WELLS FARGO & COMPANY/MN
Form 424B2
December 18, 2015

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**The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement and the accompanying prospectus supplement and prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

Subject To Completion, dated December 17, 2015

Amended and Restated Pricing Supplement No. 595 dated December , 2015 (To Prospectus Supplement dated March 18, 2015 and Prospectus dated March 18, 2015)

**Wells Fargo & Company**

**Medium-Term Notes, Series K**

**ETF Linked Securities**

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**Auto-Callable Securities With Buffered Downside**
(Principal at Risk Securities Linked to the SPDR® S&P® Bank ETF)

**Unlike ordinary debt securities, the securities do not pay interest, do not repay a fixed amount of principal at maturity and are subject to potential automatic call upon the terms described below.** Any return you receive on the securities and whether they are automatically called will depend on the performance of the SPDR® S&P® Bank ETF. If the fund closing price of the SPDR® S&P® Bank ETF on either of the two call observation dates is equal to or greater than the initial underlier level (set on the trade date), the securities will be automatically called, and on the related call payment date (four business days after the applicable call observation date) you will receive a cash payment equal to the face amount of your securities *plus* the *product* of the face amount of your securities *times* the call premium applicable to that call observation date. If the securities are not automatically called on either call observation date and the fund closing price of the SPDR® S&P® Bank ETF on the maturity observation date (the final underlier level ) is equal to or greater than the initial underlier level, you will receive a cash payment on the stated maturity date (four business days after the maturity observation date) equal to the face amount of your securities *plus* the *product* of the face amount of your securities *times* the maturity date premium. If the securities are not automatically called on either call observation date and the final underlier level has declined from the initial underlier level, but not by more than the buffer amount of 5%, you will receive the face amount of your securities at maturity but will not receive any maturity date premium. If the securities are not automatically called and the final underlier level has declined from the initial underlier level by more than 5%, you will lose approximately 1.0526% of the face amount of your securities at maturity for every 1% by which the decline is more than 5%. The call observation dates, the maturity observation date, the call premium applicable to each call observation date and the maturity date premium applicable to the maturity observation date are set forth in the table below:

| **Observation Dates** | **Call Premium / Maturity Date Premium*** |
|---|---|
| **1st Call Observation Date** (expected to be 13 months from the trade date) | 7.150% 8.342% |

| | | |
|---|---|---|
| **2nd Call Observation Date** (expected to be 24 from the trade date) | 13.200% | 15.400% |
| **Maturity Observation Date** (set on the trade date and will be within the range of 36 to 39 months from the trade date) | 19.800% | 23.100% |

*The actual call premium applicable to each call observation date and the actual maturity date premium applicable to the maturity observation date will be determined on the trade date.

In exchange for the potential fixed call premium or maturity date premium and the downside buffer feature, you must be willing to forgo (i) participation in any appreciation of the SPDR® S&P® Bank ETF beyond the applicable fixed call premium or maturity date premium, (ii) interest on the securities and (iii) dividends paid on shares of the SPDR® S&P® Bank ETF. **You must also be willing to accept the risk that, if the securities are not automatically called on either call observation date and the value of the SPDR® S&P® Bank ETF declines by more than 5% from the trade date to the maturity observation date, you will lose some, and possibly all, of the face amount of your securities at maturity.** All payments on the securities are subject to the credit risk of Wells Fargo & Company, and you will have no ability to pursue the shares of the SPDR® S&P® Bank ETF or any securities held by the SPDR® S&P® Bank ETF for payment. If Wells Fargo & Company defaults on its obligations, you could lose some or all of your investment.

If the securities are not automatically called on either call observation date, to determine your payment at stated maturity we will calculate the underlier return, which is the percentage increase or decrease in the final underlier level on the maturity observation date from the initial underlier level. If the securities are not automatically called on either call observation date, then on the stated maturity date, for each $1,000 face amount security:

- if the underlier return is *zero* or *positive* (the final underlier level is *equal* to or *greater* than the initial underlier level), you will receive an amount in cash equal to the sum of (i) $1,000 *plus* (ii) the *product* of (a) $1,000 *times* (b) the maturity date premium;
- if the underlier return is *not below* -5% (the final underlier level is *less than* the initial underlier level but not by more than 5%), you will receive $1,000; or
- if the underlier return is *below* -5% (the final underlier level is *less than* the initial underlier level by more than 5%), you will lose approximately 1.0526% of the face amount of your securities for every 1% by which the underlier return is below -5%. In this case, you will receive an amount in cash equal to the *sum* of (i) $1,000 *plus* (ii) the *product* of (a) approximately 1.0526 *times* (b) the *sum* of the underlier return *plus* 5% *times* (c) $1,000. **This amount will be less than $1,000 and may be zero.**

**Any return on the securities will be limited to the applicable call premium or maturity date premium, as applicable, even if the fund closing price of the SPDR® S&P® Bank ETF exceeds the initial underlier level by more than such premium on the applicable call observation date or maturity observation date, as applicable. You will not participate in any appreciation of the SPDR® S&P® Bank ETF beyond the applicable fixed premium.**

The securities will not be listed on any securities exchange and are designed to be held to maturity.

**On the date of this preliminary pricing supplement, the estimated value of the securities is approximately $937.61 per $1,000 face amount security. While the estimated value of the securities on the trade date may differ from the estimated value set forth above, we do not expect it to differ significantly absent a material change in market conditions or other relevant factors. In no event will the estimated value of the securities on the trade date be less than $917.61 per $1,000 face amount security. The estimated value of the securities was determined for us by Wells Fargo Securities, LLC using its proprietary pricing models. It is not an indication of actual profit to us or to Wells Fargo Securities, LLC or any of our other affiliates, nor is it an indication of the price, if any, at which Wells Fargo Securities, LLC or any other person may be willing to buy the securities from you at any time after issuance. See Investment Description in this pricing supplement.**

**The securities have complex features and investing in the securities involves risks not associated with an investment in conventional debt securities. See Risk Factors herein on page PRS-10.**

**The securities are unsecured obligations of Wells Fargo & Company and all payments on the securities are subject to the credit risk of Wells Fargo & Company. The securities are not deposits or other obligations of a depository institution and are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency of the United States or any other jurisdiction.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this pricing supplement or the accompanying prospectus supplement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

| | Original Offering Price[(1)] | Agent Discount[(2)] | Proceeds to Wells Fargo |
|---|---|---|---|
| **Per Security** | $1,000.00 | $30.00 | $970.00 |
| **Total** | | | |

(1) The original offering price is $970 per $1,000 face amount security for investors purchasing the securities in certain fee-based advisory accounts.

(2) The agent will receive an agent discount of $30 per $1,000 face amount security; *provided* that the agent will not receive an agent discount with respect to any security purchased in a fee-based advisory account at an original offering price of $970 per $1,000 face amount security. Wells Fargo Securities, LLC, a wholly owned subsidiary of Wells Fargo & Company, is the agent for the distribution of the securities and is acting as principal. See Investment Description in this pricing supplement for further information.

**Wells Fargo Securities**

## Investment Description

The Principal at Risk Securities Linked to the SPDR® S&P® Bank ETF are senior unsecured debt securities of Wells Fargo & Company that do not pay interest, do not repay a fixed amount of principal at maturity and are subject to potential automatic call upon the terms described in this pricing supplement. Any payment you receive upon automatic call or at maturity and whether the securities are automatically called will depend on the performance of the SPDR® S&P® Bank ETF (the underlier ). The securities provide:

(i) the possibility of an automatic call of the securities at a fixed call premium if the fund closing price of the underlier on either call observation date is greater than or equal to the initial underlier level; and

(ii) if the securities are not automatically called on either call observation date:

(a) the possibility of a return equal to the maturity date premium if the final underlier level is equal to or greater than the initial underlier level;

(b) payment of the face amount at maturity if, and only if, the final underlier level is not less than the initial underlier level by more than the buffer amount; and

(c) exposure to the decrease in the value of the underlier from the initial underlier level if the final underlier level is less than the initial underlier level by more than the buffer amount, with exposure on a leveraged basis to any such decrease in excess of the buffer amount.

**If the fund closing price of the underlier is less than the initial underlier level on each of the call observation dates and if the final underlier level (determined on the maturity observation date) is less than the initial underlier level, you will not receive any positive return on your investment in the securities. If the final underlier level is less than the initial underlier level by more than the buffer amount, you will lose some, and possibly all, of the face amount of your securities at maturity.**

**Any return on the securities will be limited to the applicable call premium or the maturity date premium, as applicable, even if the fund closing price of the underlier significantly exceeds the initial underlier level on the applicable call observation date or maturity observation date, as applicable. You will not participate in any appreciation of the underlier beyond the applicable fixed call premium or maturity date premium, as applicable.**

All payments on the securities are subject to the credit risk of Wells Fargo.

The underlier is an exchange traded fund that seeks to track the S&P® Banks Select Industry™ Index, an equity index that is designed to measure the performance of the following sub-industry groups of the S&P® Total Market Index: asset management & custody banks, diversified banks, regional banks, other diversified financial services and thrifts & mortgage finance. The S&P® Total Market Index is a benchmark that measures the performance of the United States equity market.

You should read this pricing supplement together with the prospectus supplement dated March 18, 2015 and the prospectus dated March 18, 2015 for additional information about the securities. Information included in this pricing supplement supersedes information in the prospectus supplement and prospectus to the extent it is different from that information. Certain defined terms used but not defined herein have the meanings set forth in the prospectus supplement.

You may access the prospectus supplement and prospectus on the SEC website www.sec.gov as follows (or if such address has changed, by reviewing our filing for the relevant date on the SEC website):

Prospectus Supplement dated March 18, 2015 and Prospectus dated March 18, 2015 filed with the SEC on March 18, 2015:
http://www.sec.gov/Archives/edgar/data/72971/000119312515096449/d890684d424b2.htm

The original offering price of each security includes certain costs that are borne by you. Because of these costs, the estimated value of the securities on the trade date will be less than the original offering price. The costs included in the original offering price relate to selling, structuring, hedging and issuing the securities, as well as to our funding considerations for debt of this type.

The costs related to selling, structuring, hedging and issuing the securities include (i) the agent discount (if any), (ii) the projected profit that our hedge counterparty (which may be one of our affiliates) expects to realize for assuming risks inherent in hedging our obligations under the securities and (iii) hedging and other costs relating to the offering of the securities.

SPDR®, S&P®, S&P 500® and Select Sector SPDRs® are trademarks of Standard & Poor s Financial Services LLC ( S&P Financial ). The securities are not sponsored, endorsed, sold or promoted by the SPDR Series Trust (the SPDR Trust ), SSgA Funds Management, Inc. ( SSgA ) or S&P Financial. None of the SPDR Trust, SSgA or S&P Financial makes any representations or warranties to the holders of the securities or any member of the public regarding the advisability of investing in the securities. None of the SPDR Trust, SSgA or S&P Financial will have any obligation or liability in connection with the registration, operation, marketing, trading or sale of the securities or in connection with Wells Fargo & Company s use of information about the SPDR® S&P® Bank ETF.

Our funding considerations take into account the higher issuance, operational and ongoing management costs of market-linked debt such as the securities as compared to our conventional debt of the same maturity, as well as our liquidity needs and preferences. Our funding considerations are reflected in the fact that we determine the economic terms of the securities based on an assumed funding rate that is generally lower than the interest rates implied by secondary market prices for our debt obligations and/or by other traded instruments referencing our debt obligations, which we refer to as our secondary market rates. As discussed below, our secondary market rates are used in determining the estimated value of the securities.

If the costs relating to selling, structuring, hedging and issuing the securities were lower, or if the assumed funding rate we use to determine the economic terms of the securities were higher, the economic terms of the securities would be more favorable to you and the estimated value would be higher. The estimated value of the securities as of the trade date will be set forth in the final pricing supplement.

