BANCO SANTANDER CHILE
Form 6-K
November 08, 2007

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

Report of Foreign Issuer

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

For the month of June, 2007

Commission File Number: 001-14554

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

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

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

Form 20-F x Form 40-F o

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 o No x

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 o No x

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 o No x

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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SIGNATURE

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

BANCO SANTANDER-CHILE

By: /s/ Gonzalo Romero A.

Name: Gonzalo Romero A.
Title: General Counsel

Date: Nov. 8, 2007

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Banco Santander Chile Announces
Nine Month and Third Quarter 2007 Earnings

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

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

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

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

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

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

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

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

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

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

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

Strong growth of core revenues and net operating income

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

* Core revenues: Net interest income + fees

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

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

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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 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$511.72 per US$ dollar. All figures presented are in nominal terms. Historical figures are not adjusted by inflation.

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

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

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

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

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

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

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

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

1. The change in earnings per ADR may differ from the change in earnings per share due to the exchange rate.
2. Net interest margin adjusted for the results of inflation hedging
3. Annualized Quarterly Earnings / Average Equity.
4. Reserve for loan losses / Total loans on a consolidated basis.
5. Includes SuperCaja branches inaugurated in 4Q 2006.

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INTEREST EARNING ASSETS

Strong focus on profitability

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

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

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

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

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

Source: Superintendency of Banks of Chile, unconsolidated figures.

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

*Excludes contingent loans and interbank loans

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

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

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

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

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

CUSTOMER FUNDS

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

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

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

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

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

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Total quarterly average non-interest bearing demand deposits	**Quarter ended,**			**Change %**	
(Ch$ million)	**Sept. 30, 2007**	**June 30, 2007**	**Sept. 30, 2006**	**Sept. 2007/2006**	**Sept. / June 2007**
Total	**2,203,374**	**2,185,216**	**1,805,267**	**22.1%**	**0.8%**

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

NET INTEREST INCOME

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

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

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

2. Annualized

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

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

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

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Rising net interest margins*

* Net interest margin adjusted for inflation hedging

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

3Q 2007 vs. 3Q 2006	**Avg. balance (Ch$mn)**	**YoY chg. (%)**	**Yield* (%)**	**Chg. yield (bp)**