

DUKE ENERGY CORP
Form 4
December 21, 2004

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Mullinax A R

(Last) (First) (Middle)

526 SOUTH CHURCH STREET

(Street)

CHARLOTTE, NC 282021802

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
DUKE ENERGY CORP [DUK]

3. Date of Earliest Transaction
(Month/Day/Year)
12/19/2004

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)

Group VP, DEBS and CIO

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	12/19/2004		M	915 A \$ 0	24,762	D	
Common Stock	12/19/2004		F	297 D \$ 25.77	24,465	D	
Common Stock	12/20/2004		M	540 A \$ 0	25,005	D	
Common Stock	12/20/2004		F	175 D \$ 25.77	24,830	D	
Common Stock					10,626	I	By Trustee under Retirement

Common Stock	9,110	I	Savings Plan By Trustee, Dividend Reinvestment Plan
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
LTIP Phantom Stock 2000 Grant	(1)	12/20/2004		M	540	(2) (3)	Common Stock	540	\$ 0	
LTIP Phantom Stock 2001 Grant	(1)	12/19/2004		M	915	(4) (3)	Common Stock	915	\$ 0	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Mullinax A R 526 SOUTH CHURCH STREET CHARLOTTE, NC 282021802			Group VP, DEBS and CIO	

Signatures

By: Judy Z. Mayo, as
Attorney-in-Fact for

12/21/2004

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) 1-for-1
- (2) The phantom stock vests in 4 equal annual installments beginning on December 20, 2001 (grant date 12/20/00).
- (3) FOR ELECTRONIC FILING PURPOSES ONLY. Expiration date not applicable.
- (4) The phantom stock vests in 4 equal annual installments beginning on December 19, 2002 (grant date 12/19/01).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. none;border-bottom:solid windowtext 1.0pt;padding:0in 0in 0in 0in;width:9.32%;">

MCh\$

MCh\$

MCh\$

Licenses

3

1.9

2,496

8,863

(6,375

)

2,488

Software development

3

1.9

78,243

192,099

(121,186

)

70,913

Total

80,739

200,962

(127,561)

)

73,401

As of December 31, 2011

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	Useful life (years)	Remaining useful life	Opening balance January 1, 2011 MCh\$	Gross balance MCh\$	Accumulated amortization MCh\$	Net balance MCh\$
Licenses	3	2	2,108	8,085	(5,589)	2,496
Software development	3	1.8	75,882	184,133	(105,890)	78,243
Total			77,990	192,218	(111,479)	80,739

b) The activity in intangible assets during June 30, 2012 and December 31, 2011 is as follows:

b.1) Gross balance

	Licenses MCh\$	Software development MCh\$	Total MCh\$
Gross balances 2012			
Opening balances as of January 1, 2012	8,085	184,133	192,218
Acquisitions	778	7,966	8,744
Disposals	-	-	-
Balances as of June 30, 2012	8,863	192,099	200,962
Gross balances 2011			
Balances as of January 1, 2011	6,229	150,090	156,319
Acquisitions	1,856	32,195	34,051
Disposals	-	(409)	(409)
Other	-	2,257	2,257
Balances as of December 31, 2011	8,085	184,133	192,218

BANCO SANTANDER CHILE AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 As of June 30, 2012 and 2011, and December 31, 2011

NOTE 11 - INTANGIBLE ASSETS, continued:

b.2) Accumulated amortization

Accumulated amortization	Licenses MCh\$	Software development MCh\$	Total MCh\$
Opening balances as of January 1, 2012	(5,589)	(105,890)	(111,479)
Amortization for the period	(786)	(15,296)	(16,082)
Other changes	-	-	-
Balances as of June 30, 2012	(6,375)	(121,186)	(127,561)
Balances as of January 1, 2011	(4,121)	(74,208)	(78,329)
Amortization for the period	(1,468)	(31,625)	(33,093)
Other changes	-	(57)	(57)
Balances as of December 31, 2011	(5,589)	(105,890)	(111,479)

c) The Bank does not have any restriction on intangible assets. Additionally, intangible assets have not been pledged as security for liabilities.