*Determining the estimated value*

Our affiliate, Wells Fargo Securities, LLC (WFS), calculated the estimated value of the securities set forth on the cover page of this pricing supplement based on its proprietary pricing models. Based on these pricing models and related market inputs and assumptions referred to in this section below, WFS determined an estimated value for the securities by estimating the value of the combination of hypothetical financial instruments that would replicate the payout on the securities, which combination consists of a non-interest bearing, fixed-income bond (the debt component) and one or more derivative instruments underlying the economic terms of the securities (the derivative component).

The estimated value of the debt component is based on a reference interest rate, determined by WFS as of a recent date, that generally tracks our secondary market rates. Because WFS does not continuously calculate our reference interest rate, the reference interest rate used in the calculation of the estimated value of the debt component may be higher or lower than our secondary market rates at the time of that calculation. As noted above, we determine the economic terms of the securities based upon an assumed funding rate that is generally lower than our secondary market rates. In contrast, in determining the estimated value of the securities, we value the debt component using a reference interest rate that generally tracks our secondary market rates. Because the reference interest rate is generally higher than the assumed funding rate, using the reference interest rate to value the debt component generally results in a lower estimated value for the debt component, which we believe more closely approximates a market valuation of the debt component than if we had used the assumed funding rate.

WFS calculated the estimated value of the derivative component based on a proprietary derivative-pricing model, which generated a theoretical price for the derivative instruments that constitute the derivative component based on various inputs, including the derivative component factors identified in Risk Factors The Value Of The Securities Prior To Stated Maturity Will Be Affected By Numerous Factors, Some Of Which Are Related In Complex Ways. These inputs may be market-observable or may be based on assumptions made by WFS in its discretion.

The estimated value of the securities determined by WFS is subject to important limitations. See Risk Factors The Estimated Value Of The Securities Is Determined By Our Affiliate s Pricing Models, Which May Differ From Those Of Other Dealers and Risk Factors Our Economic Interests And Those Of Any Dealer Participating In The Offering Are Potentially Adverse To Your Interests.

*Valuation of the securities after issuance*

The estimated value of the securities is not an indication of the price, if any, at which WFS or any other person may be willing to buy the securities from you in the secondary market. The price, if any, at which WFS or any of its affiliates may purchase the securities in the secondary market will be based upon WFS s proprietary pricing models and will fluctuate over the term of the securities due to changes in market conditions and other relevant factors. However, absent changes in these market conditions and other relevant factors, except as otherwise described in the following paragraph, any secondary market price will be lower than the estimated value on the trade date because the secondary market price will be reduced by a bid-offer spread, which may vary depending on the aggregate face amount of the securities to be purchased in the secondary market transaction, and the expected cost of unwinding any related hedging transactions. Accordingly, unless market conditions and other relevant factors change significantly in your favor, any secondary market price for the securities is likely to be less than the original offering price.

If WFS or any of its affiliates makes a secondary market in the securities at any time up to the original issue date or during the 3-month period following the original issue date, the secondary market price offered by WFS or any of its affiliates will be increased by an amount reflecting a portion of the costs associated with selling, structuring, hedging and issuing the securities that are included in the original offering price. Because this portion of the costs is not fully deducted upon issuance, any secondary market price offered by WFS or any of its affiliates during this period will be higher than it would be if it were based solely on WFS s proprietary pricing models less the bid-offer spread and hedging unwind costs described above. The amount of this increase in the secondary market price will decline steadily to zero over this 3-month period. If you hold the securities through an account at WFS or any of its affiliates, we expect that this increase will also be reflected in the value indicated for the securities on your brokerage account statement.

If WFS or any of its affiliates makes a secondary market in the securities, WFS expects to provide those secondary market prices to any unaffiliated broker-dealers through which the securities are held and to commercial pricing vendors. If you hold your securities through an account at a broker-dealer other than WFS or any of its affiliates, that broker-dealer may obtain market prices for the securities from WFS (directly or indirectly), but could also obtain such market prices from other sources, and may be willing to purchase the securities at any given time at a price that differs from the price at which WFS or any of its affiliates is willing to purchase the securities. As a result, if you hold your securities through an account at a broker-dealer other than WFS or any of its affiliates, the value of the securities on your brokerage account statement may be different than if you held your securities at WFS or any of its affiliates.

The securities will not be listed or displayed on any securities exchange or any automated quotation system. Although WFS and/or its affiliates may buy the securities from investors, they are not obligated to do so and are not required to make a market for the securities. There can be no assurance that a secondary market will develop.

**Investor Considerations**

We have designed the securities for investors who:

- believe the fund closing price of the underlier will be greater than or equal to the initial underlier level on one of the call observation dates or the maturity observation date;
- seek the potential for a fixed return if the underlier has appreciated at all as of either call observation date or the maturity observation date in lieu of full participation in any potential appreciation of the underlier;
- understand that if the fund closing price of the underlier is less than the initial underlier level on each of the call observation dates and the maturity observation date, they will not receive any positive return on their investment in the securities;
- understand that the term of the securities may be as short as approximately 13 months and that they will not receive the higher cash settlement amount based on the call premium payable with respect to the second call observation date if the securities are called on the first call observation date and will not receive the cash settlement amount based on the maturity date premium if the securities are automatically called on either of the call observation dates;
- desire payment of the face amount at maturity so long as the final underlier level is not less than the initial underlier level by more than the buffer amount;
- desire to moderate any decline from the initial underlier level to the final underlier level in excess of the buffer amount through the buffer feature;
- understand that the ability of the buffer feature to moderate any decline in the underlier in excess of the buffer amount is progressively reduced as the final underlier level declines because they will be exposed on a leveraged basis to any decline in the underlier in excess of the buffer amount;
- understand that if the final underlier level is less than the initial underlier level by more than the buffer amount, they will be exposed to the decrease in the underlier from the initial underlier level, subject to the buffer feature, and will lose some, and possibly all, of the face amount of the securities;
- are willing to forgo interest payments on the securities and dividends on shares of the underlier; and
- are willing to hold the securities until maturity.

The securities are not designed for, and may not be a suitable investment for, investors who:

seek a liquid investment or are unable or unwilling to hold the securities to maturity;

believe that the fund closing price of the underlier will be less than the initial underlier level on each of the call observation dates and the maturity observation date;

are unwilling to accept the risk that, if the fund closing price of the underlier is less than the initial underlier level on each of the call observation dates and the maturity observation date, they will not receive any positive return on their investment in the securities;

seek a security with a fixed term;

are unwilling to accept the risk that the final underlier level may decrease from the initial underlier level by more than the buffer amount;

seek certainty of receiving the face amount of the securities at stated maturity;

are unwilling to purchase securities with an estimated value as of the trade date that is lower than the original offering price and that may be as low as the lower estimated value set forth on the cover page;

seek current income;

are unwilling to accept the risk of exposure to companies in the banking industry in the United States equity market;

seek exposure to the upside performance of the underlier beyond the applicable fixed call premium or the maturity date premium, as applicable;

are unwilling to accept the credit risk of Wells Fargo to obtain exposure to the underlier generally, or to the exposure to the underlier that the securities provide specifically; or

prefer the lower risk of fixed income investments with comparable maturities issued by companies with comparable credit ratings.

**Terms of the Securities**

| | |
|---|---|
| **Underlier:** | SPDR® S&P® Bank ETF |
| **Trade Date:** | December , 2015. |
| **Original Issue Date (settlement date):** | December , 2015. (T+5) |
| **Original Offering Price:** | $1,000 per security; *provided* that the original offering price is $970 per security for investors purchasing the securities in certain fee-based advisory accounts. |
| **Face Amount:** | $1,000 per security. References in this pricing supplement to a security are to a security with a face amount of $1,000. |
| **Automatic Call:** | If the fund closing price of the underlier on either call observation date is greater than or equal to the initial underlier level, the securities will be automatically called, and on the related call payment date you will be entitled to receive a cash settlement amount per security in U.S. dollars equal to the face amount *plus* the *product* of the face amount *times* the applicable call premium.<br><br>If the securities are automatically called, they will cease to be outstanding on the related call payment date and you will have no further rights under the securities after such call payment date. |

**Observation Dates and Premiums:**

| Observation Dates | Call Premium / Maturity Date Premium | | Cash Settlement Amount (upon an automatic call or at stated maturity) per security | |
|---|---|---|---|---|
| **1st Call Observation Date** (expected to be 13 months from the trade date) | 7.150% | 8.342% | $1,071.50 | $1,083.42 |
| **2nd Call Observation Date** (expected to be 24 months from the trade date) | 13.200% | 15.400% | $1,132.00 | $1,154.00 |
| **Maturity Observation Date** (set on the trade date and will be within the range of 36 to 39 months from the trade date) | 19.800% | 23.100% | $1,198.00 | $1,231.00 |

The actual call observation dates and call premium applicable to each call observation date and the actual maturity observation date and maturity date premium applicable to the maturity observation date will be determined on the trade date and will be within the ranges specified in the foregoing table.

**Any positive return on the securities will be limited to the applicable call premium or maturity date premium, as applicable, even if the fund closing price of the underlier significantly exceeds the initial underlier level on the applicable call observation date or maturity observation date, as applicable. You will not participate in any appreciation of the**

**underlier beyond the applicable fixed premium.**

*The observation dates do not occur on an annual basis (i.e., the first call observation date is 13 months after the trade date, the second call observation date is 11 months after the first call observation date and the maturity observation date will be 12 to 15 months after the second call observation date, as determined on the trade date). The range for the premium applicable to each observation date is based on a range of 6.60% to 7.70% for each year that has passed from the trade date to the applicable observation date.*

The call observation dates and the maturity observation date are subject to postponement for non-trading days and the occurrence of a market disruption event. See Postponement of an Observation Date below.

| | |
|---|---|
| **Call Payment Dates:** | Four business days after the applicable call observation date (as each such call observation date may be postponed pursuant to Postponement of an Observation Date below, if applicable). |

**Payment at Stated Maturity (if the Securities Are Not Automatically Called):** If the securities are not automatically called on either of the call observation dates, then on the stated maturity date, you will be entitled to receive a cash settlement amount per security in U.S. dollars determined as follows:

if the final underlier level is *equal* to or *greater* than the initial underlier level, $1,000 *plus* (ii) the *product* of (a) $1,000 *times* (b) the maturity date premium;

if the final underlier level is *less than* the initial underlier level but *greater than* or *equal to* the buffer level, $1,000; or

if the final underlier level is *less than* the buffer level, the *sum* of (i) $1,000 *plus* (ii) the *product* of (a) the buffer rate *times* (b) the *sum* of the underlier return *plus* the buffer amount *times* (c) $1,000.

**If the fund closing price of the underlier is less than the initial underlier level on each call observation date and the final underlier level is less than the buffer level, you will lose some, and possibly all, of the face amount of your securities at maturity.**

All calculations with respect to the cash settlement amount (whether upon an automatic call or at stated maturity) will be rounded to the nearest one hundred-thousandth, with five one-millionths rounded upward (e.g., .000005 would be rounded to .00001); and the cash settlement amount will be rounded to the nearest cent, with one-half cent rounded upward.

**Stated Maturity Date:** The stated maturity date will be set on the trade date and will be four business days after the maturity observation date (as it may be postponed pursuant to Postponement of an Observation Date below, if applicable). See Postponement of an Observation Date and Additional Terms of the Securities Market Disruption Events for information about the circumstances that may result in a postponement of the maturity observation date. If the stated maturity date is not a business day, any payment required to be made on the securities on the stated maturity date will be made on the next succeeding business day with the same force and effect as if it had been made on the stated maturity date. A business day means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York. The securities are not subject to repayment at the option of any holder of the securities prior to the stated maturity date.

