

BANCO SANTANDER CHILE
Form 6-K
August 19, 2009

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934
Commission File Number: 001-14554

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

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

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

Form 20-F Form 40-F

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

Yes No

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

Yes No

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

Yes No

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

Table of Contents

Item

1. First Half 2009 Financial Statements (English, Free translation)
-

SIGNATURE

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

BANCO SANTANDER-CHILE

By: /s/ Juan Pedro Santa María
Name: Juan Pedro Santa María
Title: General Counsel

Date: August 19, 2009

BANCO SANTANDER CHILE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Refers to

| | June 30 2009 (in millions) CLP | June 30 2008 (in millions) CLP | December 31 2008 (in millions) CLP | January 1 2008 (in millions) CLP |
|------------------------------------------------|-----------------------------------------|-----------------------------------------|---------------------------------------------|-------------------------------------------|
| ASSETS | | | | |
| Cash and bank deposits | 942,065 | 1,280,559 | 855,411 | 1,108,637 |
| Operations pending settlement | 426,647 | 487,591 | 335,405 | 316,240 |
| Instruments for trading | 1,003,448 | 893,938 | 1,166,426 | 1,093,445 |
| Repurchase contracts and securities loans | 13,212 | 11,697 | - | 33,999 |
| Financial derivative contracts | 1,502,295 | 1,233,562 | 1,846,509 | 780,775 |
| Owed by banks | 57,800 | 150,406 | 95,499 | 45,961 |
| Credits and accounts receivable from customers | 13,087,295 | 12,954,140 | 14,311,349 | 12,022,275 |
| Investment instruments available for sale | 1,444,802 | 1,080,216 | 1,580,240 | 779,635 |
| Investment instruments held to maturity | - | - | - | - |
| Equity in companies | 7,145 | 7,786 | 7,277 | 7,301 |
| Intangibles | 69,356 | 58,526 | 68,232 | 56,224 |
| Fixed assets | 190,997 | 201,234 | 200,389 | 202,489 |
| Current taxes | 4,826 | 18,235 | 18,715 | 2,499 |
| Deferred taxes | 94,369 | 83,280 | 88,825 | 80,989 |
| Other assets | 561,407 | 586,288 | 508,655 | 460,282 |
| TOTAL ASSETS | 19,405,664 | 19,047,458 | 21,082,932 | 16,990,751 |
| LIABILITIES | | | | |
| Demand deposits and other demand obligations | 3,083,814 | 3,194,423 | 2,948,162 | 2,867,934 |
| Operations pending settlement | 195,249 | 297,611 | 142,552 | 135,219 |
| Repurchase contracts and securities loans | 512,279 | 294,438 | 562,223 | 307,630 |
| Time deposits and other funds obtained | 8,342,396 | 8,390,418 | 9,756,266 | 7,887,897 |
| Financial derivative contracts | 1,462,558 | 1,081,784 | 1,469,724 | 778,217 |
| Obligations toward banks | 1,140,901 | 1,505,196 | 1,425,067 | 1,099,457 |
| Debt instruments issued | 2,622,275 | 2,405,006 | 2,651,372 | 2,154,996 |
| Other financial obligations | 149,046 | 165,833 | 131,318 | 175,667 |
| Current taxes | 34,786 | 1,017 | 791 | 16,067 |
| Deferred taxes | 9,567 | 23,949 | 19,437 | 11,084 |
| Provisions | 122,990 | 92,938 | 166,719 | 50,102 |
| Other liabilities | 201,864 | 295,128 | 293,733 | 118,550 |
| TOTAL LIABILITIES | 17,877,725 | 17,747,741 | 19,567,364 | 15,602,820 |
| SHAREHOLDERS' EQUITY | | | | |
| Attributable to Bank shareholders: | 1,497,019 | 1,276,028 | 1,489,689 | 1,369,797 |
| Capital | 891,303 | 818,535 | 891,303 | 818,535 |
| Reserves | (16,960) | (20,571) | (123,726) | (20,914) |

Edgar Filing: BANCO SANTANDER CHILE - Form 6-K

| | | | | |
|--------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Valuation accounts | (14,199) | (45,900) | (7,552) | (9,475) |
| Retained profits: | 636,875 | 523,964 | 729,664 | 581,651 |
| Retained earnings from prior fiscal years | 508,045 | 381,030 | 413,053 | 581,651 |
| Profit (loss) for fiscal year | 184,043 | 189,159 | 415,055 | - |
| Minus: Provision for minimum dividends | (55,213) | (46,225) | (98,444) | - |
| Minority Interest | 30,920 | 23,689 | 25,879 | 18,134 |
| TOTAL SHAREHOLDERS' EQUITY | 1,527,939 | 1,299,717 | 1,515,568 | 1,387,931 |
| TOTAL LIABILITIES AND SHAREHOLDERS' | | | | |
| EQUITY | 19,405,664 | 19,047,458 | 21,082,932 | 16,990,751 |

BANCO SANTANDER CHILE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

For the periods ended

| | June 30 2009 (in millions) CLP | June 30 2008 (in millions) CLP |
|---------------------------------------------------|-----------------------------------------|-----------------------------------------|
| OPERATING INCOME | | |
| Revenue from interest and adjustments | 585,535 | 896,399 |
| Expenses for interest and adjustments | (171,651) | (488,143) |
| Net revenue from interest and adjustments | 413,884 | 408,256 |
| Fee revenue | 155,840 | 144,773 |
| Fee expenses | (31,064) | (24,854) |
| Revenue net of fees | 124,776 | 119,919 |
| Net profit from financial operations | 566 | 74,656 |
| Currency exchange profit (loss), net | 97,905 | (39,191) |
| Other operating revenue | 5,426 | 15,711 |
| Total operating revenue | 642,557 | 579,351 |
| Credit risk provisions | (186,971) | (131,913) |
| NET OPERATING REVENUE | 455,586 | 447,438 |
| Personnel compensation and expenses | (112,095) | (115,745) |
| Administrative expenses | (67,706) | (65,567) |
| Depreciation and amortization | (22,586) | (24,726) |
| Deterioration | - | - |
| Other operating expenses | (27,710) | (19,772) |
| TOTAL OPERATING EXPENSES | (230,097) | (225,810) |
| OPERATING INCOME | 225,489 | 221,628 |
| Income from equity in companies | 766 | 1,333 |
| Income before income tax | 226,255 | 222,961 |
| Income tax | (38,075) | (29,035) |
| CONSOLIDATED PROFIT (LOSS) FOR FISCAL YEAR | 188,180 | 193,926 |