BANCO SANTANDER CHILE AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 As of June 30, 2012 and 2011, and December 31, 2011

NOTE 12 - PROPERTY, PLANT, AND EQUIPMENT

a) Property, plant and equipment as of June 30, 2012 and December 31, 2011 is as follows:

	As of June 30, 2012			
	Opening balances as of January 1, 2012	Gross balance	Accumulated depreciation	Net balance
	MCh\$	MCh\$	MCh\$	MCh\$
Land and buildings	117,834	159,246	(43,424)	115,822
Equipment	22,570	57,065	(32,962)	24,103
Ceded under operating leases	4,730	4,767	(68)	4,699
Other	7,925	24,989	(17,943)	7,046
Total	153,059	246,067	(94,397)	151,670

	As of December 31, 2011			
	Opening balances as of January 1, 2011	Gross balance	Accumulated depreciation	Net balance
	MCh\$	MCh\$	MCh\$	MCh\$
Land and buildings	123,654	156,688	(38,854)	117,834
Equipment	20,346	51,781	(29,211)	22,570
Ceded under operating leases	4,698	4,739	(9)	4,730
Other	6,287	24,081	(16,156)	7,925
Total	154,985	237,289	(84,230)	153,059

b) The activity in property, plant, and equipment during 2012 and 2011 is as follows:

b.1) Gross balance

2012	Land and buildings MCh\$	Equipment MCh\$	Ceded under an operating leases MCh\$	Others MCh\$	Total MCh\$
Opening balances as of January 1, 2012	156,688	51,781	4,739	24,081	237,289
Additions	2,570	5,461	28	834	8,893
Disposals	(12)	(89)	-	(43)	(144)

Explanation of Responses:

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Impairment due to damage	-	(88)	-	-	(88)
Transfers	-	-	-	-	-
Other	-	-	-	117	117
Balances as of June 30, 2012	159,246	57,065	4,767	24,989	246,067

2011	Land and buildings MCh\$	Equipment MCh\$	Ceded under an operating leases MCh\$	Others MCh\$	Total MCh\$
Balances as of January 1, 2011	152,925	42,757	4,736	18,943	219,361
Additions	12,271	9,272	3	5,143	26,689
Disposals	(8,508)	(132)	-	(5)	(8,645)
Impairment due to damage	-	(116)	-	-	(116)
Transfers	-	-	-	-	-
Other	-	-	-	-	-
Balances as of December 31, 2011	156,688	51,781	4,739	24,081	237,289

BANCO SANTANDER CHILE AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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NOTE 12 - PROPERTY, PLANT, AND EQUIPMENT, continued:

Banco Santander Chile has recognized in its financial statements as of June 30, 2012 an impairment of Ch\$88 million from damages to ATMs. Reimbursement payments received from the insurance company totaled Ch\$241 million, which are presented in Other operating income (Note 31).

b.2) Accumulated depreciation

2012	Land and buildings MCh\$	Equipment MCh\$	Ceded under an operating leases MCh\$	Others MCh\$	Total MCh\$
Opening balances as of January 1, 2012	(38,854)	(29,211)	(9)	(16,156)	(84,230)
Depreciation charges in the period	(4,571)	(3,764)	(59)	(1,794)	(10,188)
Sales and disposals in the period	1	13	-	7	21
Other	-	-	-	-	-
Balances as of June 30, 2012	(43,424)	(32,962)	(68)	(17,943)	(94,397)

2011	Land and buildings MCh\$	Equipment MCh\$	Ceded under an operating leases MCh\$	Other MCh\$	Total MCh\$
Balances as of January 1, 2011	(29,271)	(22,411)	(38)	(12,656)	(64,376)
Depreciation charges in the period	(10,002)	(6,845)	(9)	(3,517)	(20,373)
Sales and disposals in the period	419	45	-	17	481
Other	-	-	38	-	38
Balances as of December 31, 2011	(38,854)	(29,211)	(9)	(16,156)	(84,230)

c) Operational leases Lessor

As of December 31, 2012 and 2011, the future minimum lease inflows under non-cancellable operating leases is a follows:

As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
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Due within 1 year	1,189	1,151
Due after 1 year but within 2 years	880	1,165
Due after 2 year but within 3 years	607	605
Due after 3 year but within 4 years	348	582
Due a 4 year but within 5 years	273	293
Due after 5 years	2,259	2,337
Total	5,556	6,133

BANCO SANTANDER CHILE AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 As of June 30, 2012 and 2011, and December 31, 2011

NOTE 12 - PROPERTY, PLANT, AND EQUIPMENT, continued:

d) Operational leases Lessee

Certain of the Bank's premises and equipment are leased under various operating leases. Future minimum rental payments under non-cancellable leases are as follows:

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Due within 1 year	16,606	15,089
Due after 1 year but within 2 years	14,978	13,521
Due after 2 year but within 3 years	13,637	12,373
Due after 3 year but within 4 years	11,519	10,781
Due a 4 year but within 5 years	10,619	9,347
Due after 5 years	66,260	63,686
Total	133,619	124,797

e) As of June 30, 2012 and December 31, 2011, the Bank has not entered into financial leases which cannot be unilaterally rescinded.

As of June 30, 2012 and December 31, 2011 the Bank does not have any restriction on title property, plant, and equipment. Additionally, property, plant, and equipment have not been pledged as security for liabilities. Also, the Bank has no debt regarding Property, plant, and equipment to those dates.

BANCO SANTANDER CHILE AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 As of June 30, 2012 and 2011, and December 31, 2011

NOTE 13 - CURRENT AND DEFERRED TAXES:

a) Current taxes

At the end of each reporting period the bank recognizes an Income Tax Provision, which is determined based on the currently applicable tax legislation. This provision is recorded net of recoverable taxes, as shown as follows:

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Summary of current tax liabilities (assets)		
Current tax (assets)	(24,181)	(37,253)
Current tax liabilities	46	1,498
Total tax payable (recoverable)	(24,135)	(35,755)
(Assets) liabilities current taxes detail (net)		
Income tax, tax rate of 18.5% and 20%	32,430	101,853
Minus:		
Provisional monthly payments (PPM)	(50,613)	(138,329)
Credit for training expenses	(505)	(1,366)
Other	(5,447)	2,087
Total tax payable (recoverable)	(24,135)	(35,755)

b) Effect on income

The effect of tax expense on income for the periods ended June 30, 2012 and 2011 is comprised of the following items:

	For the quarter ended as of June 30,		For the 6-month period ended as of June 30,	
	2012 MCh\$	2011 MCh\$	2012 MCh\$	2011 MCh\$
Income tax expense				
Current tax	17,942	20,844	9,793	40,478

Explanation of Responses:

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Credits (debits) for deferred taxes

Origination and reversal of temporary differences	(3,907)	(1,675)	23,312	4,914
Prior years tax benefit	-	-	-	-
Subtotals	14,035	19,169	33,105	45,392
Tax for rejected expenses (Article No.21)	8	247	19	525
Other	(16)	-	(16)	-
Net charges for income tax expense	14,027	19,416	33,108	45,917

BANCO SANTANDER CHILE AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 As of June 30, 2012 and 2011, and December 31, 2011

NOTE 13 - CURRENT AND DEFERRED TAXES, continued:

c) Effective tax rate reconciliation

The reconciliation between the income tax rate and the effective rate applied in determining tax expenses as of June 30, 2012 and 2011, is as follows:

	2012		As of June 30,		2011	
	Tax rate %	Amount MCh\$	Tax rate %	Amount MCh\$	Tax rate %	Amount MCh\$
Income tax using statutory rate	18.50	47,863	20.00	61,196	20.00	61,196
Permanent differences	(2.78)	(7,201)	(3.05)	(9,344)	(3.05)	(9,344)
Additions or deductions	-	-	-	-	-	-
Unique tax (rejected expenses)	(0.02)	(42)	-	(1)	-	(1)
Effect of change in tax rate	(0.27)	(688)	(0.02)	(67)	(0.02)	(67)
Other	(2.63)	(6,824)	(1.92)	(5,867)	(1.92)	(5,867)
Effective rates and expenses for income tax	12.80	33,108	15.01	45,917	15.01	45,917