**Initial Underlier Level:** , the fund closing price of the underlier on the trade date.

**Final Underlier Level:** The final underlier level will be the fund closing price of the underlier on the maturity observation date.

**Underlier Return:** The underlier return will be the *quotient* of (i) the final underlier level *minus* the initial underlier level *divided by* (ii) the initial underlier level, expressed as a percentage.

**Buffer Level:** , which is equal to 95% of the initial underlier level.

**Buffer Amount:** 5%

**Buffer Rate:** The buffer rate will be equal to the initial underlier level divided by the buffer level, or 100% divided by 95%, which is approximately 1.0526.

| | |
|---|---|
| **Postponement of an Observation Date:** | The two call observation dates and the maturity observation date are each referred to as an observation date. If any observation date is not a trading day, that observation date will be postponed to the next succeeding trading day. An observation date is also subject to postponement due to the occurrence of a market disruption event. See Additional Terms of the Securities Market Disruption Events. |
| **Trading Day:** | A trading day means a day, as determined by the calculation agent, on which the relevant stock exchange and each related futures or options exchange with respect to the underlier or any successor thereto, if applicable, are scheduled to be open for trading for their respective regular trading sessions. |
| **Relevant Stock Exchange:** | The relevant stock exchange for the underlier means the primary exchange or quotation system on which shares (or other applicable securities) of the underlier are traded, as determined by the calculation agent. |

| | |
|---|---|
| **Related Futures or Options Exchange:** | The "related futures or options exchange" for the underlier means each exchange or quotation system where trading has a material effect (as determined by the calculation agent) on the overall market for futures or options contracts relating to the underlier. |
| **Closing Price:** | The "closing price" with respect to a share of the underlier (or one unit of any other security for which a closing price must be determined) on any trading day means the price, at the scheduled weekday closing time, without regard to after hours or any other trading outside the regular trading session hours, of the share on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended, on which the share (or any such other security) is listed or admitted to trading. |
| **Fund Closing Price:** | The "fund closing price" with respect to the underlier on any trading day means the product of (i) the closing price of one share of the underlier (or one unit of any other security for which a fund closing price must be determined) on such trading day and (ii) the adjustment factor applicable to the underlier on such trading day. |
| **Adjustment Factor:** | The "adjustment factor" means, with respect to a share of the underlier (or one unit of any other security for which a fund closing price must be determined), 1.0, subject to adjustment in the event of certain events affecting the shares of the underlier. See "Additional Terms of the Securities—Anti-dilution Adjustments Relating to the Underlier; Alternate Calculation" below. |
| **Calculation Agent:** | Wells Fargo Securities, LLC |
| **No Listing:** | The securities will not be listed on any securities exchange or automated quotation system. |
| **Material Tax Consequences:** | For a discussion of the material U.S. federal income and certain estate tax consequences of the ownership and disposition of the securities, see "United States Federal Tax Considerations." |
| **Agent:** | Wells Fargo Securities, LLC, a wholly owned subsidiary of Wells Fargo & Company. The agent may resell the securities to other securities dealers at the original offering price of the securities less a concession not in excess of $30.00 per security; *provided* that no concession will be allowed in connection with securities purchased in a fee-based advisory account at an original offering price of $970 per security.<br><br>The agent or another affiliate of ours expects to realize hedging profits projected by its proprietary pricing models to the extent it assumes the risks inherent in hedging our obligations under the securities. If any dealer participating in the distribution of the securities or any of its affiliates conducts hedging activities for us in connection with the securities, that dealer or its affiliate will expect to realize a profit projected by its proprietary pricing models from such hedging activities. Any such projected profit will be in addition to any discount or concession received in connection with the sale of the securities to you. |
| **Denominations:** | $1,000 and any integral multiple of $1,000. |
| **CUSIP:** | 94986RC33 |

**Hypothetical Payout Profile**

The following profile illustrates the potential payment on the securities for a range of hypothetical percentage changes in the fund closing price of the underlier from the trade date to the applicable call observation date and the maturity observation date, as the case may be. The profile is based on hypothetical premiums of 7.746%, 14.300% and 21.450% (based on the midpoint of the ranges specified for the call premiums and maturity date premium), a buffer level equal to 95% of the initial underlier level, a buffer rate of approximately 1.0526, a buffer amount of 5% and an original offering price of $1,000 per security. This graph has been prepared for purposes of illustration only. Your actual return will depend on (i) whether the securities are automatically called; (ii) if the securities are automatically called, the actual call premium and the actual call observation date on which the securities are called; (iii) if the securities are not automatically called, the actual final underlier level and the actual maturity date premium; (iv) the actual price you pay for your securities; and (v) whether you hold your securities to maturity or earlier automatic call.

## Risk Factors

The securities have complex features and investing in the securities will involve risks not associated with an investment in conventional debt securities. You should carefully consider the risk factors set forth below as well as the other information contained in this pricing supplement and the accompanying prospectus supplement and prospectus, including the documents they incorporate by reference. As described in more detail below, the value of the securities may vary considerably before the stated maturity date due to events that are difficult to predict and are beyond our control. You should reach an investment decision only after you have carefully considered with your advisors the suitability of an investment in the securities in light of your particular circumstances. The index underlying the underlier, the S&P Banks Select Industry Index, is sometimes referred to as the underlying index.

**If The Securities Are Not Automatically Called And The Final Underlier Level Is Less Than The Initial Underlier Level, You May Lose Up To All Of Your Investment.**

We will not repay you a fixed amount on the securities on the stated maturity date. If the fund closing price of the underlier is less than the initial underlier level on each of the call observation dates, the securities will not be automatically called and you will not receive the applicable call premium. In addition, if the final underlier level (determined on the maturity observation date) is less than the initial underlier level, you will not receive the maturity date premium and instead you will receive a payment at maturity that will be equal to or less than the face amount per security, depending on the final underlier level.

If the securities are not automatically called and the final underlier level is less than the initial underlier level by more than the buffer amount, the cash settlement amount at maturity will be less than the face amount per security and you will be exposed on a leveraged basis to the decline in the underlier beyond the buffer amount. As a result, if the securities are not automatically called and the final underlier level is less than the initial underlier level, you may receive less than, and possibly lose all of, the face amount per security at maturity even if the price of the underlier is greater than or equal to the initial underlier level or the buffer level at certain points during the term of the securities.

If the securities are not automatically called and the final underlier level is less than the initial underlier level, your return on the securities will be zero or negative, and therefore your yield on the securities will be less than the yield you would earn if you bought a traditional interest-bearing debt security of Wells Fargo or another issuer with a similar credit rating with the same stated maturity date.

**The Potential Return On The Securities Is Limited To The Applicable Call Premium Or The Maturity Date Premium, As Applicable.**

The potential return on the securities is limited to the applicable call premium or the maturity date premium, regardless of the performance of the underlier. The underlier may appreciate by significantly more than the percentage represented by the applicable call premium or maturity date premium from the trade date through the applicable call observation date or maturity observation date, as applicable, in which case an investment in the securities will underperform a hypothetical alternative investment providing a 1-to-1 return based on the performance of the underlier. Furthermore, if the securities are called on an earlier call observation date, you will receive a cash settlement amount based on a lower call premium than if the securities were called on a later call observation date or if the securities were held to maturity and the final underlier level were greater than or equal to the initial underlier level. Accordingly, you will not receive a cash settlement amount based on the highest premium if the securities are automatically called prior to the maturity observation date.

**No Periodic Interest Will Be Paid On The Securities.**

No periodic payments of interest will be made on the securities. However, if the agreed-upon tax treatment is successfully challenged by the Internal Revenue Service (the IRS ), you may be required to recognize taxable income over the term of the securities. You should review the section of this pricing supplement entitled United States Federal Tax Considerations.

**You Will Be Subject To Reinvestment Risk.**

If your securities are automatically called early, the term of the securities may be reduced to as short as the period from the trade date to the first call observation date. There is no guarantee that you would be able to reinvest the proceeds from an investment in the securities at a comparable return for a similar level of risk in the event the securities are automatically called prior to maturity.

**The Stated Maturity Date Of The Securities Is A Pricing Term And Will Be Determined By Us On The Trade Date.**

We will not fix the stated maturity date until the trade date. The term could be as short as the low end of the range and as long as the high end of the range set forth on the cover page. You should be willing to hold your securities for up to the high end of the range set forth on the cover page. The stated maturity date selected by us could have an impact on the value of the securities.

**The Securities Are Subject To The Credit Risk Of Wells Fargo.**

The securities are our obligations and are not, either directly or indirectly, an obligation of any third party. Any amounts payable under the securities are subject to our creditworthiness, and you will have no ability to pursue the shares of the underlier or any securities held by the underlier for payment. As a result, our actual and perceived creditworthiness may affect the value of the securities and, in the event we were to default on our obligations, you may not receive any amounts owed to you under the terms of the securities.

**The Estimated Value Of The Securities On The Trade Date, Based On WFS s Proprietary Pricing Models, Will Be Less Than The Original Offering Price.**

The original offering price of the securities includes certain costs that are borne by you. Because of these costs, the estimated value of the securities on the trade date will be less than the original offering price. The costs included in the original offering price relate to selling, structuring, hedging and issuing the securities, as well as to our funding considerations for debt of this type. The costs related to selling, structuring, hedging and issuing the securities include (i) the agent discount (if any), (ii) the projected profit that our hedge counterparty (which may be one of our affiliates) expects to realize for assuming risks inherent in hedging our obligations under the securities and (iii) hedging and other costs relating to the offering of the securities. Our funding considerations are reflected in the fact that we determine the economic terms of the securities based on an assumed funding rate that is generally lower than our secondary market rates. If the costs relating to selling, structuring, hedging and issuing the securities were lower, or if the assumed funding rate we use to determine the economic terms of the securities were higher, the economic terms of the securities would be more favorable to you and the estimated value would be higher.

**The Estimated Value Of The Securities Is Determined By Our Affiliate s Pricing Models, Which May Differ From Those Of Other Dealers.**

The estimated value of the securities was determined for us by WFS using its proprietary pricing models and related market inputs and assumptions referred to above under Investment Description Determining the estimated value. Certain inputs to these models may be determined by WFS in its discretion. WFS s views on these inputs may differ from other dealers views, and WFS s estimated value of the securities may be higher, and perhaps materially higher, than the estimated value of the securities that would be determined by other dealers in the market. WFS s models and its inputs and related assumptions may prove to be wrong and therefore not an accurate reflection of the value of the securities.

**The Estimated Value Of The Securities Is Not An Indication Of The Price, If Any, At Which WFS Or Any Other Person May Be Willing To Buy The Securities From You In The Secondary Market.**

The price, if any, at which WFS or any of its affiliates may purchase the securities in the secondary market will be based on WFS s proprietary pricing models and will fluctuate over the term of the securities as a result of changes in the market and other factors described in the next risk factor. Any such secondary market price for the securities will also be reduced by a bid-offer spread, which may vary depending on the aggregate face amount of the securities to be purchased in the secondary market transaction, and the expected cost of unwinding any related hedging transactions. Unless the factors described in the next risk factor change significantly in your favor, any such secondary market price for the securities is likely to be less than the original offering price.

If WFS or any of its affiliates makes a secondary market in the securities at any time up to the original issue date or during the 3-month period following the original issue date, the secondary market price offered by WFS or any of its affiliates will be increased by an amount reflecting a portion of the costs associated with selling, structuring, hedging and issuing the securities that are included in the original offering price. Because this portion of the costs is not fully deducted upon issuance, any secondary market price offered by WFS or any of its affiliates during this period will be higher than it would be if it were based solely on WFS s proprietary pricing models less the bid-offer spread and hedging unwind costs described above. The amount of this increase in the secondary market price will decline steadily to zero over this 3-month period. If you hold the securities through an account at WFS or any of its affiliates, we expect that this increase will also be reflected in the value indicated for the securities on your brokerage account statement. If you hold your securities through an account at a broker-dealer other than WFS or any of its affiliates, the value of the securities on your brokerage account statement may be different than if you held your securities at WFS or any of its affiliates, as discussed above under Investment Description.