Attributable to:

| | | |
|-------------------|---------|---------|
| Bank shareholders | 184,043 | 189,159 |
| Minority Interest | 4,137 | 4,767 |

Profit per share attributable to Bank shareholders:
(expressed in pesos)

| | | |
|----------------|--------|--------|
| Basic profit | 0.9766 | 1.0038 |
| Diluted profit | 0.9766 | 1.0038 |

BANCO SANTANDER CHILE AND SUBSIDIARIES
 CONSOLIDATED INTEGRAL STATEMENTS OF INCOME
 For the periods ended

| | June 30 2009 (in millions) CLP | June 30 2008 (in millions) CLP |
|-------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| CONSOLIDATED PROFIT (LOSS) FOR FISCAL YEAR | 188,180 | 193,926 |
| OTHER INTEGRAL INCOME | | |
| Investment instruments available for sale | 10,238 | (27,999) |
| Cash flow coverage | (17,417) | (15,887) |
| | - | - |
| Other integral income before income tax | (7,179) | (43,886) |
| Income tax related to other integral income | 1,220 | 7,461 |
| Total other integral income | (5,959) | (36,425) |
| CONSOLIDATED INTEGRAL RESULTS IN CURRENT FISCAL YEAR | 182,221 | 157,501 |
| Attributable to : | | |
| Bank shareholders | 177,396 | 152,734 |
| Minority Interest | 4,825 | 4,767 |

BANCO SANTANDER CHILE
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the periods ended
Figures in millions of pesos

| | Reserves | | | Valuation Accounts | | | Retained Earnings | | | | Total attributable to shareholders | Minority Interests |
|--------------------------|---------------------|-------------------------------|--------------------------------------------|----------------------------------------------------|--------------------|-------------|-------------------|----------------------------------------------------|----------------------------------|---------------------------------------|------------------------------------------|-----------------------|
| | Capital retained | Reserves and other profits | Merger of companies under control | Investment instruments available for sale | Cash flow hedge | Other items | Income tax | Retained earnings from prior fiscal years | Profit in current fiscal year | Provision for minimum dividends | | |
| Equity as of 2007 | 818,535 | 49,372 | (2,042) | (5,548) | (5,867) | | 1,940 | 273,004 | 308,647 | - | 1,438,041 | 20,000 |
| Change for the year's | - | - | - | - | - | - | - | 308,647 | (308,647) | - | - | - |
| Subtotal | 818,535 | 49,372 | (2,042) | (5,548) | (5,867) | | 1,940 | 581,651 | - | - | 1,438,041 | 20,000 |
| FRS | - | (68,244) | - | - | - | - | - | - | - | - | (68,244) | (1,900) |
| Equity as of 2008 | 818,535 | (18,872) | (2,042) | (5,548) | (5,867) | | 1,940 | 581,651 | - | - | 1,369,797 | 18,100 |
| Dividends | - | - | - | - | - | - | - | - | - | (92,594) | (92,594) | - |
| Drawals | - | - | - | - | - | - | - | - | - | - | - | - |
| Equity | - | 343 | - | - | - | - | - | - | - | - | 296 | (1,000) |
| Dividends | - | - | - | - | - | - | - | - | - | (22,694) | (22,694) | - |
| Subtotal | - | 343 | - | - | - | - | - | - | - | (115,288) | (114,992) | (1,000) |
| Income | - | - | - | (27,999) | (15,887) | | 7,461 | - | - | - | (11,680) | - |
| Year | - | - | - | - | - | - | - | - | 85,997 | - | 85,997 | 2,500 |
| Subtotal | - | - | - | (27,999) | (15,887) | | 7,461 | - | 85,997 | - | 74,317 | 2,500 |
| Equity as of 2008 | 818,535 | (18,529) | (2,042) | (33,547) | (21,754) | | 9,401 | 581,651 | 85,997 | (115,288) | 1,329,122 | 20,600 |
| Equity as of 2008 | 891,303 | (121,684) | (2,042) | (19,972) | 10,873 | | 1,547 | 413,053 | 415,055 | (98,444) | 1,489,689 | 25,800 |
| Income | - | - | - | - | - | - | - | 415,055 | (415,055) | - | - | - |
| Subtotal | 891,303 | (121,684) | (2,042) | (19,972) | 10,873 | | 1,547 | 828,108 | - | (98,444) | 1,489,689 | 25,800 |
| Equity as of 2008 | - | 106,766 | - | - | - | - | - | (106,766) | - | - | - | - |
| Equity as of 2008 | 891,303 | (14,918) | (2,042) | (19,972) | 10,873 | | 1,547 | 721,342 | - | (98,444) | 1,489,689 | 25,800 |

| | | | | | | | | | | | |
|-----------------------|---------|----------|---------|----------|----------|-------|---------|--------|-----------|-----------|------|
| Equity as of 12/31/09 | - | - | - | - | - | - | - | - | - | - | - |
| Change of reserves | - | - | - | - | - | - | - | - | - | - | - |
| Drawals | - | - | - | - | - | - | - | - | - | - | - |
| Equity | - | - | - | - | - | - | (2) | - | - | (2) | (8) |
| Dividends | - | - | - | - | - | - | - | - | (22,995) | (22,995) | (8) |
| Subtotal | - | - | - | - | - | - | (2) | - | (22,995) | (22,997) | (8) |
| Income | - | - | - | 9,409 | (17,417) | 1,361 | - | - | - | (304) | 5 |
| Year | - | - | - | - | - | - | - | 76,652 | - | 76,652 | 2,8 |
| Subtotal | - | - | - | 9,409 | (17,417) | 1,361 | - | 76,652 | - | 76,348 | 3,4 |
| Equity as of 12/31/09 | 891,303 | (14,918) | (2,042) | (10,563) | (6,544) | 2,908 | 721,340 | 76,652 | (121,439) | 1,543,040 | 28,4 |