Law No. 20,455 from 2010 increased the statutory tax rate to be applied during 2011 and 2012, to 20% and 18.5% respectively. Due to this, the Bank recognized tax benefit amounted to MCh\$67 and MCh\$688 as of 2011 and June 2012, respectively, corresponding to the adjustment of temporary differences to be reversed during those years.

d) Effect of deferred taxes on comprehensive income

Below is a summary of the separate effect of deferred tax on other comprehensive income, during the periods between January 1, 2012 and June 30, 2012 and January 1, 2011 and December 31, 2011:

As of June 30,	As of December 31,
2012	2011
MCh\$	MCh\$

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Deferred tax assets		
Available for sale investments	51	143
Cash flow hedge	508	-
Total deferred tax assets affecting other comprehensive income	559	143
Deferred tax liabilities		
Available for sale investments	(206)	(705)
Cash flow hedge	(1,224)	(72)
Total deferred tax liabilities affecting other comprehensive income	(1,430)	(777)
Net deferred tax balances in equity	(871)	(634)
Deferred taxes in equity attributable to Bank shareholders	(857)	(639)
Deferred tax in equity attributable to non-controlling interests	(14)	5

BANCO SANTANDER CHILE AND
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As of June 30, 2012 and 2011, and December 31, 2011

NOTE 13 - CURRENT AND DEFERRED TAXES, continued:

e) Effect of deferred taxes on income

As of June 30, 2012 and December 31, 2011 the Bank has recorded on its intermediate consolidated financial statements the effects of deferred taxes.

Below are the effects on assets and liabilities affecting profit or loss, as a result of temporary differences:

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Deferred tax assets		
Interest and adjustments	2,122	1,936
Extraordinary charge-off	8,567	7,028
Assets received in lieu of payment	1,205	1,322
Exchange rate adjustments	291	1,890
Property, plant and equipment	3,926	5,906
Allowance for loan losses	73,646	77,199
Provision for expenses	13,962	15,961
Derivatives	19	27
Leased assets	30,319	31,244
Subsidiaries tax losses	4,317	4,229
Other	1,308	869
Total deferred tax assets	139,682	147,611
Deferred tax liabilities		
Valuation of investments	(4,185)	(2,301)
Depreciation	(144)	(178)
Prepaid expenses	(2,405)	(1,303)
Other	(802)	(756)
Total deferred tax liabilities	(7,536)	(4,538)

f) Summary of deferred tax assets and liabilities

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Deferred tax assets		
Recognized in other comprehensive income	559	143
Recognized in profit or loss	139,682	147,611
Total deferred tax assets	140,241	147,754

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Deferred tax liabilities

Recognized in other comprehensive income

(1,430)

(777)

Recognized in profit or loss

(7,536)

(4,538)

Total deferred tax liabilities

(8,966)

(5,315)

BANCO SANTANDER CHILE AND
SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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NOTE 14 OTHER ASSETS:

Other assets item is as follows:

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Assets for leasing (*)	28,091	105,150
Assets received or awarded in lieu of payment (**)		
Assets received in lieu of payment	14,753	11,428
Assets awarded at judicial sale	8,152	10,226
Provisions for assets received in lieu of payment or awarded	(3,511)	(2,227)
Subtotals	19,394	19,427
Other assets		
Guarantee deposits	165,117	149,583
VAT credit	6,854	8,953
Income tax recoverable	28,756	6,849
Prepaid expenses	63,231	70,927
Assets recovered from leasing for sale	4,423	2,693
Pension plan assets	3,244	3,348
Accounts and notes receivable	87,765	64,667
Notes receivable through brokerage and simultaneous transactions	136,903	66,406
Other assets	68,108	48,467
Subtotals	564,401	421,893
Total	611,886	546,470

(*) Assets available to be granted under financial leasing agreements.