**The Value Of The Securities Prior To Stated Maturity Will Be Affected By Numerous Factors, Some Of Which Are Related In Complex Ways.**

The value of the securities prior to stated maturity will be affected by the price of the underlier at that time, interest rates at that time and a number of other factors, some of which are interrelated in complex ways. The effect of any one factor may be offset or magnified by the effect of another factor. The following factors, which we refer to as the derivative component factors, are expected to affect the value of the securities. When we refer to the value of your security, we mean the value that you could receive for your security if you are able to sell it in the open market before the stated maturity date.

**Underlier Performance.** The value of the securities prior to maturity will depend substantially on the price of the underlier. The price at which you may be able to sell the securities before stated maturity may be at a discount, which could be substantial, from their original offering price, if the price of the underlier at such time is less than, equal to or not sufficiently above the initial underlier level.

**Interest Rates.** The value of the securities may be affected by changes in the interest rates in the U.S. markets.

**Volatility Of The Underlier.** Volatility is the term used to describe the size and frequency of market fluctuations. The value of the securities may be affected if the volatility of the underlier changes.

**Time Remaining To Maturity.** The value of the securities at any given time prior to maturity will likely be different from that which would be expected based on the then-current price of the underlier. This difference will most likely reflect a discount due to expectations and uncertainty concerning the price of the underlier during the period of time still remaining to the maturity date. In general, as the time remaining to maturity decreases, the value of the securities will approach the amount that could be payable at maturity based on the then-current price of the underlier.

**Dividend Yields On The Securities Included In The Underlier.** The value of the securities may be affected by the dividend yields on securities held by the underlier (the amount of such dividends may influence the closing price of the shares of the underlier).

In addition to the derivative component factors, the value of the securities will be affected by actual or anticipated changes in our creditworthiness, as reflected in our secondary market rates. The value of the securities will also be limited by the automatic call feature because if the securities are automatically called, the return will not be greater than the applicable call premium. You should understand that the impact of one of the factors specified above, such as a change in interest rates, may offset some or all of any change in the value of the securities attributable to another factor, such as a change in the price of the underlier. Because several factors are expected to affect the value of the securities, changes in the price of the underlier may not result in a comparable change in the value of the securities. We anticipate that the value of the securities will always be at a discount to the maximum settlement amount.

**The Securities Will Not Be Listed On Any Securities Exchange And We Do Not Expect A Trading Market For The Securities To Develop.**

The securities will not be listed or displayed on any securities exchange or any automated quotation system. Although the agent and/or its affiliates may purchase the securities from holders, they are not obligated to do so and are not required to make a market for the securities. There can be no assurance that a secondary market will develop. Because we do not expect that any market makers will participate in a secondary market for the securities, the price at which you may be able to sell your securities is likely to depend on the price, if any, at which the agent is willing to buy your securities.

If a secondary market does exist, it may be limited. Accordingly, there may be a limited number of buyers if you decide to sell your securities prior to stated maturity. This may affect the price you receive upon such sale. Consequently, you should be willing to hold the securities to stated maturity.

**Your Return On The Securities Could Be Less Than If You Owned The Shares Of The Underlier.**

Your return on the securities will not reflect the return you would realize if you actually owned the shares of the underlier. This is because any positive return on your securities will be limited to the applicable call premium or maturity date premium, regardless of any appreciation of the underlier. If, as of either call observation date or the maturity observation date, the underlier has appreciated since the trade date by more than the percentage represented by the applicable call premium or maturity date premium, you will receive a lower return on the securities than you would have if you had invested directly in the underlier. In addition, you will not receive the value of dividends or other distributions paid with respect to the underlier.

**Historical Prices Of The Underlier Or The Securities Included In The Underlier Should Not Be Taken As An Indication Of The Future Performance Of The Underlier During The Term Of The Securities.**

The trading price of the shares of the underlier will determine the closing price of the underlier and, therefore, whether the securities will be automatically called on any call observation date or the cash settlement amount payable to you at maturity. As a result, it is impossible to predict whether the fund closing price of the underlier will fall or rise compared to the initial underlier level. The trading price of the shares of the underlier will be influenced by complex and interrelated political, economic, financial and other factors that can affect the markets in which the underlier and the securities comprising the underlier are traded and the values of the underlier and such securities. Accordingly, any historical prices of the underlier do not provide an indication of the future performance of the underlier.

**Changes That Affect The Underlier Or The Underlying Index May Adversely Affect The Value Of The Securities And The Amount You Will Receive At Stated Maturity.**

The policies of the sponsor of the underlier (the underlier sponsor ) concerning the calculation of the underlier s net asset value, additions, deletions or substitutions of securities in the underlier and the manner in which changes in the underlying index are reflected in the underlier, and changes in those policies, could affect the closing price of the shares of the underlier and, therefore, may affect the value of the securities, the likelihood of the occurrence of an automatic call and the cash settlement amount payable at maturity. Similarly, the policies of the sponsor of the underlying index (the underlying index sponsor ) concerning the calculation of the underlying index and the addition, deletion or substitution of securities comprising the underlying index and the manner in which the underlying index sponsor takes account of certain changes affecting such securities may affect the level of the underlying index and the closing price of the shares of the underlier and, therefore, may affect the value of the securities and the cash settlement amount payable at maturity. The underlying index sponsor could also discontinue or suspend calculation or dissemination of the underlying index or materially alter the methodology by which it calculates the underlying index. Any such actions could adversely affect the value of the securities.

**We Cannot Control Actions By Any Of The Unaffiliated Companies Whose Securities Are Included In The Underlier Or The Underlying Index.**

Actions by any company whose securities are included in the underlier or in the underlying index may have an adverse effect on the price of its security, the final underlier level and the value of the securities. We are one of the companies included in the underlying index but we are not affiliated with any other company whose security is represented in the underlier or the underlying index. These companies will not be involved in the offering of the securities and will have no obligations with respect to the securities, including any obligation to take our or your interests into consideration for any reason. These companies will not receive any of the proceeds of the offering of the securities and will not be responsible for, and will not have participated in, the determination of the timing of, prices for, or quantities of, the securities to be issued. These companies will not be involved with the administration, marketing or trading of the securities and will have no obligations with respect to any amounts to be paid to you on the securities.

**We And Our Affiliates Have No Affiliation With The Underlier Sponsor Or The Underlying Index Sponsor And Have Not Independently Verified Their Public Disclosure Of Information.**

We and our affiliates are not affiliated in any way with the underlier sponsor or the underlying index sponsor (collectively, the sponsors ) and have no ability to control or predict their actions, including any errors in or discontinuation of disclosure regarding their methods or policies relating to the management or calculation of the underlier or underlying index. We have derived the information about the sponsors and the underlier and underlying index contained in this pricing supplement from publicly available information, without independent verification. You, as an investor in the securities, should make your own investigation into the underlier, the underlying index and the sponsors. The sponsors will not be involved in the offering of the securities made hereby in any way and the sponsors do not have any obligation to consider your interest as an owner of the securities in taking any actions that might affect the value of the securities.

**An Investment Linked To The Shares Of The Underlier Is Different From An Investment Linked To The Underlying Index.**

The performance of the shares of the underlier may not exactly replicate the performance of the underlying index because the underlier may not invest in all of the securities included in the underlying index and because the underlier will reflect transaction costs and fees that are not included in the calculation of the underlying index. The underlier may also hold securities or derivative financial instruments not included in the underlying index. It is also possible that the underlier may not fully replicate the performance of the underlying index due to the temporary unavailability of certain securities in the secondary market or due to other extraordinary circumstances. In addition, because the shares of the underlier are traded on a securities exchange and are subject to market supply and investor demand, the value of a share of the underlier may differ from the net asset value per share of the underlier. As a result, the performance of the underlier may not correlate perfectly with the performance of the underlying index, and the return on the securities based on the performance of the underlier will not be the same as the return on securities based on the performance of the underlying index.

**You Will Not Have Any Shareholder Rights With Respect To The Shares Of The Underlier.**

You will not become a holder of shares of the underlier or a holder of securities included in the underlying index as a result of owning a security. You will not have any voting rights, any right to receive dividends or other distributions or any other rights with respect to such shares or securities. At stated maturity, you will have no right to receive delivery of any shares or securities.

**Anti-dilution Adjustments Relating To The Shares Of The Underlier Do Not Address Every Event That Could Affect Such Shares.**

An adjustment factor, as described herein, will be used to determine the final underlier level of the underlier. The adjustment factor will be adjusted by the calculation agent for certain events affecting the shares of the underlier. However, the calculation agent will not make an adjustment for every event that could affect such shares. If an event occurs that does not require the calculation agent to adjust the adjustment factor, the value of the securities may be adversely affected.

**An Investment In The Securities Is Subject To Risks Associated With Investing In The Banking Industry.**

The underlier, because it is concentrated in the banking industry, may be adversely affected not only by the performance of the companies in the banking industry, such as commercial banks whose businesses are derived primarily from commercial lending operations, companies primarily engaged in investment management and/or related custody and securities fee-based services, companies providing mortgage and mortgage related services and other financial institutions providing a diverse range of financial services, in which it invests but may also be more susceptible to any single economic, political or regulatory occurrence affecting this industry than a different investment linked to securities of a more broadly diversified group of issuers. The performance of companies in the banking sector may be affected by extensive governmental regulation which may limit both the amounts and types of loans and other financial commitments they can make, and the interest rates and fees they can charge and the amount of capital they must maintain. Profitability is largely dependent on the availability and cost of capital funds, and can fluctuate significantly when interest rates change. Credit losses resulting from financial difficulties of borrowers can negatively impact the sector. Banks may also be subject to severe price competition.

In addition, the underlier is classified as non-diversified. A non-diversified fund generally may invest a larger percentage of its assets in the securities of a smaller number of issuers. As a result, the underlier may be more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence affecting these companies.

**A Call Payment Date And The Stated Maturity Date May Be Postponed If An Observation Date Is Postponed.**

An observation date will be postponed if the applicable originally scheduled observation date is not a trading day or if the calculation agent determines that a market disruption event has occurred or is continuing on that observation date. If such a postponement occurs, then the related call payment date or the stated maturity date, as applicable, will be postponed by the same number of business days by which the applicable call observation date or maturity observation date, as applicable, was postponed.

**Our Economic Interests And Those Of Any Dealer Participating In The Offering Are Potentially Adverse To Your Interests.**

You should be aware of the following ways in which our economic interests and those of any dealer participating in the distribution of the securities, which we refer to as a participating dealer, are potentially adverse to your interests as an investor in the securities. In engaging in certain of the activities described below, our affiliates or any participating dealer or its affiliates may take actions that may adversely affect the value of and your return on the securities, and in so doing they will have no obligation to consider your interests as an investor in the securities. Our affiliates or any participating dealer or its affiliates may realize a profit from these activities even if investors do not receive a favorable investment return on the securities.

***The calculation agent is our affiliate and may be required to make discretionary judgments that affect the return you receive on the securities.*** WFS, which is our affiliate, will be the calculation agent for the securities. As calculation agent, WFS will determine the fund closing price of the underlier on each observation date, the final underlier level and whether the securities are automatically called and may be required to make other determinations that affect whether the securities are automatically called or the return you receive on the securities at maturity. In making these determinations, the calculation agent may be required to make discretionary judgments, including determining whether a market disruption event has occurred on a scheduled observation date, which may result in postponement of that observation date; determining the fund closing price of the underlier if an observation date is postponed to the last day to which it may be postponed and a market disruption event occurs on that day; adjusting the adjustment factor and other terms of the securities in certain circumstances; if the underlier undergoes a liquidation event, selecting a successor underlier or, if no successor underlier is available, determining the fund closing price; and determining whether to adjust the closing price of the underlier on any observation date in the event of certain changes in or modifications to the underlier or the underlying index. In making these discretionary judgments, the fact that WFS is our affiliate may cause it to have economic interests that are adverse to your interests as an investor in the securities, and WFS s determinations as calculation agent may adversely affect your return on the securities.

