

BANCO SANTANDER CHILE
Form 6-K
March 16, 2011

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

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Important Notice

Santander Chile is a Chilean bank and maintains its financial books and records in Chilean pesos. These Consolidated Financial Statements have been prepared in accordance with the Compendium of Accounting Standards issued by the Superintendency of Banks and Financial Institutions (SBIF). The SBIF is the banking industry regulator that according to article 15 of the General Banking Law, establishes the accounting principles to be used by the banking industry. For those principles not covered by the Compendium of Accounting Standards, banks can use generally accepted accounting principles issued by the Chilean Accountant's Association AG (as approved by the National Council in its December 21, 2009, session which amended Technical Bulletins No. 79 and No. 80) and which coincides with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). In the event that discrepancies exist between the accounting principles issued by the SBIF (Compendium of Accounting Standards) and IFRS, the Compendium of Accounting Standards will take precedence. The Notes to the consolidated financial statements contain additional information to that submitted in the Consolidated Statement of Financial Position, Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows. These notes provide a narrative description of such statements in a clear, reliable and comparable manner.

Differences between IFRS and Chilean Bank GAAP

Chilean Bank GAAP is substantially similar to IFRS but there are some differences. The principal differences that should be considered by an investor are the following:

Assets received in lieu of payments

The Compendium of Accounting Standards requires that the initial value of assets received in lieu of payment be the value agreed with a debtor as a result of the loan settlement or the value awarded in an auction, as applicable. These assets are required to be written off one year after their acquisition, if the assets have not been previously disposed of.

IFRS requires that assets received in lieu of payment be initially accounted for at fair value. Subsequently, asset valuation depends on the classification provided by the entity for that type of asset. No deadline is established for charging-off an asset. The restatement of gains and losses from repossessed assets would have an impact on the restatement of financial statements under full IFRS guidelines although we would not expect it to be material.

Loan loss allowances

On December 29, 2009 the SBIF issued Circular No. 3,489 which incorporates changes in several chapters of the SBIF Compendium of Accounting Standards. Among other changes it states that starting on January 2010, an entity should complement the basis on which insolvency provisions related to contingent operations are determined, including unrestricted lines of credit, other contingent loans, and other loan commitments provision. In addition, it should also apply the changes in risk exposure applicable to contingent loans, to be found in Chapter B-3 of the SBIF Compendium of Accounting Standards. The accumulated effect of this is approximately Ch\$63,448 million (Ch\$52,662 million net of deferred taxes), which was recorded in equity within the Consolidated Statements of Financial Position. According to specific instructions from the SBIF in Letter to Management No. 10 dated December 21, 2010; the SBIF established that it will not be necessary to calculate retrospectively the adjustment for 2009.

On June 2010, the SBIF issued Circular No. 3,502 which among other things requires that Banks maintain a 0.5% minimum provision for the normal part of the loan portfolio analyzed on an individual basis. In addition, on December 21, 2009 in the Letter to Management No. 9, the SBIF specified that the accounting treatment for the effects originating from the application of this minimum provision is to record it in the income for the period. As of

December 31, 2010 the adoption of the changes mentioned created a charge to income of Ch\$16,845 million (Ch\$ 13,767 million net of deferred taxes).

On August 12, 2010 Circular No. 3,503 was issued which included certain modifications of how Bank must classify loan loss allowances included in Chapters B-1, B-2, B-3 and C1 of the Compendium of Accounting Standards. Such modifications will be enforced from January 1, 2011 except for those relating to additional provisions included in No. 9 of Chapter B-1 which are enforced since 2010. In addition, and as a supplement to the Circular, Letter to Management No. 9 was issued on December 21, 2010 which specifies that adjustments as a consequence of the adoption of the modifications starting on January 1, 2011 could be recorded during the first quarter of 2011; however, there is nothing to prevent entities from anticipating recognition of impact these adjustments, in total or in parts, as additional provisions, charged to the income of the period. As of December 31, 2010 the Bank has chosen to book the entire provision adjustments aforementioned, which created a Ch\$39,800 million (Ch\$32,597 million net of deferred taxes) impact in the Consolidated Statements of Income, under the other operating expenses line.

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/

Name: Juan Pedro Santa María

Title: General Counsel

Date: March 15, 2011

