

BANCO SANTANDER CHILE  
Form 6-K  
November 08, 2006

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

**Report of Foreign Issuer**

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

**For the month of November, 2006**

**Commission File Number: 001-14554**

**Banco Santander Chile**  
**Santander Chile Bank**

*(Translation of Registrant's Name into English)*

**Bandera 140**  
**Santiago, Chile**

*(Address of principal executive office)*

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

Form 20-F        Form 40-F   

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

Yes                        No           

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

Yes                        No           

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

Yes                        No           

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

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**Banco Santander Santiago Announces  
Third Quarter and Nine month 2006 Earnings**

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**Net income increased 20.3% YoY in the third quarter of 2006** and totaled Ch\$79,934 million (Ch\$0.42 per share and US\$0.81/ADR). ROE reached 27.5% in 3Q 2006 compared to 26.8% in 3Q 2005.

**Core revenue increased 20.5% in 3Q 2006 compared to 3Q 2005.** Net interest income increased 21.3% and fee income expanded 17.3% YoY, as the Bank continued to gain market share in key products and services.

**Better earnings mix enhanced margins.** Net interest margin increased 10 basis points to 5.0% in 3Q 2006 compared to 3Q 2005.

**Total retail loans increased 5.3% QoQ and 23.6% YoY.** Consumer loans grew 29.5%, residential mortgage loans increased 23.9% and lending to SMEs expanded 27.6% YoY.

**Record low efficiency ratio of 35.9% in 3Q 2006** compared to 39.9% in 3Q 2005. The Bank continued to improve productivity, which has helped to finance investments in the distribution network.

**Conservative provision policies results in sound asset quality.** Past due loans decreased 22.1% YoY. The ratio of past due loans to total loans improved to 0.78% 3Q 2006 compared to 1.17% in 3Q 2005. Gross provision expense increased 56.9% YoY in 3Q 2006 in line with growth of retail lending and conservative provision policies.

**Net income increased 23.1% in the nine month period ended September 30, 2006** compared to the same period in 2005 and totaled Ch\$224,713 million (Ch\$1.19/share and US\$2.26/ADR).

**ROAE in the nine month period ended September 30, 2006 reached 27.0%** compared to 24.3% in the same period of 2005.

**The efficiency ratio improved to 36.6%** from 40.2% in 9M 2005.

**Investor Relations Department**

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**Santiago, Chile, October 27, 2006.** Banco Santander Santiago (NYSE: SAN) announced today its unaudited results for the second quarter of 2006. These results are reported on a consolidated basis in accordance with Chilean GAAP<sup>1,2</sup> in nominal Chilean pesos.

Net income increased 20.3% in the third quarter of 2006 compared to 3Q 2005 (hereinafter YoY) and totaled Ch\$79,934 million (Ch\$0.42 per share and US\$0.81/ADR). Core revenues (net interest income and fees) increased 20.5% YoY as the Bank continued to gain market share in key products and services. ROE in the quarter reached 27.5% compared to 26.8% in 3Q 2005.

Net interest income in 3Q 2006 increased 21.3% compared to 3Q 2005. This rise was mainly driven by the 19.0% increase in average interest earning assets and a 10 bp YoY rise in net interest margins that reached 5.0% in this period. In 3Q 2006 total loans increased 2.4% QoQ with strong growth in high yielding products. Consumer loans led growth expanding 6.4% QoQ and 29.5% YoY. Market share in consumer lending reached 26.5% as of September 2006, increasing 20 basis points compared to June 2006 and 60 basis points YoY. Residential mortgage lending increased 5.8% QoQ and 23.9% YoY. Market share in residential mortgage lending reached 25.5% as of September 2006 and increased 10 basis points since June 2006 and 90 basis points YoY.

Net fee income increased 17.3% YoY in 3Q 2006 driven by a rise in the number of clients and product usage. The total client base has increased 8.9% since the beginning of the year to 2.40 million. In 3Q 2006 fees from checking accounts increased 17.8% and fees from lines of credit rose 30.4% YoY. Credit card fees increased 25.2% YoY.

In 3Q 2006 the efficiency ratio reached 35.9% compared to 39.9% in 3Q 2005. Operating expenses increased 5.6% YoY in 3Q 2006. The Bank has the lowest efficiency ratio among the leading banks in Chile and Latin America.