***The estimated value of the securities was calculated by our affiliate and is therefore not an independent third-party valuation.*** WFS calculated the estimated value of the securities set forth on the cover page of this pricing supplement, which involved discretionary judgments by WFS, as described under Risk Factors The Estimated Value Of The Securities Is Determined By Our Affiliate s Pricing Models, Which May Differ From Those Of Other Dealers above. Accordingly, the estimated value of the securities set forth on the cover page of this pricing supplement is not an independent third-party valuation.

***Research reports by our affiliates or any participating dealer or its affiliates may be inconsistent with an investment in the securities and may adversely affect the price of the underlier.*** Our affiliates or any dealer participating in the offering of the securities or its affiliates may, at present or in the future, publish research reports on the underlier or the underlying index or the companies whose securities are included in the underlier or the underlying index. This research is modified from time to time without notice and may, at present or in the future, express opinions or provide recommendations that are inconsistent with purchasing or holding the securities. Any research reports on the underlier or the underlying index or the companies whose securities are included in the underlier or the underlying index could adversely affect the price of the underlier and, therefore, adversely affect the value of and your return on the securities. You are encouraged to derive information concerning the underlier from multiple sources and should not rely on the views expressed by us or our affiliates or any participating dealer or its affiliates. In addition, any research reports on the underlier or the underlying index or the companies whose securities are included in the underlier or the underlying index published on or prior to the s

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Source: Superintendence of Banks, unconsolidated figures as of Sept. 2006

* Includes loans to SMEs, middle-market and corporates

| **Loans by business segment*** | **Quarter ended,** | | | **% Change** | |
|---|---|---|---|---|---|
| **(Ch$ million)** | **Sept. 30, 2006** | **June 30, 2006** | **Sept. 30, 2005** | **Sept. 2006/2005** | **Sept. /June 2006** |
| Santander Banefe | 569,711 | 541,900 | 459,058 | 24.1% | 5.1% |
| Middle/upper income | 4,297,213 | 4,069,807 | 3,521,901 | 22.0% | 5.6% |
| **Total loans to individuals** | **4,866,924** | **4,611,707** | **3,980,959** | **22.3%** | **5.5%** |
| SMEs | 1,681,803 | 1,604,724 | 1,317,681 | 27.6% | 4.8% |
| **Total retail lending** | **6,548,727** | **6,216,431** | **5,298,640** | **23.6%** | **5.3%** |
| Institutional lending | 196,322 | 196,268 | 175,508 | 11.9% | 0.0% |
| Middle-Market & Real estate | 2,324,796 | 2,249,668 | 1,943,136 | 19.6% | 3.3% |
| Corporate | 1,237,508 | 1,310,135 | 1,267,076 | (2.3)% | (5.5)% |

* Excludes contingent loans and interbank loans

Retail lending increased 5.3% QoQ and 23.6% YoY, led by solid growth in lending to individuals and SMEs. Loans to individuals increased 5.5% QoQ and 22.3% YoY. Santander Banefe s loan portfolio expanded 5.1% QoQ and 24.1% YoY. Loans to middle and upper income individuals increased 5.6% QoQ and 22.0% YoY. Market share in lending to individuals increased 10 basis points QoQ to 25.9%.

Loans to SMEs increased 4.8% QoQ and 27.6% YoY. The Bank is placing a larger emphasis on expanding its presence among SMEs due to the strong economic indicators that favor growth in this attractive segment. Spreads in this segment are equivalent to spreads to lending to individuals.

Lending to the middle market segment increased 3.3% QoQ and 19.6% YoY. This segment has a lower spread than retail lending, but an attractive risk and return profile. Strong internal demand figures have also driven demand for lending on behalf of mid-sized companies. Loans in relatively low yielding corporate banking decreased 5.5% QoQ and 2.3% YoY in line with our focus on optimizing our use of capital and asset mix.

## CUSTOMER FUNDS

***Solid growth of customer funds. Higher rates fuels time deposit growth***

| **Funding** | **Quarter ended,** | | | **Change %** | |
|---|---|---|---|---|---|
| **(Ch$ million)** | **Sept. 30, 2006** | **June 30, 2006** | **Sept. 30, 2005** | **Sept. 2006/2005** | **Sept. /June 2006** |
| **Non-interest bearing deposits** | 2,274,546 | 2,367,554 | 2,382,134 | (4.5)% | (3.9)% |
| Time deposits and savings accounts | 6,816,812 | 6,645,164 | 5,411,120 | 26.0% | 2.6% |
| **Total customer deposits** | 9,091,358 | 9,012,718 | 7,793,254 | 16.7% | 0.9% |
| Mutual funds | 1,904,069 | 1,813,195 | 1,752,317 | 8.7% | 5.0% |
| **Total customer funds** | **10,995,427** | **10,825,913** | **9,545,571** | 15.2% | 1.6% |

Higher short-term rates continued to fuel growth of deposits. In July the Central Bank increased the overnight interbank reference rate 25 basis points to 5.25%, but has since then frozen further rate increases. The nominal 30-day rate increased 50 basis points QoQ to 5.15% and the 90-day rate increased 39 basis points to 5.21%. Time deposits increased 2.6% QoQ and 26.0% YoY. Due to rising rates, the balance of non-interest bearing demand deposits decreased 3.9% QoQ and the quarterly average balance of non-interest bearing demand deposits, net of clearance declined 1.5% QoQ, but increased 10.0% on a YoY basis.

| **Total quarterly average non-interest bearing demand deposits*** | **Quarter ended,** | | | **Change %** | |
|---|---|---|---|---|---|
| **(Ch$ million)** | **Sept. 30, 2006** | **June 30, 2006** | **Sept. 30, 2005** | **Sept. 2006/2005** | **Sept. /June 2006** |
| **Total** | **1,825,305** | **1,852,431** | **1,659,493** | **10.0%** | **(1.5)%** |

* Net of clearance

Assets under management in the Bank s mutual fund subsidiary increased 1.6% QoQ and 15.2% YoY. The recovery of stock markets and falling long-term rates boosted the mutual fund market in the quarter. This was partially offset by the flow of money market funds to time deposits.

In the quarter the Bank issued US$235 million in senior local bonds denominated in Unidades de Fomento (UF, inflation-linked pesos) and issued US$170 million in subordinated bonds denominated in UFs. Proceeds were used to fund and match our growing residential mortgage loan portfolio and to improve our capital ratios in order to continue expanding our balance sheet.

| **Bonds issued** | **Amount** | | **Duration yrs** | **Issue rate UF + %** |
|---|---|---|---|---|
| | **UF*** | **US$million**** | | |
| Senior | 6,895,000 | 235 | 6.7 | 4.46 |
| Subordinated | 5,000,000 | 170 | 13.0 | 4.43 |

* 1 UF = Ch$18,401.15 as of Sept. 30, 2006
** US$1 = Ch$538.22 as of Sept. 30, 2006

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## NET INTEREST INCOME

***Loan growth and higher margins drives net interest income growth***

| Net Interest Income | Quarter | | | Change % | |
|---|---|---|---|---|---|
| (Ch$million) | 3Q 2006 | 2Q 2006 | 3Q 2005 (reclassified[1]) | 3Q 2006/2005 | 3Q / 2Q 2006 |
| Client net interest income[2] | 158,892 | 143,349 | 126,455 | 25.7% | 10.8% |
| Non-client net interest income[2] | 17,326 | 29,900 | 18,813 | (7.9%) | (42.1)% |
| **Net interest income** | **176,218** | **173,249** | **145,268** | **21.3%** | **1.7%** |
| Average interest-earning assets | 14,162,135 | 13,928,060 | 11,899,572 | 19.0% | 1.7% |
| Average loans | 10,984,330 | 10,672,363 | 9,320,710 | 17.8% | 2.9% |
| **Net interest margin*** | **5.0%** | **5.0%** | **4.9%** | | |
| **Client margin**** | **5.8%** | **5.4%** | **5.4%** | | |
| Avg. equity + non-interest bearing demand deposits / Avg. earning assets | 21.0% | 20.5% | 22.3% | | |
| Quarterly inflation rate*** | 1.38% | 1.32% | 1.31% | | |
| Avg. overnight interbank rate (nominal) | 5.24% | 4.96% | 3.69% | | |
| Avg. 10 year Central Bank yield (real) | 3.13% | 3.18% | 2.26% | | |

* Annualized
** Client net interest income divided by average loans
*** Inflation measured as the variation of the Unidad de Fomento in the quarter.
(1) 3Q 2005, 2Q 2006 and 3Q 2006 net interest income is comparable. The translation gain or loss of financial assets and liabilities denominated in foreign currency, which were previously recorded as interest income or interest expenses, was reclassified as foreign exchange transactions. It is no longer necessary to add foreign exchange transactions to net interest income to analyze net interest income.

(2) We have introduced two new concepts: client net interest income, which is net interest income generated by our commercial areas and non-client net interest income. The latter is net interest income generated by centralized activities, non-segmented portions of the balance sheet and Financial Management. The area of Financial Management carries out the function of managing the structural interest rate risk, the structural position in inflation indexed assets and liabilities, shareholders equity and liquidity. The cost of liquidity, via the transfer of funds to different business units is done at relevant market rates. The aim of Financial Management is to inject stability and recurrence into the net interest income of commercial activities.

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 3Q 2006.

**Client net interest income**. The rise in net interest income was driven by client activities. Client net interest income increased 25.7% YoY led by a 17.8% YoY increase in average loans. The average balance of consumer loans, the highest yielding asset, increased 32.7% YoY. The Bank has also experienced a rise in spreads in lending to SMEs, corporates and non-interest bearing demand deposits due to the rising interest rate environment. The higher short-term rates in 3Q 2006 compared to 3Q 2005 also had a positive impact on client margins by increasing the spread earned over average checking account balances. As a result, client margins increased 40 basis points YoY to 5.8%.

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**Non-Client net interest income.** Non-client net interest income decreased 7.9% YoY. Inflation expectations decreased substantially in the local markets in line with the decline in the price of oil. In anticipation of this fall in inflation expectations, real interest rates decreased in the quarter negatively affecting non-client interest revenues. At the same time, the Bank significantly lowered its net inflation-indexed asset gap in order to minimize the financial impact of expected lower inflation rates. Inflation in 4Q 2006 is expected to be very low or 0%. Therefore, non-client margins should continue to be under pressure in the coming quarters. This effect should be offset by continued growth of loans and client margins.

The 1.7% QoQ increase in net interest income was led by a 10.8% increase in client net interest income. The growth of client interest revenue was due to the 1.7% growth of average interest earning assets led by the 2.9% increase in average loans. In addition, the higher interest rates also had a positive impact on client margins by increasing the yield over non-interest bearing demand deposits. Client margins were up 40 basis points QoQ and reached 5.8%. This was partially offset by the 42.1% decrease in non-client net interest income, which fell as a result of the decline in real rates and the lower net inflation-indexed asset gap.