(**) Assets received in lieu of payment are assets received as payment of customers' past-due debts. The assets acquired must at no time exceed, in the aggregate, 20% of the Bank's effective equity. These assets represent 0.60% (0.81% as of December 31, 2011) of the Bank's effective equity.

The assets awarded at judicial sale are assets that have been acquired as payment of debts previously owed towards the Bank. The assets awarded at judicial sale are not subject to the aforementioned requirement. These properties are assets available for sale. For most assets, sale is expected to be completed within one year from the date on which the asset was received or acquired. If the asset in question is not sold within the year, it must be written off.

In addition, a provision is recorded for the initial award value plus its additions and its estimated realization value (appraisal) when the first is higher.

BANCO SANTANDER CHILE AND
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NOTE 15 - TIME DEPOSITS AND OTHER TIME LIABILITIES:

As of June 30, 2012 and December 31, 2011 the composition of the item is as follows:

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Deposits and other demand liabilities		
Checking accounts	3,618,258	3,543,776
Other deposits and demand accounts	394,302	350,519
Other demand liabilities	612,010	519,520
Total	4,624,570	4,413,815
Time deposits and other time liabilities		
Time deposits	9,806,300	8,816,766
Time savings account	104,794	102,831
Other time liabilities	1,999	1,517
Total	9,913,093	8,921,114

BANCO SANTANDER CHILE AND SUBSIDIARIES
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NOTE 16 - ISSUED DEBT INSTRUMENTS AND OTHER OBLIGATIONS:

As of June 30, 2012 and December 31, 2011 the composition of the item is as follows:

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Other financial liabilities		
Obligations to public sector	98,870	100,299
Other domestic obligations	76,660	75,260
Foreign obligations	11,851	1,040
Subtotals	187,381	176,599
Issued debt instruments		
Mortgage finance bonds	143,310	160,243
Senior bonds	3,354,712	3,601,125
Subordinated bonds	853,634	861,871
Subtotals	4,351,656	4,623,239
Total	4,539,037	4,799,838

Debts classified as current are either demand obligations or will mature in one year or less. All other debts are classified as non-current. The Bank's debts, both current and non-current, are summarized below:

	As of June 30, 2012		
	Current MCh\$	Non-current MCh\$	Total MCh\$
Mortgage finance bonds	7,045	136,265	143,310
Senior bonds	540,883	2,813,829	3,354,712
Subordinated bonds	131,665	721,969	853,634
Issued debt instruments	679,593	3,672,063	4,351,656
Other financial liabilities	68,469	118,912	187,381
Total	748,062	3,790,975	4,539,037

	As of December 31, 2011		
	Current MCh\$	Non-current MCh\$	Total MCh\$
Mortgage finance bonds	7,707	152,536	160,243
Senior bonds	749,340	2,851,785	3,601,125
Subordinated bonds	136,842	725,029	861,871
Issued debt instruments	893,889	3,729,350	4,623,239
Other financial liabilities	56,078	120,521	176,599

Total	949,967	3,849,871	4,799,838
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BANCO SANTANDER CHILE AND SUBSIDIARIES
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 As of June 30, 2012 and 2011, and December 31, 2011

NOTE 16 ISSUED DEBT INSTRUMENTS AND OTHER OBLIGATIONS, continued:

a) Mortgage finance bonds

These bonds are used to finance mortgage loans. The outstanding principal of the bonds are amortized on a quarterly basis. The range of maturities of these bonds is between five and twenty years. The bonds are linked to the UF index and bear a weighted-average annual interest rate of 5.7% as of June 2012 (5.7% as of December 2011).

