees increased 27.5% QoQ and 51.9% YoY in 4Q 2007. In the quarter the Bank experienced record usage of its credit cards. ATM fees increased 1.1% QoQ and 25.8% YoY, in line with the expansion of the Bank's ATM network. The positive evolution of credit card and ATM fees was partially offset by the lower growth of fee income from checking accounts. Despite the expansion in the number of checking account holders, fee income has been hampered by regulatory changes regarding certain collection fees that have been prohibited since the beginning of this year.

Asset management has been an important contributor to fee income in 2007. Fees from mutual fund management increased 0.5% QoQ and 43.6% YoY in 4Q 2007. Assets under management increased 25.9% YoY, but declined 8.1% QoQ as markets declined.

Insurance brokerage fees increased 9.2% QoQ and decreased 12.2% YoY in 4Q 2007. Fees from the administration and collection of insurance policies increased 21.8% QoQ and 26.6% YoY in the same period. The continued strength in distributing insurance products and collecting insurance premiums for third parties has continued to fuel insurance related fees.

Fees from stock brokerage decreased 11.5% QoQ, but increased 301.4% YoY in 4Q 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. The stock brokerage business was also negatively affected by the downturn suffered by equity markets.

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OPERATING EXPENSES AND EFFICIENCY

Efficiency ratio reaches 37.7% in 4Q 2007

Operating Expenses	**Quarter**			**Change %**	
(Ch$ million)	**4Q 2007**	**3Q 2007**	**4Q 2006**	**4Q 07/ 4Q 06**	**4Q / 3Q 2007**
Personnel expenses	49,721	45,831	48,118	3.3%	8.5%
Administrative expenses	30,956	31,633	29,943	3.4%	(2.1%)
Depreciation and amortization	12,477	12,148	10,000	24.8%	2.7%
Operating expenses	**93,154**	**89,612**	**88,061**	**5.8%**	**4.0%**
Efficiency ratio*	**37.7%**	**34.7%**	**46.5%**		

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

Efficiency continues to be a differentiating factor for Santander Chile. The efficiency ratio reached a record low of 36.5% for the full year 2007 compared to 39.0% in 2006.

In 4Q 2007, the efficiency ratio reached 37.7% compared to 46.5% in 4Q 2006. In the same period, operating expenses increased 4.0% QoQ and 5.8% YoY. Personnel expenses increased 8.5% QoQ and 3.3% YoY in the same period. Average headcount increased 16.6% in 2007 YoY. This rise is mainly focused in front office positions as the Bank expands its distribution network. Santander SuperCaja, BancaPrime and the merger of the stock brokerages also added approximately 200 new employees to headcount. Additionally in the quarter, the spurt in inflation boosted wage expenses. It is important to point out that 4Q 2006 personnel expenses included Ch$6,622 million in one time expenses resulting from the payment of an end of negotiation bonus. This was paid upon the signing in 4Q 2006 of the new collective bargaining agreement with unions.

Administrative expense remained controlled in the quarter despite the acceleration of commercial activity in the quarter. Administrative expenses fell 2.1% QoQ and increased 3.4% YoY in 4Q 2007.

The 2.7% QoQ and 24.8% YoY rise in depreciations and amortizations was directly linked to the higher commercial activities and the larger distribution network.

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GAINS (LOSSES) ON FINANCIAL TRANSACTIONS

Net Result from Financial Transactions	Quarter			Change %	
(Ch$ million)	**4Q 2007**	**3Q 2007**	**4Q 2006**	**4Q 07/ 4Q 06**	**4Q / 3Q 2007**
Net gain (loss) from trading and mark-to-market	(77,509)	(64,091)	22,772	--%	20.9%
Foreign exchange transactions, net	50,375	42,145	(4,460)	-%	19.5%
Net results from financial transactions[3]	(27,134)	(21,946)	18,312	--%	23.6%
Inflation hedge *	(11,020)	(19,620)	3,030	--%	(43.8%)
Adjusted Gains (losses) on financial transactions*	**(16,114)**	**(2,326)**	**15,282**	**--%**	**592.8%**
Quarterly inflation rate**	2.31%	2.98%	(0.35%)		
Avg. overnight interbank rate (nominal)	5.81%	5.45%	5.30%		
Avg. 10 year Central Bank yield (real)	2.97%	3.08%	2.78%		

* 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 4Q 2007, the Bank's Net results from Financial Transactions totaled a loss of Ch$27,134 million. Of this loss, Ch$11,020 million are directly related to the results from the Bank's peso/UF hedging produced by the high inflation rate in 4Q 2007 (+2.31%). 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 nominal peso 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 peso/UF 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.

Excluding this effect, the adjusted result from gains and losses from financial transactions totaled a one-time loss of Ch$16,114 million. This was mainly due to losses in our fixed income trading and market-making businesses.

3 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.