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## PROVISION FOR LOAN LOSSES

***The coverage ratio rises to 177.9% on higher provisions in the retail segment***

| **Provision for loan losses** | **Quarter** | | | **Change %** | |
|---|---|---|---|---|---|
| **(Ch$ million)** | **3Q 2006** | **2Q 2006** | **3Q 2005** | **3Q 2006/2005** | **3Q / 2Q 2006** |
| Provisions | (14,178) | 1,178 | 19,167 | | |
| Charge-offs | (34,168) | (34,995) | (49,981) | (31.6)% | (2.4)% |
| **Gross provisions and charge-offs** | **(48,346)** | **(33,817)** | **(30,814)** | **56.9%** | **43.0%** |
| Loan loss recoveries | 12,069 | 12,057 | 13,021 | (7.3)% | 0.1% |
| **Net provisions** | **(36,277)** | **(21,760)** | **(17,793)** | **103.9%** | **66.7%** |
| Total loans | 11,417,739 | 11,153,070 | 9,751,241 | 17.1% | 2.4% |
| Total reserves | 160,879 | 147,582 | 151,503 | 6.2% | 9.0% |
| Reserve for loan losses (RLL) | 158,122 | 144,479 | 147,713 | 7.0% | 9.4% |
| Other reserves | 2,757 | 3,103 | 3,790 | (27.3)% | (11.2)% |
| **Past due loans* (PDL)** | **88,863** | **88,559** | **114,133** | **(22.1)%** | **0.3%** |
| Gross provision expense / loans | 1.69% | 1.21% | 1.26% | | |
| Net provision expense / loans | 1.27% | 0.78% | 0.73% | | |
| PDL/Total loans | 0.78% | 0.79% | 1.17% | | |
| Expected loss (RLL / loans) | 1.38% | 1.30% | 1.51% | | |
| **RLL/Past due loans** | **177.9%** | **163.1%** | **129.4%** | | |

* Past due loans: installments or credit lines more than 90 days overdue

Asset quality remained sound in the quarter. Past due loans in 3Q 2006 were flat QoQ and 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. Finally, the expected loss of the loan portfolio (ratio of required loan loss reserves over total loans) reached 1.38% as of September 2006 increasing 8 basis points compared to 1.30% in June 2006 and 1.51% as of September 2005.

During 2006 the Bank improved its credit scoring systems for consumer loans, which in addition to non-performance, takes into account additional warning signals of negative credit behavior when calculating individual risk levels. This should allow the Bank to continue growing in retail banking, while maintaining our conservative approach to credit risk and the soundness of the loan portfolio. This and the overall growth of lending to retail segments explain the 56.9% YoY increase in gross provisions and charge-offs. Charge-offs in the quarter totaled Ch$34,168 million in line with the level of charge-offs recognized in the past three quarters. Going forward, and as stated in our last quarterly earnings reports, the Bank expects asset quality to remain sound, but as the retail banking portfolio increases, the ratio of provision expenses to total loans and the risk index should rise.

The higher provisions and charge-offs expenses, net of recoveries was mainly due to sluggish growth of loan loss recoveries in the quarter. In the quarter, the Bank finished a complete overhaul of Santander Banefe s systems, fully integrating them into the Bank s computer platform. This should have a positive effect on efficiency levels and overall service going forward, but temporarily affected the recovery process at Santander Banefe, a key element in this unit s credit cycle. The Bank is also reorganizing the recovery department in anticipation of higher retail lending activity and to boost this unit s performance. More collecting agents are being hired and a senior commercial officer was placed at the head of this division.

## FEE INCOME

***Growth in client base and product usage boosts fee income***

| Fee income | Quarter | | | Change % | |
|---|---|---|---|---|---|
| (Ch$ million) | 3Q 2006 | 2Q 2006 | 3Q 2005 | 3Q 2006/2005 | 3Q / 2Q 2006 |
| Checking accounts | 10,695 | 9,960 | 9,080 | 17.8% | 7.4% |
| Administration & collection of insurance policies | 5,141 | 5,495 | 5,487 | (6.3)% | (6.4)% |
| Mutual fund services | 4,974 | 4,889 | 5,328 | (6.6)% | 1.7% |
| Credit cards | 4,910 | 4,438 | 3,921 | 25.2% | 10.6% |
| Automatic teller cards | 3,646 | 3,562 | 3,020 | 20.7% | 2.4% |
| Insurance brokerage | 3,353 | 2,279 | 2,103 | 59.4% | 47.1% |
| Lines of credit | 2,943 | 3,410 | 2,257 | 30.4% | (13.7)% |
| Other product and services | 6,585 | 5,734 | 4,835 | 36.2% | 14.8% |
| **Total fee income, net** | **42,247** | **39,767** | **36,031** | **17.3%** | **6.2%** |
| **Fees / operating expense** | **55.8%** | **51.9%** | **50.3%** | | |

Net fee income increased 17.3% YoY in 3Q 2006 driven by a rise in clients and product usage. The Bank continues to expand its client base, cross-selling and product usage, especially in retail banking. The total number of clients has increased 8.9% since the beginning of the year to 2.40 million. 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 23.1% since December 2005. In the same period the amount of SME clients that are cross-sold increased 24.0%. In Santander Banefe[3], the amount of cross-sold clients (clients that uses at least 2 or more other products) rose 12.1% between December 2005 and September 2006. There is no total client figure for the banking system, but in terms of total debtors, Santander Santiago s client base increased 16.9% in the 12 months ended in April 2006, the latest figure available. This compares to the 10.2% increase for the market as a whole in the same period. Market share in terms of debtors increased from 19.7% as of April 2005 to 20.9% as of April 2006.

In 3Q 2006 fees from checking accounts increased 17.8% and fees from lines of credit rose 30.4% YoY. Market share in checking accounts reached 26.2% as of May 2006, the latest figure available, compared to 25.6% as of February 2006 and 24.3% as of May 2005. Santander Santiago has increased its checking account base by 18.2%, twice the rate of growth of the banking system that grew 9.4% between May 2005 and May 2006.

3 In 3Q 2006 Santander Banefe modified its definition of cross-sold, therefore, figures presented in previous earnings releases are not strictly comparable to the figures presented here.

**More clients and greater product usage**

Santander Santiago s market share as of September 2006*, %

* Checking account data as of May 2006, debtors as of April 2006

Source: Superintendence of Banks and Transbank/Redbanc

Credit card fees increased 25.2% YoY. The Bank is also consolidating its leading position in the credit card market. According to information published by Transbank, the industry s credit card processor, as of September 2006 purchases with Santander credit cards were growing 18.7% YoY in real terms in line with the market. Market share in terms of credit card market was 35.3% as of September 2006.

ATM fees increased 20.7% YoY. Usage of our debit/ATM cards has grown at a rapid pace. As of September 2006, our market share in debit card usage increased from 21.2% as of September 2005 to 23.0% as of September 2006. Purchases with Santander debit cards are increasing 39.3% YoY compared to 28.5% for the market. As of September 2006 the Bank had installed 1,479 ATMs, which represents an increase of 12.0% YoY.

Insurance brokerage fees increased 59.4% YoY. In order to strengthen its position within this market, Santander Group created a property and casualty insurance company, which distributes its products through the Bank s insurance brokerage subsidiary. On the other hand, fees from the administration and collection of insurance policies decreased 6.3% YoY.

Fees from mutual fund management decreased 6.6% YoY reflecting intense competition in this market. Total assets under management increased 8.7% YoY and 5.0% QoQ.

The 36.2% YoY increase in other fees was mainly driven by the rise in fees from other advisory services to Corporate clients and a rise in fees from the sales and purchase of foreign currencies.

**OPERATING EXPENSES AND EFFICIENCY**

***Efficiency level reaches 35.9% in 3Q 2006***

| **Operating Expenses** | **Quarter** | | | **Change %** | |
|---|---|---|---|---|---|
| **(Ch$ million)** | **3Q 2006** | **2Q 2006** | **3Q 2005** | **3Q 2006/2005** | **3Q / 2Q 2006** |
| Personnel expenses | 38,468 | 39,132 | 34,694 | 10.9% | (1.7)% |
| Administrative expenses | 27,563 | 27,607 | 26,920 | 2.4% | (0.2)% |
| Depreciation and amortization | 9,650 | 9,887 | 10,035 | (3.8)% | (2.4)% |
| **Operating expenses** | **75,681** | **76,626** | **71,649** | **5.6%** | **(1.2)%** |
| **Efficiency ratio*** | **35.9%** | **35.9%** | **39.9%** | | |

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

In 3Q 2006 the efficiency ratio reached 35.9% compared to 39.9% in 3Q 2005. The Bank has the lowest efficiency ratio among the leading banks in Chile and Latin America. In the quarter he Bank completed the overhaul of Santander Banefe s system fully integrating them into the Altair-Altec platform. This is in line with the Bank s policy of financing part of commercial growth and investment in distribution with productivity gains and to prepare this unit for future growth.

Operating expenses increased 5.6% YoY in 3Q 2006. Personnel expenses increased 10.9% YoY. This rise can be explained by the 8.0% YoY increase in total headcount. Headcount growth has been focused in the front office to further boost growth in retail banking and maintain client service standards. The increase in personnel expenses was also due in part to an increase in variable income due to the Bank s positive commercial performance in 2006.

The 2.4% YoY increase in administrative expenses was directly linked to the higher commercial activities and the larger distribution network. In 3Q 2006 the ATM network expanded 11.8% YoY to 1,479 machines. In 3Q 2006 the Bank focused on expanding the ATM network to boost usage and penetration of the ATM/debit card system. The total number of branches has increased 10.0% YoY to 368 branches. Santander Santiago has the largest branch and ATM network in Chile.

**GAINS (LOSSES) ON FINANCIAL TRANSACTIONS**

| Gains and losses on financial transactions | Quarter | | | Change % | |
|---|---|---|---|---|---|
| (Ch$ million) | 3Q 2006 | 2Q 2006 | 3Q 2005 (reclassified) | 3Q 2006/2005 | 3Q / 2Q 2006 |
| Net gain (loss) from trading and mark-to-market | (5,056) | 39,291 | (5,730) | (11.8)% | |
| Foreign exchange transactions, net | 5,499 | (29,750) | 9,138 | (39.8)% | |
| **Gains (losses) on financial transactions** | **443** | **9,541** | **3,408** | **(87.0)%** | **(95.4)%** |

For analysis purposes only, we have created the line item: Gains (losses) on financial transactions that is the sum of the net gain (loss) from trading and mark-to-market and foreign exchange transactions. As Santander Santiago 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. Therefore, the most important items that impacts the line item Gains (losses) on financial transactions are: the net results from mark-to-market of financial investments categorized as trading, the mark-to-market of derivatives and hedged items, net results from proprietary trading and the results from the sale of financial products to clients.

The results of derivatives have all been reclassified to the line item mark-to-market and trading of securities for the 2005 and 2006 periods being presented here. Previously, they were classified as foreign exchange transactions, except UF-Ch$ forwards, which used to be classified as net interest income. 2Q and 3Q 2006 includes the entire effect of marking-to-market the derivatives portfolio. 3Q 2005 results do not include the effects on results of marking-to-market the derivative portfolio, but the differential between the interest paid or received on a specified notional amount used to be recognized under Foreign exchange transactions, net . Now it has been re-categorized to the line item mark-to-market and trading. The change in book value of hedged items is included in the mark-to-market and trading line item in 2Q and 3Q 2006.

The results recorded in foreign exchange transactions mainly include the translation gain or loss of assets and liabilities denominated in foreign currency, which were for the most part previously recorded as interest income or interest expenses. The line item foreign exchange transaction no longer includes the results of FX forwards in the 2005 and 2006 periods being analyzed.

In 3Q 2006 the gain on financial transactions totaled Ch$443 million compared to Ch$3,408 million in 3Q 2005. In 3Q 2006 the gains produced by the decline in long-tem rates was partially offset by the results of hedging and the mark-to-market of the derivative portfolio that for the most part hedges interest rate and foreign exchange risk. The decline in market related gains compared to 2Q 2006 was mainly due to the recognition in said quarter of the one-time gain of Ch$7,089 million recognized as a result of the adoption of international hedge accounting standards.