Dividends distributed:

| Period | Total attributable to shareholders | Allocated to reserves or retained earnings | Allocated to Dividends | Percentage Distributed | Dividend per share (in pesos) |
|-----------------------------------------------|------------------------------------|--------------------------------------------|------------------------|------------------------|-------------------------------|
| - Year 2007 (Shareholders Meeting April 2008) | 308,647 | 108,028 | 200,619 | 65% | 1,065 |
| - Year 2008 (Shareholders Meeting April 2009) | 328,146 | 118,851 | 213,295 | 65% | 1,132 |

BANCO SANTANDER CHILE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the periods ended

| | June 30 2009 (in millions) CLP | June 30 2008 (in millions) CLP |
|-----------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| FLows ARISING FROM OPERATING ACTIVITIES: | | |
| CONSOLIDATED PROFIT (LOSS) FOR FISCAL YEAR | 188,180 | 193,926 |
| Debits (credits) to income not implying changes of cash: | | |
| Depreciation and amortization | 22,586 | 24,726 |
| Provisions for credits, customer accounts receivable, and write-offs | 206,625 | 131,913 |
| Adjustment of financial instruments to market value | (41,227) | (1,432) |
| (Profit) Loss on equity in companies | (766) | (918) |
| (Profit) Loss on sale of assets received in payment | (2,239) | (4,879) |
| (Profit) Loss on sale of fixed assets | (207) | 677 |
| Write-off of assets received in payment | 2,869 | 2,151 |
| Other debits (credits) not implying changes of cash | 47,077 | 26,571 |
| Net variation of interest, adjustments, and fees earned on assets and liabilities | (50,413) | (20,630) |
| Total Operating Flows | 372,485 | 352,105 |
| FLow ARISING FROM INVESTMENT ACTIVITIES: | | |
| Net (increase) decrease of credits and accounts receivable | 922,642 | (1,098,922) |
| Net (increase) decrease of investments | 754,758 | (277,762) |
| Purchases of fixed assets | (9,998) | (6,760) |
| Sales of fixed asset | 11,312 | 2,103 |
| (Increase) decrease of equity in companies | (79) | - |
| Dividends received from equity in companies | 790 | 606 |
| Revenue from goods received in payment | 15,246 | 12,187 |
| Net increase (decrease) of other assets and liabilities | (70,529) | (74,334) |
| Total Investment Flows | 1,624,142 | (1,442,882) |
| FLow ARISING FROM FINANCING ACTIVITIES: | | |
| Increase (decrease) of receivables in current account | 110,522 | 291,002 |
| Increase (decrease) of deposits and receipts of funds | (1,384,048) | 502,522 |
| Increase (decrease) of other demand or time obligations | 42,505 | 25,447 |
| Increase (decrease) of obligations for intermediation of documents | (259,267) | 120,568 |
| Increase (decrease) of external loans, short and long-term | (283,240) | 297,160 |
| Issuance of letters of credit | 4,506 | - |
| Redemption of letters of credit | (69,073) | (66,802) |
| Increase (decrease) of other short-term liabilities | 13,608 | 2,399 |
| Loans obtained from Central Bank of Chile (short term) | 324,682 | 72,850 |
| Payment of loans from Central Bank of Chile (short and long term) | (325,609) | (74,366) |
| Bond issues | 201,346 | 202,929 |
| Bond redemptions | (36,259) | (9,248) |
| Other Loans obtained, short and long term | 3,307 | 107,767 |
| Payment of other long-term loans | (1,006) | - |
| Capital increase (decrease) | 5,600 | - |

Edgar Filing: BANCO SANTANDER CHILE - Form 6-K

| | | |
|-----------------------------------------------------------------|------------------|------------------|
| Dividends paid | (219,002) | (200,570) |
| Total Financing Flows | (1,871,428) | 1,271,658 |
| SUB TOTAL | 125,199 | 180,881 |
| VARIATION OF CASH AND CASH EQUIVALENTS DURING THE PERIOD | 125,199 | 180,881 |
| INITIAL BALANCE OF CASH AND CASH EQUIVALENTS | 1,048,264 | 1,289,658 |
| FINAL BALANCE OF CASH AND CASH EQUIVALENTS | 1,173,463 | 1,470,539 |

6

NOTE No. 1 ADOPTION OF THE COMPENDIUM OF ACCOUNTING STANDARDS FOR THE FIRST TIME:

The Superintendency of Banks and Financial Institutions (“SBIF”), jointly with other superintendencies and other regulatory agencies in Chile, adopted a plan for convergence with the International Financial Information Standards (“IFIS”), to internationalize the financial reporting models for publicly owned companies in Chile. In the framework of the strategic plan, the SBIF, through its Circular No. 3,410 of November 9, 2007, subsequently complemented by Circular No. 3,443 of August 21, 2008, announced the new “Compendium of Accounting Standards,” containing the new accounting and reporting standards for the financial industry that will become applicable as of January 1, 2009, based on the transitory standards established in Chapter E of that compendium.

By legal mandate, the banks must use the accounting criteria adopted by the SBIF, and in all matters not provided for therein nor contrary to their instructions, they must abide by the generally accepted accounting criteria which reflect the technical standards issued by the Colegio de Contadores de Chile A.G. (Chilean Accounting Association), coinciding with the international financial accounting and reporting standards adopted by the International Accounting Standards Board (“IASB”). In the event of discrepancies between the accounting principles and the accounting criteria issued by the SBIF (Compendium of Accounting Standards), the latter will prevail.

As a result of the aforementioned, the Bank adopted a plan for the transition to the new accounting standards that includes, among other things, an analysis of the differences of accounting criteria, the selection of the accounting criteria to be applied in the cases in which alternative treatments are permitted, and evaluation of the changes of procedure and information systems.

According to this transition plan, the standards of the new Compendium of Accounting Standards have been applied retroactively to January 1, 2008, and an opening balance sheet as of that date has been drawn up. Furthermore, with the aim of presenting comparative financial standards in 2009, the Bank drew up a set of pro forma financial statements for the year 2008.