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Santander

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

Other Income and Expenses	Quarter			Change %	
(Ch$ million)	**4Q 2007**	**3Q 2007**	**4Q 2006**	**4Q 07/ 4Q 06**	**4Q / 3Q 2007**
Sales force expense	(5,395)	(7,168)	(3,585)	50.5%	(24.7%)
Other operating expenses, net	(6,217)	(4,798)	(4,284)	45.1%	29.6%
Total other operating results, net	**(11,612)**	**(11,966)**	**(7,869)**	**47.6%**	**(3.0%)**
Non-operating income, net	628	2,507	9,055	(93.1%)	(75.0%)
Income attributable to investments in other companies	(92)	(635)	(82)	12.2%	(85.5%)
Losses attributable to minority interest	(342)	(890)	(41)	734.1%	(61.6%)
Total non-operating results, net	**194**	**982**	**8,932**	**(97.8%)**	**(80.2%)**
Price level restatement	**(16,641)**	**(23,902)**	**2,480**	**--%**	**(30.4%)**
Quarterly inflation rate	2.31%	2.98%	(0.35%)		
Income tax	**(11,773)**	**(14,867)**	**(12,516)**	**(5.9%)**	**(20.8%)**

In 4Q 07, Other operating results, net totaled a loss of Ch$11,612 million, increasing 47.6% QoQ and decreasing 3.0% QoQ. Total sales force expenses decreased 24.7% QoQ and increased 50.5% YoY. The YoY growth of sales forces expenses, which are almost entirely variable, reflects the greater amount of clients opening new products in the Bank. Other operating expenses, net increased 29.6% QoQ and 45.1% YoY. This was mainly due to higher customer service expenses, expenses relating to the promotion of our credit card business and higher insurance expenses assumed by the Bank on behalf of clients.

Non-operating income, net totaled a gain of Ch$194 million in 4Q 2007. The lower gain in the line item was mainly due to lower gains from the reversal of non-credit related contingencies. 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$16,641 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 was 2.31% in 4Q 2007 compared to 2.98% in 3Q 2007 and -0.35% in 4Q 2006.

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Santander

SHAREHOLDERS' EQUITY AND REGULATORY CAPITAL

The Bank's issues sub bonds in 4Q 2007 to maintain strong capitalization ratios in 2008

Shareholders' equity	**Quarter ended**			**Change %**	
(Ch$ million)	**Dec. 31, 2007**	**Sept. 30, 2007**	**Dec. 31, 2006**	**Dec. 2007/2006**	**Dec. / Sept. 2007**
Capital	1,138,870	1,114,163	961,661	18.4%	2.2%
Unrealized gain (loss) available for sale portfolio	(9,475)	(3,873)	(1,904)	397.6%	144.6%
Total capital and reserves	1,129,395	1,110,290	959,757	17.7%	1.7%
Net Income	308,647	237,872	285,582	8.1%	29.8%
Total shareholders' equity	**1,438,042**	**1,348,162**	**1,245,339**	**15.5%**	**6.7%**
Return on average equity (ROAE)	**19.9%**	**26.1%**	**18.3%**		

Shareholders' equity totaled Ch$1,438,042 million (US$2,900 million) as of December 31, 2007. ROAE in 4Q 2007 reached 19.9% and 23.5% in 2007. The Bank's BIS ratio as of December 31, 2007 007 was 12.2%, with a Tier I ratio of 8.6%. In the quarter the Bank issued subordinated bonds in order to maintain strong capitalization ratios, especially considering the positive outlook for loan growth in 2008.

Capital Adequacy	**Quarter ended**			**Change %**	
(Ch$ million)	**Dec. 31, 2007**	**Sept. 30, 2007**	**Dec. 31, 2006**	**Dec. 2007/2006**	**Dec. / Sept. 2007**
Tier I	1,129,395	1,110,290	959,757	17.7%	1.7%
Tier II	473,037	440,432	458,546	3.2%	7.4%
Regulatory capital	**1,602,432**	**1,550,722**	**1,418,303**	**13.0%**	**3.3%**
Risk weighted assets	13,087,642	12,364,773	11,222,348	16.6%	5.8%
Tier I ratio	**8.6%**	**9.0%**	**8.6%**		
BIS ratio	**12.2%**	**12.5%**	**12.6%**		

INSTITUTIONAL BACKGROUND

As per latest public records published by the Superintendency of Banks of Chile for December 2007, Banco Santander Chile was the largest bank 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 A2 by 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 fifth in the world by profit. Founded in 1857, Santander has EUR 912,915 million in assets and EUR 1,063,892 million in managed funds, 65 million customers, 11,178 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 in 12 European countries

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(Germany, Italy and Spain, among others) and the United States. In 2007, Santander registered €9,060 million in net attributable profits, an increase of 19% from the previous year.

In Latin America, Santander manages over US$200 billion in business volume (loans, deposits, mutual funds, pension funds and managed funds) through 4,498 offices. In 2007, Santander reported $3,648 million in net attributable income in Latin America, 27% higher than the previous year.

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