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

| **Other Income and Expenses** | **Quarter** | | | **Change %** | |
|---|---|---|---|---|---|
| **(Ch$ million)** | **3Q 2006** | **2Q 2006** | **3Q 2005** | **3Q 2006/2005** | **3Q / 2Q 2006** |
| Sales force expense | (4,148) | (4,121) | (4,589) | (9.6)% | 0.7% |
| Other operating expenses, net | (4,040) | (5,012) | (564) | 616.3% | (19.4)% |
| **Total other operating loss, net** | **(8,188)** | **(9,133)** | **(5,153)** | **58.9%** | **(10.3)%** |
| Non-operating income, net | 6,270 | (8,521) | (2,178) | | |
| Income attributable to investments in other companies | 219 | 409 | 91 | 140.7% | (46.5)% |
| Losses attributable to minority interest | (28) | (20) | (72) | (61.1)% | 40.0% |
| **Total net non-operating results** | **6,461** | **(8,132)** | **(2,159)** | **(399.3)%** | **(179.5)%** |
| Price level restatement | (8,796) | (10,247) | (7,184) | 22.4% | (14.2)% |
| Income tax | (16,493) | (16,314) | (14,336) | 15.0% | 1.1% |

Other operating results, net totaled a loss of Ch$8,188 million, increasing 58.9% YoY. This line item includes the variable sales force expenses. When a bank product is sold, the fee earned by the sales force is recognized on an accrued basis according to the life of the product. Total sales force expenses reached Ch$4,148 million in 3Q 2006 decreasing 9.6% YoY as the Bank has been utilizing more efficient means of selling products mainly through the call center and internet. This was offset by higher Other operating expenses related to client services and credit cards costs recognized in this line item, higher insurance costs and lower gains from the sale of repossessed assets that have not been charged-off. The 10.3% QoQ decline in other operating losses, net was mainly due to lower expenses related to client services and credit cards.

Non-operating income, net totaled a gain of Ch$6,461 million in 3Q 2006 compared to a loss Ch$8,132 million in 2Q 2006 and a loss of Ch$2,159 million in 3Q 2005. In 3Q 2006 the Bank reversed Ch$4,830 million in provisions for non-credit related contingencies. These contingencies are mainly related to non-credit risks, including non-specific contingencies, tax contingencies, legal contingencies and other non-credit contingencies or impairments.

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. The higher inflation rate in 3Q 2006 (1.38%) compared to 3Q 2005 (1.31%) and the higher ratio of average capital to fixed assets in the same period explains the 22.4% YoY increase in the loss from price level restatement.


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## SHAREHOLDERS EQUITY AND REGULATORY CAPITAL

**The Bank s ROAE in 3Q 2006 reached 27.5% and 27.0% in 9M 2006**

| Shareholders equity | Quarter ended | | | Change % | |
|---|---|---|---|---|---|
| (Ch$ million) | Sept. 30, 2006 | June 30, 2006 | Sept. 30, 2005 | Sept. 2006/2005 | Sept. /June 2006 |
| Total capital and reserves | 965,615 | 952,342 | 846,920 | 14.0% | 1.4% |
| Unrealized gain (loss) available for sale portfolio | (3,191) | (12,136) | 476 | | (73.7)% |
| Net Income | 224,713 | 144,779 | 182,494 | 23.1% | 55.2% |
| **Total shareholders equity** | **1,187,137** | **1,084,985** | **1,029,890** | **15.3%** | **9.4%** |
| **Return on average equity (ROAE)** | **27.5%** | **28.7%** | **26.8%** | | |

Shareholders equity totaled Ch$1,187,137 million as of September 30, 2006. In 3Q 2006 long-term rates declined, reducing the unrealized losses on the Bank s available for sale portfolio recognized in equity.

The Bank s ROAE in 3Q 2006, reached 27.5% compared to 26.8% in 3Q 2005. The Bank s 9 month ROAE in 2006 reached 27.0% compared to 24.3% in the same period of 2005.

The Bank s BIS ratio as of September 30, 2006 reached 12.8% with a Tier I ratio of 8.7%. During the quarter the Bank issued US$170 million in subordinated bonds that boosted Tier II and capital ratios.

| Capital Adequacy | Quarter ended | | | Change % | |
|---|---|---|---|---|---|
| (Ch$ million) | Sept. 30, 2006 | June 30, 2006 | Sept. 30, 2005 | Sept. 2006/2005 | Sept. /June 2006 |
| Tier I | 962,484 | 940,206 | 847,396 | 13.6% | 2.4% |
| Tier II | 458,406 | 372,999 | 372,399 | 23.1% | 22.9% |
| Regulatory capital | 1,420,890 | 1,313,205 | 1,219,795 | 16.5% | 8.2% |
| Risk weighted assets | **11,068,534** | **10,769,595** | **9,269,580** | 19.4% | 2.8% |
| **Tier I** | **8.7%** | **8.7%** | **9.1%** | | |
| **BIS ratio** | **12.8%** | **12.2%** | **13.2%** | | |

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**INSTITUTIONAL BACKGROUND**

As per latest public records published by the Superintendence of Banks for September 2006, Banco Santander Santiago was the largest bank in Chile in terms of loans and deposits. The Bank has the highest credit ratings among all non-publicly owned 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 directly and indirectly owns 83.94% of Banco Santander Santiago.

**Santander (SAN.MC, STD.N**) Is the largest bank in the Euro Zone by market capitalization and one of the largest worldwide. Founded in 1857, Santander has 798,540 million in assets and 961,093 million in managed funds, 67 million customers, 10,583 offices and a presence in 40 countries. It is the largest financial group in Spain and Latin America, and is a major player elsewhere in Europe, including the United Kingdom through its Abbey subsidiary and Portugal, where it is the third largest banking group. Through Santander Consumer Finance, it also operates a leading consumer finance franchise in Germany, Italy, Spain and nine other European countries. In the first nine months of 2006, Santander recorded 4,947 million in net attributable profit, 28% more than in the same period of the previous year.

In Latin America, Santander manages over US$200 billion in business volumes (loans, deposits, mutual funds, pension funds and managed funds) through 4,200 offices. In the first nine months of 2006, Santander recorded in Latin America US$2,237 million in net attributable income, 31% higher than in the prior year.

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**BANCO SANTANDER - CHILE, AND SUBSIDIARIES**
**UNAUDITED CONSOLIDATED BALANCE SHEETS**
(In millions of nominal Chilean pesos)

| | 30-Sep 2006 | 30-Sep 2006 | 30-Jun 2006 | 30-Sep 2005 | % Change September 2006 / 2005 | % Change Sept. / June 2006 |
|---|---|---|---|---|---|---|
| | US$ thousands | Ch$ millions | Ch$ millions | Ch$ millions (Reclassified) | | |
| **A S S E T S** | | | | | | |
| **Cash and due from banks** | | | | | | |
| Noninterest bearing. | 1,330,469 | 716,085 | 855,315 | 744,715 | (3.8)% | (16.3)% |
| Interbank deposits-interest bearing | 570,936 | 307,289 | 731,049 | 359,261 | (14.5)% | (58.0)% |
| Total cash and due from banks | 1,901,405 | 1,023,374 | 1,586,364 | 1,103,976 | (7.3)% | (35.5)% |
| **Financial investments** | | | | | | |
| Trading | 1,248,514 | 671,975 | 887,473 | 1,045,870 | (35.7)% | (24.3)% |
| Available for sale | 1,120,122 | 602,872 | 543,136 | 315,344 | 91.2% | 11.0% |
| Held to maturity | 0 | 0 | 0 | 0 | | |
| Investment collateral under agreements to repurchase | 26,796 | 14,422 | 134,425 | 32,502 | (55.6)% | (89.3)% |
| Total financial investments | 2,395,432 | 1,289,269 | 1,565,034 | 1,393,716 | (7.5)% | (17.6)% |
| **Loans, net** | | | | | | |
| Commercial loans | 7,584,930 | 4,082,361 | 4,006,219 | 3,519,785 | 16.0% | 1.9% |
| Consumer loans | 3,144,499 | 1,692,432 | 1,590,374 | 1,307,269 | 29.5% | 6.4% |
| Mortgage loans (Financed with mortgage bonds) | 977,227 | 525,963 | 555,077 | 683,448 | (23.0)% | (5.2)% |
| Foreign trade loans | 1,219,150 | 656,171 | 671,886 | 562,784 | 16.6% | (2.3)% |
| Interbank loans | 250,100 | 134,609 | 146,725 | 198,464 | (32.2)% | (8.3)% |
| Leasing | 1,401,977 | 754,572 | 720,424 | 618,028 | 22.1% | 4.7% |
| Other outstanding loans | 4,680,809 | 2,519,305 | 2,343,217 | 1,887,280 | 33.5% | 7.5% |
| Past due loans | 165,105 | 88,863 | 88,559 | 114,133 | (22.1)% | 0.3% |
| Contingent loans | 1,790,091 | 963,463 | 1,030,589 | 860,050 | 12.0% | (6.5)% |
| Reserves | (298,909) | (160,879) | (147,582) | (151,503) | 6.2% | 9.0% |
| Total loans, net | 20,914,979 | 11,256,860 | 11,005,488 | 9,599,738 | 17.3% | 2.3% |
| Derivatives | 567,874 | 305,641 | 325,163 | 250,209 | 22.2% | (6.0)% |
| **Other assets** | | | | | | |
| Bank premises and equipment | 413,290 | 222,441 | 221,255 | 216,259 | 2.9% | 0.5% |
| Foreclosed assets | 26,705 | 14,373 | 12,778 | 19,551 | (26.5)% | 12.5% |
| Investments in other companies | 12,896 | 6,941 | 6,642 | 6,217 | 11.6% | 4.5% |
| Assets to be leased | 43,884 | 23,619 | 20,754 | 12,841 | 83.9% | 13.8% |
| Other | 898,103 | 483,377 | 463,447 | 598,943 | (19.3)% | 4.3% |
| Total other assets | 1,394,878 | 750,751 | 724,876 | 853,811 | (12.1)% | 3.6% |
| **TOTAL ASSETS** | 27,174,568 | 14,625,895 | 15,206,925 | 13,201,450 | 10.8% | (3.8)% |