Below is a breakdown and explanation of the principal impacts of the migration to these new accounting standards, in relation to the balance sheet and income statements.

a) Reconciliation of Shareholders’ Equity according to the new Compendium of Accounting Standards:

The principal adjustments in Shareholders’ Equity arising from the migration to the new Compendium of Accounting Standards are:

| Explanation | Total Shareholders’ Equity | | |
|--------------------------------------------------|--------------------------------------------|------------------------------------------|----------------------------------------------|
| | As of January 1, 2008 CLP (in millions) | As of June 30, 2008 CLP (in millions) | As of December 31, 2008 CLP (in millions) |
| Shareholders’ equity before changes in standards | 1,458,089 | 1,373,196 | 1,602,610 |
| Adjustments: | | | |
| Perimeter of consolidation | i | (14,453) | (9,712) |
| Supporting companies | ii | 506 | 719 |
| Monetary correction | iii | - | (30,493) |
| Fixed and intangible assets | iv | (64,494) | (58,613) |

Edgar Filing: BANCO SANTANDER CHILE - Form 6-K

| | | | | |
|-------------------------------------------|-----|-----------|-----------|-----------|
| Goods received or given in payment: | v | (929) | (586) | (408) |
| Write-offs of placements | vi | (2,205) | (2,815) | (4,235) |
| Deferred taxes | vii | 11,419 | 12,259 | 15,700 |
| Subtotal | | (70,156) | (73,479) | (87,042) |
| Shareholders' equity according to the new | | | | |
| Compendium of Accounting Standards | | 1,387,931 | 1,299,717 | 1,515,568 |

(*) A detailed explanation of the nature of the principal adjustments is given in letter g).

As discussed above, these adjustments are generated by the adoption of the new SBIF Compendium of Accounting Standards; accordingly, they do not reflect a recognition of errors in prior fiscal years pursuant to NIC 8.

NOTE No. 1 ADOPTION OF THE COMPENDIUM OF ACCOUNTING STANDARDS FOR THE FIRST TIME, continuation:

b) Reconciliation of Income according to the new Compendium of Accounting Standards:

The principal adjustments in Income arising from the migration to the new Compendium of Accounting Standards are:

| | Explanation | Consolidated Income | |
|----------------------------------------------------------------|-------------|---------------------|-------------------------|
| | | As of June 30, 2008 | As of December 31, 2008 |
| | | CLP (in millions) | CLP (in millions) |
| Income before changes in standards | | 156,095 | 331,017 |
| Adjustments: | | | |
| Perimeter of consolidation | i | 3,985 | 4,742 |
| Supporting companies | ii | 256 | 213 |
| Monetary correction | iii | 31,419 | 78,027 |
| Fixed and intangible assets | iv | 1,598 | 5,881 |
| Goods received or given in payment | v | 343 | 521 |
| Write-offs of placements | vi | (610) | (2,030) |
| Deferred taxes | vii | 840 | 4,281 |
| Subtotal | | 37,831 | 91,635 |
| Income according to the new Compendium of Accounting Standards | | 193,926 | 422,652 |

(*) A detailed explanation of the nature of the principal adjustments is given in letter g).

As discussed above, these adjustments are generated by the adoption of the new SBIF Compendium of Accounting Standards; accordingly, they do not reflect a recognition of errors in prior fiscal years pursuant to NIC 8.

c) Opening Balance Sheet according to the new Compendium of Accounting Standards:

As discussed above, the rules of the new Compendium of Accounting Standards were applied retroactively to January 1, 2008, to draw up the respective opening balance sheet under these new accounting standards.

Below is a presentation of the reconciliation of balances for the Balance Sheet, for which the following definitions apply:

Closing balances:

These are the balances shown in the consolidated financial statements of the Bank and its subsidiaries as of January 1, 2008, which were prepared in accordance with the previously applicable accounting criteria and principles.

Adjustments:

Changes arising chiefly in the valuation criteria and accounting policies modified by the new set of standards. Changes in the perimeter of consolidation prescribed by the new Compendium of Accounting Standards are included in this concept.

Opening Balances:

These are the balances reflecting the adjustments' effect on the closing balance sheet.

8

NOTE No. 1 ADOPTION OF THE COMPENDIUM OF ACCOUNTING STANDARDS FOR THE FIRST TIME, continuation:

c) Opening Balance Sheet according to the new Compendium of Accounting Standards, continuation:

| | As of January 1, 2008 | | |
|------------------------------------------------|---------------------------------------------|-------------------------------------------|----------------------------------------------|
| | Closing Balances (in millions) CLP | Adjustments (* (in millions) CLP | Opening Balances: (in millions) CLP |
| ASSETS | | | |
| Cash and bank deposits | 1,108,444 | 193 | 1,108,637 |
| Operations pending settlement | 316,240 | - | 316,240 |
| Instruments for trading | 1,090,004 | 3,441 | 1,093,445 |
| Repurchase contracts and securities loans | 33,999 | - | 33,999 |
| Financial derivative contracts | 780,775 | - | 780,775 |
| Owed by banks | 45,961 | - | 45,961 |
| Credits and accounts receivable from customers | 12,028,053 | (5,778) | 12,022,275 |
| Investment instruments available for sale | 779,635 | - | 779,635 |
| Equity in companies | 6,795 | 506 | 7,301 |
| Intangibles | 56,187 | 37 | 56,224 |
| Fixed assets | 245,619 | (43,130) | 202,489 |
| Current taxes | 1,933 | 566 | 2,499 |
| Deferred taxes | 61,260 | 19,729 | 80,989 |
| Other assets | 474,091 | (13,809) | 460,282 |
| TOTAL ASSETS | 17,028,996 | (38,245) | 16,990,751 |
| LIABILITIES | | | |
| Demand deposits and other demand obligations | 2,868,769 | (835) | 2,867,934 |
| Operations pending settlement | 135,219 | - | 135,219 |
| Repurchase contracts and securities loans | 308,651 | (1,021) | 307,630 |
| Time deposits and other funds obtained | 7,887,897 | - | 7,887,897 |
| Financial derivative contracts | 778,217 | - | 778,217 |
| Obligations toward banks | 1,099,443 | 14 | 1,099,457 |
| Debt instruments issued | 2,154,996 | - | 2,154,996 |
| Other financial obligations | 147,868 | 27,799 | 175,667 |
| Current taxes | 15,897 | 170 | 16,067 |
| Deferred taxes | 10,877 | 207 | 11,084 |
| Provisions | 46,376 | 3,726 | 50,102 |
| Other liabilities | 116,698 | 1,852 | 118,550 |
| TOTAL LIABILITIES | 15,570,908 | 31,912 | 15,602,820 |

SHAREHOLDERS' EQUITY

| | | | |
|---------------------------------------------------|-------------------|-----------------|-------------------|
| Attributable to Bank shareholders: | 1,438,041 | (68,244) | 1,369,797 |
| Capital | 818,535 | - | 818,535 |
| Reserves | 47,330 | (68,244) | (20,914) |
| Valuation accounts | (9,475) | - | (9,475) |
| Retained earnings | 581,651 | - | 581,651 |
| Retained earnings from prior fiscal years | 581,651 | - | 581,651 |
| Profit (loss) for fiscal year | - | - | - |
| Minus: Provision for minimum dividends | - | - | - |
| Minority Interest | 20,047 | (1,913) | 18,134 |
| TOTAL SHAREHOLDERS' EQUITY | 1,458,088 | (70,157) | 1,387,931 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 17,028,996 | (38,245) | 16,990,751 |

(*). A detailed explanation of the nature of the principal adjustments is given in letter g).