Asset quality remained sound in the quarter. Past due loans decreased 22.1% YoY. The ratio of past due loans to total loans improved to 0.78% 3Q 2006 compared to 0.79% in 2Q 2006 and 1.17% in 3Q 2005. The coverage ratio of past due loans reached 177.9% as of September 2006 compared to 163.1% as of June 2006 and 129.4% as of September 2005.

During 2006 the Bank has been improving its credit scoring systems for consumer loans, which in addition to non-performance, takes into account additional negative behavior when calculating individual risk levels. This factor and the overall growth of lending to retail segments explains the 56.9% YoY increase in gross provisions and charge-offs in 3Q 2006. In the quarter the Bank also finished a complete overhaul of Santander Banefes systems, fully integrating them into the Bank's computer platform. This temporarily affected the recovery process at Santander Banefe, a key element in this unit's credit cycle. As result provision expense, net of recoveries increased 103.9% YoY in 3Q 2006.

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- 1 Safe harbor statement under the Private Securities Litigation Reform Act of 1995: All forward-looking statements made by Banco Santander Santiago 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 Peso/US dollar exchange rate as of September 30, 2006 was Ch\$538.22 per dollar. All figures presented are in nominal terms. Historical figures are not adjusted by inflation.

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Net income increased 23.1% in the nine month period ended September 30, 2006 (hereinafter 9M 2006) compared to the nine-month period ended September 30, 2005 (hereinafter 9M 2005) and totaled Ch\$224,713 million (Ch\$1.19/share and US\$2.26/ADR). Growth was led by a 20.4% increase in core revenues. The Bank's ROAE in this period reached 27.0% in 9M 2006 compared to 24.3% in 9M 2005. The efficiency ratio improved to 36.6% compared to 40.2% in the same period.

Banco Santander Santiago	Quarter			Change %	
(Ch\$ million)	3Q 2006	2Q 2006	3Q 2005 (reclassified)	3Q 2006/2005	3Q / 2Q 2006
Net interest income	176,218	173,249	145,268	21.3%	1.7%
Fees and income from services	42,247	39,767	36,031	17.3%	6.2%
<b>Core revenues</b>	<b>218,465</b>	<b>213,016</b>	<b>181,299</b>	<b>20.5%</b>	<b>2.6%</b>
Total provisions, net of recoveries	(36,277)	(21,760)	(17,793)	103.9%	66.7%
Gains losses on financial transactions	443	9,541	3,408	(87.0)%	(95.4)%
Other operating income, net	(8,188)	(9,133)	(5,153)	58.9%	(10.3)%
Operating expenses	(75,681)	(76,626)	(71,649)	5.6%	(1.2)%
Income before income taxes	96,427	96,659	80,769	19.4%	(0.2)%
<b>Net income</b>	<b>79,934</b>	<b>80,345</b>	<b>66,433</b>	<b>20.3%</b>	<b>(0.5)%</b>
Net income/share (Ch\$)	0.42	0.43	0.35	20.3%	(0.5)%
Net income/ADR (US\$) <sup>1</sup>	0.81	0.81	0.69	17.3%	(0.5)%
<b>Total loans</b>	<b>11,417,739</b>	<b>11,153,070</b>	<b>9,751,241</b>	<b>17.1%</b>	<b>2.4%</b>
Customer funds	10,995,427	10,825,913	9,545,571	15.2%	1.6%
Shareholders' equity	1,187,137	1,084,985	1,029,890	15.3%	9.4%
Net interest margin	5.0%	5.0%	4.9%		
<b>Efficiency ratio</b>	<b>35.9%</b>	<b>35.9%</b>	<b>39.9%</b>		
<b>Return on average equity<sup>2</sup></b>	<b>27.5%</b>	<b>28.7%</b>	<b>26.8%</b>		
PDL / Total loans	0.78%	0.79%	1.17%		
Coverage ratio of PDLs	177.9%	163.1%	129.4%		
<b>Risk index<sup>3</sup></b>	<b>1.38%</b>	<b>1.30%</b>	<b>1.51%</b>		
BIS ratio	12.8%	12.2%	13.2%		
Branches	368	367	335		
ATMs	1,479	1,443	1,322		
Employees	8,029	7,782	7,431		