**BANCO SANTANDER - CHILE, AND SUBSIDIARIES**
**UNAUDITED CONSOLIDATED BALANCE SHEETS**
(In millions of nominal Chilean pesos)

| | 30-Sep 2006 | 30-Sep 2006 | 30-Jun 2006 | 30-Sep 2005 | % Change September 2006 / 2005 | % Change Sept. / June 2006 |
|---|---|---|---|---|---|---|
| | US$ thousands | Ch$ millions | Ch$ millions | Ch$ millions (Reclassified) | | |
| **LIABILITIES AND SHAREHOLDERS EQUITY** | | | | | | |
| **Deposits** | | | | | | |
| Current accounts | 2,763,773 | 1,487,518 | 1,572,712 | 1,358,754 | 9.5% | (5.4)% |
| Bankers drafts and other deposits | 1,462,279 | 787,028 | 794,842 | 1,023,380 | (23.1)% | (1.0)% |
| Total non-interest bearing deposits | 4,226,052 | 2,274,546 | 2,367,554 | 2,382,134 | (4.5)% | (3.9)% |
| Savings accounts and time deposits | 12,665,475 | 6,816,812 | 6,645,164 | 5,411,120 | 26.0% | 2.6% |
| Total deposits | 16,891,527 | 9,091,358 | 9,012,718 | 7,793,254 | 16.7% | 0.9% |
| **Other interest bearing liabilities** | | | | | | |
| Banco Central de Chile borrowings | | | | | | |
| Credit lines for renegotiation of loans | 10,195 | 5,487 | 5,752 | 7,276 | (24.6)% | (4.6)% |
| Other Banco Central borrowings | 342,141 | 184,147 | 166,067 | 173,065 | 6.4% | 10.9% |
| Total Banco Central borrowings | 352,336 | 189,634 | 171,819 | 180,341 | 5.2% | 10.4% |
| Investments sold under agreements to repurchase | 136,439 | 73,434 | 149,641 | 164,959 | (55.5)% | (50.9)% |
| Mortgage finance bonds | 1,041,087 | 560,334 | 592,837 | 802,357 | (30.2)% | (5.5)% |
| Other borrowings | | | | | | |
| Bonds | 1,038,915 | 559,165 | 562,778 | 312,286 | 79.1% | (0.6)% |
| Subordinated bonds | 912,218 | 490,974 | 390,984 | 508,343 | (3.4)% | 25.6% |
| Borrowings from domestic financial institutions | 7,018 | 3,777 | 3,590 | 2,677 | 41.1% | |
| Foreign borrowings | 1,718,212 | 924,776 | 1,637,251 | 838,421 | 10.3% | (43.5)% |
| Other obligations | 80,330 | 43,235 | 53,338 | 41,450 | 4.3% | (18.9)% |
| Total other borrowings | 3,756,693 | 2,021,927 | 2,647,941 | 1,703,177 | 18.7% | (23.6)% |
| Total other interest bearing liabilities | 5,286,555 | 2,845,329 | 3,562,238 | 2,850,834 | (0.2)% | (20.1)% |
| Derivatives | 571,553 | 307,621 | 289,098 | 248,458 | 23.8% | 6.4 % |
| **Other liabilities** | | | | | | |
| Contingent liabilities | 1,792,806 | 964,924 | 1,031,766 | 860,858 | 12.1% | (6.5)% |
| Other | 423,688 | 228,037 | 224,679 | 416,580 | (45.3)% | 1.5% |
| Minority interest | 2,767 | 1,489 | 1,442 | 1,576 | (5.5)% | 3.3% |
| Total other liabilities | 2,219,261 | 1,194,450 | 1,257,887 | 1,279,014 | (6.6)% | (5.0)% |
| **Shareholders equity** | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Capital and reserves | 1,788,161 | 962,424 | 940,206 | 847,396 | 13.6% | 2.4% |
| Income for the year | 417,511 | 224,713 | 144,779 | 182,494 | 23.1% | 55.2% |
| Total shareholders equity | 2,205,672 | 1,187,137 | 1,084,985 | 1,029,890 | 15.3% | 9.4% |
| **TOTAL LIABILITIES AND SHAREHOLDER S EQUITY** | 27,174,568 | 14,625,895 | 15,206,925 | 13,201,450 | 10.8% | (3.8)% |

**BANCO SANTANDER CHILE**
**QUARTERLY INCOME STATEMENTS**
Million of nominal Chilean pesos

| | IIIQ 2006 | IIIQ 2006 | IIQ 2006 | IIIQ 2005 | % Change IIIQ 2006/2005 | % Change IIIQ 2006 / IIQ 2006 |
|---|---|---|---|---|---|---|
| | US$ thousands | Ch$ millions | Ch$ millions | Ch$ millions (Reclassified) | | |
| **Interest income and expense** | | | | | | |
| Interest income | 651,437 | 356,538 | 341,190 | 263,364 | 35.4% | 4.5% |
| Interest expense | (329,466) | (180,320) | (167,941) | (118,096) | 52.7% | 7.4% |
| Net interest income | 321,971 | 176,218 | 173,249 | 145,268 | 21.3% | 1.7% |
| **Provision for loan losses** | (66,282) | (36,277) | (21,760) | (17,793) | 103.9% | 66.7% |
| **Fees and income from services** | | | | | | |
| Fees and other services income | 92,193 | 50,458 | 49,418 | 44,532 | 13.3% | 2.1% |
| Other services expense | (15,002) | (8,211) | (9,651) | (8,501) | (3.4)% | (14.9)% |
| Total fee income | 77,190 | 42,247 | 39,767 | 36,031 | 17.3% | 6.2% |
| **Market related income** | | | | | | |
| Net gain (loss) from trading and mark-to-market | (9,238) | (5,056) | 39,291 | (5,730) | (11.8)% | |
| Foreign exchange transactions,net | 10,047 | 5,499 | (29,750) | 9,138 | (39.8)% | |
| Total market related income | 809 | 443 | 9,541 | 3,408 | (87.0)% | (95.4)% |
| **Operating expenses** | | | | | | |
| Personnel salaries and expenses | (70,286) | (38,468) | (39,132) | (34,694) | 10.9% | (1.7)% |
| Administrative and other expenses | (50,361) | (27,563) | (27,607) | (26,920) | 2.4% | (0.2)% |
| Depreciation and amortization | (17,632) | (9,650) | (9,887) | (10,035) | (3.8)% | (2.4)% |
| Total operating expenses | (138,278) | (75,681) | (76,626) | (71,649) | 5.6% | (1.2)% |
| **Other operating income, net** | | | | | | |
| Other operating income, net | (14,960) | (8,188) | (9,133) | (5,153) | 58.9% | (10.3)% |
| **Other income and expenses** | | | | | | |
| Nonoperating income, net | 11,456 | 6,270 | (8,521) | (2,178) | (387.9)% | (173.6)% |
| Income attributable to investments in other companies | 400 | 219 | 409 | 91 | 140.7% | (46.5)% |
| Losses attributable to minority interest | (51) | (28) | (20) | (72) | (61.1)% | 40.0% |
| Total other income and expenses | 11,805 | 6,461 | (8,132) | (2,159) | (399.3)% | (179.5)% |
| **Gain (loss) from price-level restatement** | (16,071) | (8,796) | (10,247) | (7,184) | 22.4% | (14.2)% |
| **Income before income taxes** | 176,184 | 96,427 | 96,659 | 80,769 | 19.4% | (0.2)% |
| **Income taxes** | (30,135) | (16,493) | (16,314) | (14,336) | 15.0% | 1.1% |
| **Net income** | 146,049 | 79,934 | 80,345 | 66,433 | 20.3% | (0.5)% |

**BANCO SANTANDER CHILE**
**NINE MONTH INCOME STATEMENT**
Million of nominal Chilean pesos

| | 9M 2006 | 9M 2006 | 9M 2005 | % Change 2006/2005 |
|---|---|---|---|---|
| | US$ thousands | Ch$ millions | Ch$ millions (Reclassified) | |
| **Interest income and expense** | | | | |
| Interest income | 1,672,403 | 915,323 | 692,470 | 32.2% |
| Interest expense | (803,872) | (439,967) | (296,518) | 48.4% |
| Net interest income | 868,532 | 475,356 | 395,952 | 20.1% |
| **Provision for loan losses** | (152,579) | (83,508) | (46,897) | 78.1% |
| **Fees and income from services** | | | | |
| Fees and other services income | 267,519 | 146,416 | 121,473 | 20.5% |
| Other services expense | (47,637) | (26,072) | (22,690) | 14.9% |
| Total fee income | 219,883 | 120,344 | 98,783 | 21.8% |
| **Market related income** | | | | |
| Net gain (loss) from trading and mark-to-market | 141,680 | 77,543 | 24,102 | 221.7% |
| Foreign exchange transactions,net | (80,846) | (44,248) | 1,530 | (2992.0)% |
| Total market related income | 60,834 | 33,295 | 25,632 | 29.9% |
| **Operating expenses** | | | | |
| Personnel salaries and expenses | (203,916) | (111,605) | (102,446) | 8.9% |
| Administrative and other expenses | (148,006) | (81,005) | (73,160) | 10.7% |
| Depreciation and amortization | (52,281) | (28,614) | (27,687) | 3.3% |
| Total operating expenses | (404,202) | (221,224) | (203,293) | 8.8% |
| **Other operating income, net** | | | | |
| Other operating income, net | (45,844) | (25,091) | (14,810) | 69.4% |
| **Other income and expenses** | | | | |
| Nonoperating income, net | (24,242) | (13,268) | (22,152) | (40.1)% |
| Income attributable to investments in other companies | 1,586 | 868 | 600 | 44.7% |
| Losses attributable to minority interest | (205) | (112) | (192) | (41.7)% |
| Total other income and expenses | (22,861) | (12,512) | (21,744) | (42.5%) |
| **Gain (loss) from price-level restatement** | (29,714) | (16,263) | (11,962) | 36.0% |
| **Income before income taxes** | 494,049 | 270,397 | 221,661 | 22.0% |
| **Income taxes** | (83,470) | (45,684) | (39,167) | 16.6% |
| **Net income** | 410,579 | 224,713 | 182,494 | 23.1% |

**Financial Ratios**

| | 3Q04 | 4Q04 | 1Q05 | 2Q05 | 3Q05 | 4Q05 | 1Q06 | 2Q 06 | 3Q06 |
|---|---|---|---|---|---|---|---|---|---|
| **Profitability** | | | | | | | | | |
| Return on average equity | 22.7% | 21.5% | 20.5% | 25.7% | 26.8% | 21.7% | 22.8% | 28.7% | 27.5% |
| **Capital ratio** | | | | | | | | | |
| BIS | 13.1% | 14.9% | 16.2% | 13.4% | 13.2% | 12.9% | 14.3% | 12.2% | 12.8% |
| **Earnings per Share** | | | | | | | | | |
| Net income (nominal Ch$mn) | 53,515 | 53,935 | 53,960 | 62,101 | 66,433 | 57,216 | 64,434 | 80,345 | 79,934 |
| Net income per share (Nominal Ch$) | 0.28 | 0.29 | 0.29 | 0.33 | 0.35 | 0.30 | 0.34 | 0.43 | 0.42 |
| Net income per ADS (US$) | 0.49 | 0.53 | 0.51 | 0.59 | 0.69 | 0.61 | 0.67 | 0.81 | 0.81 |
| Shares outstanding in million | 188,446.1 | 188,446.1 | 188,446.1 | 188,446.1 | 188,446.1 | 188,446.1 | 188,446.1 | 188,446.1 | 188,446.1 |
| **Credit Quality** | | | | | | | | | |
| Past due loans/total loans | 1.58% | 1.52% | 1.38% | 1.29% | 1.17% | 1.05% | 0.93% | 0.79% | 0.78% |
| Reserves for loan losses/past due loans | 120.3% | 128.5% | 135.1% | 137.6% | 129.4% | 135.3% | 145.2% | 163.1% | 177.90% |
| **Efficiency** | | | | | | | | | |
| Operating expenses/operating income | 40.4% | 46.0% | 41.8% | 39.1% | 39.9% | 45.6% | 38.3% | 35.9% | 35.9% |
| **Market information (period-end)** | | | | | | | | | |
| Stock price | 16.3 | 18.1 | 18.6 | 17.9 | 22.3 | 21.6 | 22.05 | 20.84 | 23.5 |
| ADR price | 27.94 | 33.86 | 33.13 | 32.3 | 43.87 | 44.6 | 43.6 | 40.34 | 45.25 |
| Market capitalization (US$mn) | 5,068 | 6,141 | 6,009 | 5,858 | 7,957 | 8,089 | 7,908 | 7,317 | 8,207 |
| **Network** | | | | | | | | | |
| ATMs | 1,050 | 1,190 | 1,187 | 1,225 | 1,322 | 1,422 | 1,395 | 1,443 | 1,479 |
| Branches | 351 | 311 | 316 | 327 | 335 | 352 | 361 | 367 | 368 |
| **Other Data** | | | | | | | | | |
| Exchange rate (Ch/US$) (period-end) | 606.96 | 559.83 | 586.45 | 578.92 | 533.69 | 514.21 | 527.7 | 547.31 | 538.22 |

**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**

Date: November 7, 2006

By: /s/ Gonzalo Romero

Name: Gonzalo Romero
Title: General Counsel