NOTE No. 1 ADOPTION OF THE COMPENDIUM OF ACCOUNTING STANDARDS FOR THE FIRST TIME, continuation:

d) Pro forma Balance Sheets:

To present comparative financial statements during the year 2009, the Bank drew up a set of pro forma financial statements for 2008; below is a presentation of the pro forma Balance Sheet presentation as of June 30 and December 31, 2008, respectively:

| | As of June 30, 2008 | | | As of December 31, 2008 | | |
|------------------------------------------------------|--------------------------------------|-----------------------------------------------|---------------------------------------------------------------------|--------------------------------------|-----------------------------------------------|---------------------------------------------------------------------|
| | Old Standard (in millions) CLP | Adjustments (*) (in millions) CLP | Compendium of Accounting Standards (in millions) CLP | Old Standard (in millions) CLP | Adjustments (*) (in millions) CLP | Compendium of Accounting Standards (in millions) CLP |
| ASSETS | | | | | | |
| Cash and bank deposits | 1,280,337 | 222 | 1,280,559 | 854,838 | 573 | 855,411 |
| Operations pending settlement | 487,591 | - | 487,591 | 335,405 | - | 335,405 |
| Instruments for trading | 893,938 | - | 893,938 | 1,161,631 | 4,795 | 1,166,426 |
| Repurchase contracts and securities loans | 11,697 | - | 11,697 | - | - | - |
| Financial derivative contracts | 1,233,562 | - | 1,233,562 | 1,846,509 | - | 1,846,509 |
| Owed by banks | 150,406 | - | 150,406 | 95,499 | - | 95,499 |
| Credits and accounts receivable from customers | 12,960,626 | (6,486) | 12,954,140 | 14,319,370 | (8,021) | 14,311,349 |
| Investment instruments available for sale | 1,080,216 | - | 1,080,216 | 1,580,240 | - | 1,580,240 |
| Equity in companies | 6,865 | 921 | 7,786 | 6,990 | 287 | 7,277 |
| Intangibles | 61,458 | (2,932) | 58,526 | 73,089 | (4,857) | 68,232 |
| Fixed assets | 248,906 | (47,672) | 201,234 | 260,105 | (59,716) | 200,389 |
| Current taxes | 17,824 | 411 | 18,235 | 18,289 | 426 | 18,715 |
| Deferred taxes | 62,721 | 20,559 | 83,280 | 64,821 | 24,004 | 88,825 |
| Other assets | 593,297 | (7,009) | 586,288 | 520,348 | (11,693) | 508,655 |
| TOTAL ASSETS | 19,089,444 | (41,986) | 19,047,458 | 21,137,134 | (54,202) | 21,082,932 |
| LIABILITIES | | | | | | |
| Demand deposits and other demand obligations | 3,195,906 | (1,483) | 3,194,423 | 2,949,757 | (1,595) | 2,948,162 |
| Operations pending settlement | 297,611 | - | 297,611 | 142,552 | - | 142,552 |
| Repurchase contracts and securities loans | 295,494 | (1,056) | 294,438 | 563,234 | (1,011) | 562,223 |
| | 8,390,418 | - | 8,390,418 | 9,756,266 | - | 9,756,266 |

| | | | | | | |
|---------------------------------------------------|-------------------|-----------------|-------------------|-------------------|-----------------|-------------------|
| Time deposits and other funds obtained | | | | | | |
| Financial derivative contracts | 1,081,784 | - | 1,081,784 | 1,469,724 | - | 1,469,724 |
| Obligations toward banks | 1,505,176 | 20 | 1,505,196 | 1,425,065 | 2 | 1,425,067 |
| Debt instruments issued | 2,405,006 | - | 2,405,006 | 2,651,372 | - | 2,651,372 |
| Other financial obligations | 138,185 | 27,648 | 165,833 | 103,278 | 28,040 | 131,318 |
| Current taxes | 797 | 220 | 1,017 | 163 | 628 | 791 |
| Deferred taxes | 23,549 | 400 | 23,949 | 18,766 | 671 | 19,437 |
| Provisions | 88,971 | 3,967 | 92,938 | 162,165 | 4,554 | 166,719 |
| Other liabilities | 293,351 | 1,777 | 295,128 | 292,182 | 1,551 | 293,733 |
| TOTAL LIABILITIES | 17,716,248 | 31,493 | 17,747,741 | 19,534,524 | 32,840 | 19,567,364 |
| SHAREHOLDERS' EQUITY | | | | | | |
| Attributable to Bank shareholders: | 1,350,580 | (74,552) | 1,276,028 | 1,578,045 | (88,356) | 1,489,689 |
| Capital | 818,535 | - | 818,535 | 891,303 | - | 891,303 |
| Reserves | 89,057 | (109,628) | (20,571) | 51,539 | (175,265) | (123,726) |
| Valuation accounts | (45,900) | - | (45,900) | (7,552) | - | (7,552) |
| Retained earnings | 488,888 | 35,076 | 523,964 | 642,755 | 86,909 | 729,664 |
| Retained earnings from prior fiscal years | 381,030 | - | 381,030 | 413,053 | - | 413,053 |
| Profit (loss) for fiscal year | 154,083 | 35,076 | 189,159 | 328,146 | 86,909 | 415,055 |
| Minus: Provision for minimum dividends | (46,225) | - | (46,225) | (98,444) | - | (98,444) |
| Minority Interest | 22,616 | 1,073 | 23,689 | 24,565 | 1,314 | 25,879 |
| TOTAL SHAREHOLDERS' EQUITY | 1,373,196 | (73,479) | 1,299,717 | 1,602,610 | (87,042) | 1,515,568 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 19,089,444 | (41,986) | 19,047,458 | 21,137,134 | (54,202) | 21,082,932 |

(*) A detailed explanation of the nature of the principal adjustments is given in letter g).