1. The change in earnings per ADR may differ from the change in earnings per share due to the exchange rate.
2. Annualized Quarterly Earnings / Average Equity.
3. Total reserve for loan losses / Total loans

### **NEW ACCOUNTING STANDARDS AND RE-CATEGORIZATION OF LINE ITEMS**

As of June 2006, and following the guidelines of the Superintendence of Banks, SBIF, new accounting standards have been adopted in line with International Accounting Standards. A re-categorization of certain line items in the balance sheet and income statement was also introduced. With these changes, 2Q and 3Q 2006 figures are comparable, but not entirely comparable to previous results reported by the Bank. 3Q 2005 results have been re-categorized under the new format adopted but do not include the new accounting criteria for derivatives. For more information about the changes implemented by the Superintendency, please refer to our 2Q 2006 earnings release.

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**INTEREST EARNING ASSETS***Solid retail loan growth*

Interest Earning Assets (Ch\$ million)	Quarter ended,			% Change	
	Sept. 30, 2006	June 30, 2006	Sept. 30, 2005	Sept. 2006/2005	Sept. /June 2006
Commercial loans	4,082,361	4,006,219	3,519,785	16.0%	1.9%
Consumer loans	1,692,432	1,590,374	1,307,269	29.5%	6.4%
Residential mortgage loans*	2,662,434	2,516,791	2,148,833	23.9%	5.8%
Commercial mortgage loans**	202,261	214,521	273,290	(26.0)%	(5.7)%
Foreign trade loans	656,171	671,886	562,784	16.6%	(2.3)%
Leasing	754,572	720,424	618,027	22.1%	4.7%
Factoring	157,967	162,901	134,453	17.5%	(3.0)%
Other outstanding loans	22,606	4,081	14,154	59.7%	453.9%
Contingent loans	963,463	1,030,589	860,050	12.0%	(6.5)%
Interbank loans	134,609	146,725	198,464	(32.2)%	(8.3)%
Past due loans	88,863	88,559	114,133	(22.1)%	0.3%
<b>Total loans</b>	<b>11,417,739</b>	<b>11,153,070</b>	<b>9,751,241</b>	<b>17.1%</b>	<b>2.4%</b>
Total financial investments	1,289,269	1,565,034	1,393,716	(7.5)%	(17.6)%
<b>Total interest-earning assets</b>	<b>12,707,008</b>	<b>12,718,104</b>	<b>11,144,957</b>	<b>14.0%</b>	<b>(0.1)%</b>

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

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

In 3Q 2006 total loans increased 2.4% QoQ with strong growth in high yielding products. Consumer loans led growth expanding 6.4% QoQ and 29.5% YoY. Market share in consumer lending reached 26.5% as of September 2006, increasing 20 basis points compared to June 2006 and 60 basis points YoY. Residential mortgage lending increased 5.8% QoQ and 23.9% YoY. Market share in residential mortgage lending reached 25.5% as of September 2006 and increased 10 basis points since June 2006 and 90 basis points YoY.

Leasing increased 4.7% QoQ and reflects strong loan growth in the SMEs and Middle-market. Commercial loans increased 1.9% QoQ and 16.0% YoY, led by an increase in lending to SMEs and Mid-sized companies partially offset by a reduction in lending to large Corporations. This is in line with our strategy to improve profitability and optimize the use of capital. The decrease in contingent, interbank and foreign trade loans QoQ was also mainly due to a reduction in these relatively low yielding products among large corporate clients. The 5.8% decrease in commercial mortgage lending was mainly due to lower demand for this product as companies have preferred to finance their fixed asset investments through regular commercial loans. Market share in lending to companies, as defined by the Superintendencia of Banks, decreased 50 basis points QoQ to 20.9%, while total loan market share reached 22.6% as of June 2006. This reflects the Bank's effort to improve the allocation of its capital to the most profitable uses.

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**Rising Market share in Retail lending**

<b>Market share evolution</b>	<b>Share %</b>	<b>QoQ Chg. (bp)</b>	<b>YoY Chg. (bp)</b>
<b>Loans to Individuals</b>	25.9	+10	+80
<b>Consumer</b>	26.5	+20	+60
<b>Mortgage</b>	25.5	+10	+90
<b>Loans to companies*</b>	20.9	-50	-100
<b>Total Loan</b>			