NOTE No. 1 ADOPTION OF THE COMPENDIUM OF ACCOUNTING STANDARDS FOR THE FIRST TIME, continuation:

e) Pro forma Statements of Income:

As was discussed in the preceding point, the Bank drew up a set of pro forma financial statements for the year 2008, to present comparative information. Below is a presentation of the pro forma Statement of Income formulation for the periods ended June 30 and December 31, 2008, respectively:

| | As of June 30, 2008 | | | As of December 31, 2008 | | |
|-------------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------------------------------------------------|--------------------------------------------|----------------------------------------------|------------------------------------------------------------------|
| | Old Standard (in millions) CLP | Adjustments (* (in millions) CLP | Compendium of Accounting Standards (in millions) CLP | Old Standard (in millions) CLP | Adjustments (* (in millions) CLP | Compendium of Accounting Standards (in millions) CLP |
| OPERATING INCOME | | | | | | |
| Revenue from interest and adjustments | 896,507 | (108) | 896,399 | 2,061,112 | 234 | 2,061,346 |
| Expenses for interest and adjustments | (486,142) | (2,001) | (488,143) | (1,164,071) | (5,209) | (1,169,280) |
| Net revenue from interest and adjustments | 410,365 | (2,109) | 408,256 | 897,041 | (4,975) | 892,066 |
| Fee revenue | 134,384 | 10,389 | 144,773 | 276,433 | 19,536 | 295,969 |
| Fee expenses | (24,854) | - | (24,854) | (52,840) | - | (52,840) |
| Revenue net of fees | 109,530 | 10,389 | 119,919 | 223,593 | 19,536 | 243,129 |
| Net profit from financial operations | 74,498 | 158 | 74,656 | 273,084 | 393 | 273,477 |
| Currency exchange profit (loss), net | (39,191) | - | (39,191) | (187,042) | - | (187,042) |
| Other operating revenue | 14,297 | 1,414 | 15,711 | 16,512 | 1,710 | 18,222 |
| Total operating revenue | 569,499 | 9,852 | 579,351 | 1,223,188 | 16,664 | 1,239,852 |
| Credit risk provisions | (131,303) | (610) | (131,913) | (285,953) | (2,030) | (287,983) |
| NET OPERATING REVENUE | 438,196 | 9,242 | 447,438 | 937,235 | 14,634 | 951,869 |
| Personnel compensation and expenses | (96,139) | (19,606) | (115,745) | (209,134) | (37,641) | (246,775) |
| | (80,667) | 15,100 | (65,567) | (161,977) | 28,295 | (133,682) |

| | | | | | | |
|-----------------------------------------------------------------------------|----------------|---------------|----------------|----------------|---------------|----------------|
| Administrative expenses | | | | | | |
| Depreciation and amortization | (24,552) | (174) | (24,726) | (51,944) | 4,317 | (47,627) |
| Other operating expenses | (20,159) | 387 | (19,772) | (42,259) | 581 | (41,678) |
| Total operating expenses | (221,517) | (4,293) | (225,810) | (465,314) | (4,448) | (469,762) |
| OPERATING INCOME | 216,679 | 4,949 | 221,628 | 471,921 | 10,186 | 482,107 |
| Income from equity in companies | 918 | 415 | 1,333 | 851 | (219) | 632 |
| Monetary correction | (31,419) | 31,419 | - | (78,027) | 78,027 | - |
| Income before income tax | 186,178 | 36,783 | 222,961 | 394,745 | 87,994 | 482,739 |
| Income tax | (30,083) | 1,048 | (29,035) | (63,728) | 3,641 | (60,087) |
| CONSOLIDATED PROFIT IN CURRENT FISCAL YEAR | 156,095 | 37,831 | 193,926 | 331,017 | 91,635 | 422,652 |
| Attributable to: | | | | | | |
| Bank shareholders | 154,083 | 35,076 | 189,159 | 328,146 | 86,909 | 415,200 |
| Minority Interest | 2,012 | 2,755 | 4,767 | 2,871 | 4,726 | 7,597 |
| Profit per share attributable to Bank shareholders: (expressed in pesos) | | | | | | |
| Basic profit | 0.818 | - | 1.0038 | 1.741 | - | 2.203 |
| Diluted profit | 0.818 | - | 1.0038 | 1.741 | - | 2.203 |

(*) A detailed explanation of the nature of the principal adjustments is given in letter g).

NOTE No. 1 ADOPTION OF THE COMPENDIUM OF ACCOUNTING STANDARDS FOR THE FIRST TIME, continuation:

f) Pro forma Statement of Cash Flow:

To furnish a reconciliation between the Statement of Cash Flows presented under the previous accounting standards for the period ended June 30, 2008 and the one included in these intermediate financial statements, a presentation of the formulation of this pro forma statement is given below:

| | As of June 30, 2008 | | |
|-----------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|---------------------------------------------------------------|
| | Old Standard (in millions) CLP | Adjustments (*) (in millions) CLP | Compendium of Accounting Standards (in millions) CLP |
| FLAWS ARISING FROM OPERATING ACTIVITIES: | | | |
| CONSOLIDATED PROFIT (LOSS) FOR FISCAL YEAR | 156,095 | 37,831 | 193,926 |
| Debits (credits) to income not implying changes of cash: | | | |
| Depreciation and amortization | 24,552 | 174 | 24,726 |
| Provisions for credits, customer accounts receivable, and write-offs | 150,224 | (18,311) | 131,913 |
| Adjustment of financial instruments to market value | 5,419 | (6,851) | (1,432) |
| (Profit) Loss on equity in companies | (918) | - | (918) |
| (Profit) Loss on sale of assets received in payment | (4,871) | (8) | (4,879) |
| (Profit) Loss on sale of fixed assets | 251 | 426 | 677 |
| Write-off of assets received in payment | 2,295 | (144) | 2,151 |
| Monetary correction | 31,419 | (31,419) | - |
| Other debits (credits) not implying changes of cash | 40,445 | (13,874) | 26,571 |
| Net variation of interest, adjustments, and fees earned on assets and liabilities | (26,967) | 6,337 | (20,630) |
| Total Operating Flows | 377,944 | (25,839) | 352,105 |
| FLOW ARISING FROM INVESTMENT ACTIVITIES: | | | |
| Net (increase) decrease of credits and accounts receivable | (812,681) | (286,241) | (1,098,922) |
| Net (increase) decrease of investments | (80,243) | (197,519) | (277,762) |
| Purchases of fixed assets | (8,135) | 1,375 | (6,760) |
| Sales of fixed asset | 2,103 | - | 2,103 |
| (Increase) decrease of equity in companies | 34,180 | (34,180) | - |
| Dividends received from equity in companies | 606 | - | 606 |
| Revenue from goods received in payment | 12,187 | - | 12,187 |
| Net increase (decrease) of other assets and liabilities | (93,200) | 18,866 | (74,334) |
| Total Investment Flows | (945,183) | (497,699) | (1,442,882) |
| FLOW ARISING FROM FINANCING ACTIVITIES: | | | |
| Increase (decrease) of receivables in current account | 226,834 | 64,168 | 291,002 |
| Increase (decrease) of deposits and receipts of funds | 247,742 | 254,780 | 502,522 |
| Increase (decrease) of other demand or time obligations | 3,855 | 21,592 | 25,447 |
| Increase (decrease) of obligations for intermediation of documents | (24,162) | 144,730 | 120,568 |
| Increase (decrease) of external loans, short and long-term | 261,777 | 35,383 | 297,160 |

Edgar Filing: BANCO SANTANDER CHILE - Form 6-K

| | | | |
|-------------------------------------------------------------------|-----------|----------|-----------|
| Redemption of letters of credit | (66,802) | - | (66,802) |
| Increase (decrease) of other short-term liabilities | (805) | 3,204 | 2,399 |
| Loans obtained from Central Bank of Chile (short term) | 180 | 72,670 | 72,850 |
| Payment of loans from Central Bank of Chile (short and long term) | (1,036) | (73,330) | (74,366) |
| Bond issues | 202,929 | - | 202,929 |
| Bond redemptions | (9,248) | - | (9,248) |
| Other long-term loans obtained | 106,281 | 1,486 | 107,767 |
| Dividends paid | (203,676) | 3,106 | (200,570) |
| Total Financing Flows | 743,869 | 527,789 | 1,271,658 |
| EFFECT OF INFLATION ON CASH AND CASH EQUIVALENTS | 4,436 | (4,436) | - |
| VARIATION OF CASH AND CASH EQUIVALENTS DURING THE PERIOD | 181,066 | (185) | 180,881 |
| INITIAL BALANCE OF CASH AND CASH EQUIVALENTS | 1,331,115 | (41,457) | 1,289,658 |
| FINAL BALANCE OF CASH AND CASH EQUIVALENTS | 1,512,181 | (41,641) | 1,470,539 |

(*) A detailed explanation of the nature of the principal adjustments is given in letter g).

NOTE No. 1 ADOPTION OF THE COMPENDIUM OF ACCOUNTING STANDARDS FOR THE FIRST TIME, continuation:

g) Description of principal adjustments:

Below is a description of the nature of the principal effects or adjustments arising from the adoption of the new Compendium of Accounting Standards issued by the SBIF.

i. Perimeter of Consolidation

Pursuant to the standards in force up to December 31, 2007, Chapter 11-6 "Equity in Domestic Companies" of the Updated Compilation of Standards, the Bank included the subsidiaries and supporting companies within its perimeter of consolidation.

The companies belonging to the first category were consolidated by the overall integration (line to line) method, as follows:

| COMPANY | % of Equity Holding | | |
|------------------------------------------------------------------|---------------------|----------|---------|
| | Direct | Indirect | Total |
| Santander Corredores de Seguro Ltda. | 99.75% | 0.01% | 99.76% |
| Santander S.A. Corredores de Bolsa | 50.59% | 0.41% | 51.00% |
| Santander Asset Management S.A. Administradora General de Fondos | 99.96% | 0.02% | 99.98% |
| Santander S.A. Agente de Valores | 99.03% | - | 99.03% |
| Santander S.A. Sociedad Securitizadora | 99.64% | - | 99.64% |
| Santander Servicios de Recaudación y Pagos Limitada | 99.90% | 0.10% | 100.00% |

The companies that supported the Bank's operations, for their part, were valued by the equivalence method (VPP or VP), and the following entities were included:

| COMPANY | % Equity Holding |
|--------------------------------------------------|------------------------|
| REDBANC S.A. | 33.42% |
| Transbank S.A. | 32.71% |
| Automated Clearing House | 33.33% |
| Sociedad Interbancaria Depósitos de Valores S.A. | 29.29% |
| Cámara Compensación de Alto Valor S.A. | 11.52% |
| Administrador Financiero Transantiago S.A. | 20.00% |
| Sociedad Nexus S.A. | 12.90% |

Upon the new Compendium of Accounting Standards' entry into force, the Bank has been obligated to analyze and redefine its perimeter of consolidation, since the fundamental criterion to be applied now is the Bank's degree of control over a given entity, not the percentage of its equity that the Bank holds.

As a result of this analysis, the following was determined:

-

The consolidation/valuation methods used up to December 31, 2008 will continue to be used for the subsidiaries and supporting companies. This is because it was concluded that the Bank controls the first category of companies and exerts significant influence on the second.

-Furthermore, pursuant to the provisions of NIC 27 and SIC 12, the Bank must determine the existence of Special Purpose Entities (SPE), which must be included within the perimeter of consolidation. Their principal characteristics are:

- oThe SPEs' activities have essentially been conducted on behalf of the company that presents the consolidated financial statements, and in response to its specific business needs.

- oThe entity has the necessary decision making powers to obtain most of the benefits from these entities' activities, as well as the rights to obtain most of the benefits or other advantages from them.

- oThe entity essentially retains for itself most of the risks inherent in the SPE's ownership or residuals, or its assets, for the purpose of obtaining the benefits from its activities.

NOTE No. 1 ADOPTION OF THE COMPENDIUM OF ACCOUNTING STANDARDS FOR THE FIRST TIME, continuation:

g) Description of the principal adjustments, continuation:

-Hence, it was concluded as a result of this evaluation that the Bank exerted control over a certain number of entities, which had to be incorporated into its perimeter of consolidation. They are:

- Santander Gestión de Recaudación y Cobranzas Ltda.
- Multinegocios S.A.
- Servicios Administrativos y Financieros Ltda.
- Servicios de Cobranzas Fiscalex Ltda.
- Multiservicios de Negocios Ltda.
- Bansa Santander S.A.
- Santander Multimedia S.A.

At the beginning of 2009 the Santander Multimedia S.A. company made a change in its line of business, as a result of which its revenue no longer depended chiefly on transactions with the Bank. Consequently, it was determined that the Bank no longer exerted control over it, and it should be excluded from the perimeter of consolidation commencing in March 2009.

This item generally includes the effects generated by the inclusion of the aforementioned companies in the Bank's perimeter of consolidation. Also included are the collateral effects generated by those companies' inclusion in the perimeter of consolidation, i.e., new adjustments for elimination of related party transactions (e.g., Placements), as well as acceleration of the disbursements which had previously been activated and earned, in Income over a given period of time.

ii. Supporting Companies

The particular effects generated by the New Compendium of Accounting Standards' adoption on each of the different Supporting Companies are reflected in this item, with consideration in each case for the proportional effect generated by these effects/adjustments on the Bank's shareholders' equity, based on the percentage of these companies' equity that is held by the Bank.

iii. Monetary correction

In accordance with the set of standards previously in force, the consolidated financial statements had been drawn up with an integral monetary correction, to reflect the effects of the changes in the Chilean peso's purchasing during each period.

Pursuant to the new Compendium of Accounting Standards and NIC 29 "Financial Information in Hyperinflationary Economies," a monetary correction will henceforth be applied only when the entity whose functional currency is that of a hyperinflationary economy (defined as an economy experiencing 100 percentage points of inflation in 3 years). The Bank's functional currency is the Chilean pesos.

Since the Chilean economy does not meet the aforementioned requirements, the Bank was required to eliminate the monetary correction as of January 1, 2008. Pursuant to the provisions of Chapter E of the Compendium of Accounting Standards, the monetary correction applied up to December 31, 2007 was not reversed.

The adjustments for reversal of the monetary correction for the different assets and liabilities are included in this item. The monetary correction for the paid-up capital and reserves as of December 31, 2008, for its part, was not reversed, pursuant to the provisions of Chapter E of the Compendium of Accounting Standards and the need to maintain the existing paid-up capital and reserve amounts in accordance with the rules applied for legal purposes or as required by the bylaws.

14

NOTE No. 1 ADOPTION OF THE COMPENDIUM OF ACCOUNTING STANDARDS FOR THE FIRST TIME, continuation:

g) Description of the principal adjustments, continuation:

iv. Fixed and Intangible Assets

This item chiefly includes the effect generated by the recalculation of the depreciations and amortizations of the fixed assets in general and the intangible assets (software and information technology developments) as a result of the monetary correction's elimination (as is described in point iii) and the determination of the attributable cost for the fixed assets as of January 1, 2008.

Pursuant to the provisions of Chapter E of the new Compendium of Accounting Standards, the Bank determined the cost attributed to its fixed assets as of January 1, 2008, electing the lower of each one's historical cost (including its respective monetary corrections up to December 31, 2007) and its fair market value based on an appraisal thereof by an independent third-party appraiser.

v. Goods Received or Given in Payment:

Previously, goods received or given in payment (GRP) were valued at cost (the price agreed upon with the debtor for the transfer in payment or the value determined at a judicial auction, as the case might be, after monetary correction), minus a provision for individual valuation based on an independent appraisal. After a year, in compliance with the provisions of Article 84, section 5, of the General Banking Act, to make use of an additional term for the sale of goods received or given in payment, banks were required to write off goods in that status.

The most important change in the valuation of GRP in the Compendium of Accounting Standards, Chapter B-5 (in addition to the elimination of the monetary correction as described in point iii) is that, when making the provision for initial valuation, it is necessary to take into account its net realizable value, i.e., its fair market value (independent appraisal), minus the necessary costs of maintaining and divesting it.

According to the studies done by the Bank, an average cost of sale (the cost of maintaining and divesting the good) estimated at 5.8% of the appraised value was determined as of January 1, 2008; this cost rose to 6.5% as of December 31, 2008.

The effects generated by the application of the cost of sale described above are presented in this item.

vi. Write-offs of placements

Pursuant to the previous set of standards, the term for writing off past-due and late installments on credits and accounts receivable was calculated from the time of their classification in past-due portfolio, which represented transactions in arrears for payment of principal and interest by ninety days or more. This classification in past-due portfolio had previously been made on an installment by installment basis.

Pursuant to the provisions of Chapter B-2 of the new Compendium of Accounting Standards, the term for writing off credits and accounts receivable must now be calculated from the beginning of arrears for a particular transaction, thereby affecting 100% of the transaction whether it has a late, past-due, or current proportion.

NOTE No. 1 ADOPTION OF THE COMPENDIUM OF ACCOUNTING STANDARDS FOR THE FIRST TIME, continuation:

g) Description of the principal adjustments, continuation:

Below is a table showing the principal types of placements and their respective terms for write-off as stipulated by the new Compendium of Accounting Standards:

| Type of contract | Term |
|-------------------------------------------------|-----------|
| Leasing Transactions | |
| Leasing of consumer goods | 6 months |
| Other non-real estate leasing transactions | 12 months |
| Real estate leasing (commercial or housing) | 36 months |
| Remaining Transactions | |
| Consumer credits, with or without real security | 6 months |
| Other transactions without real security | 24 months |
| Commercial credits with real security | 36 months |
| Housing mortgage credits | 48 months |

The Bank has classified the effects arising from the application of this new methodology for write-offs of credits and accounts receivable in this item, as well as the collateral effect generated in the provisions created for each transaction (when 100% of the transaction in this item is written off, the existing provisions must be released).

vii. Deferred taxes

This item brings together the tax effects (deferred taxes) generated by the timing differences arising, in turn, out of the aforementioned adjustments, whether they apply directly to shareholders' equity or to income.

FELIPE CONTRERAS FAJARDO
Accounting Manager

ÓSCAR VON CHRISMAR
CARVAJAL
General Manager