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Due within 1 year	7,045	7,707
Due after 1 year but within 2 years	8,286	7,535
Due after 2 year but within 3 years	16,118	10,333
Due after 3 year but within 4 years	13,930	21,122
Due a 4 year but within 5 years	11,698	14,010
Due after 5 years	86,233	99,536
Total mortgage bonds	143,310	160,243

b) Senior bonds

The following table shows senior bonds by currency as of June 30, 2012 and 2011:

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Santander bonds in UF	2,001,594	2,001,713
Santander bonds in US\$	1,024,460	1,268,763
Santander bonds in CHF\$	91,326	119,394
Santander bonds in Ch\$	237,332	211,255
Total senior bonds	3,354,712	3,601,125

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NOTE 16 ISSUED DEBT INSTRUMENTS AND OTHER OBLIGATIONS, continued:

In 2012 the Bank issued bonds for UF 428,000 and USD 250,000,000; detailed as follows:

Series		Amount	Term	Issue rate	Issuance date	Amount Issued	Maturity date
FD Series	UF	2,000	5 years	To maturity (bullet)	09-01-2010	UF 3,500,000	09-01-2015
E1 Series	UF	300,000	5 years	3.50 % per annum simple	02-01-2011	UF 4,000,000	02-01-2016
E3 Series	UF	6,000	8.5 years	3.50 % per annum simple	01-01-2011	UF 4,000,000	01-07-2019
E6 Series	UF	120,000	10 years	3.50 % per annum simple	04-01-2012	UF 4,000,000	04-01-2022
UF Total	UF	428,000					
USD Senior	USD	250,000,000	2 years	Libor (3 months) + 200 bp	02-14-2012	USD 250,000,000	02-14-2014
USD Total	USD	250,000,000					

In 2011 the Bank placed bonds for UF 5,694,000; USD 635,000,000; and CLP 36,900,000,000; detailed as follows:

Series		Amount	Term	Interest Rate	Issuance date	Amount Issued	Maturity date
Floating rate bond	USD	500,000,000	5 years	Libor (3 months) + 160 bp	19-01-2011	USD 500,000,000	19-01-2016
Floating rate bond	USD	135,000,000	6 months	Libor (3 months) + 80 bp	29-11-2011	USD 135,000,000	01-29-2012
USD Total	USD	635,000,000					
E1 Series	UF	896,000	5 years	3.50 % per annum simple	01-02-2011	UF 4,000,000	01-02-2016
E2 Series	UF	3,048,000	7.5 years	3.50 % per annum simple	01-01-2011	UF 4,000,000	07-01-2018
E3 Series	UF	1,750,000	8.5 years	3.50 % per annum simple	01-01-2011	UF 4,000,000	07-01-2019
UF Total	UF	5,694,000					
E4 Series	CLP	36,900,000,000	5 years	6.75 % per annum simple	01-06-2011	CLP 50,000,000,000	01-06-2016
CLP Total	CLP	36,900,000,000					

In 2011, a total payment of the Bond Series BSTDH20799 was carried out in July and a total payment of Bond Series BSTDR0207 took place in August. Also, a partial payment of the fixed rate bond for CHF 133,000,000 was done.

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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NOTE 16 ISSUED DEBT INSTRUMENTS AND OTHER OBLIGATIONS, continued:

The table below shows issued bonds pending to be placed:

Series		Amount	Term	Issue rate	Issuance date	Maturity date
FD	UF	158,000	5 years	To maturity (bullet)	09-01-2010	09-01-2015
E1	UF	2,804,000	5 years	3.0 % per annum simple	02-01-2011	02-01-2016
E2	UF	952,000	7.5 years	3.50 % per annum simple	01-01-2011	07-01-2018
E3	UF	2,244,000	8.5 years	3.50 % per annum simple	01-01-2011	07-01-2019
E6	UF	3,880,000	10 years	3.50 % per annum simple	04-01-2012	04-01-2022
Total	UF	10,038,000				
E4	CLP	13,100,000,000	5 years	6.75 % per annum simple	06-01-2011	06-01-2016
E5	CLP	25,000,000,000	10 years	6,30% per annum simple	12-01-2012	12-01-2012
Total	CLP	38,100,000,000				

These bonds mature as follows:

	As of June 30,	As of December 31,
	2012	2011
	MCh\$	MCh\$
Due within 1 year	540,883	749,340
Due after 1 year but within 2 years	702,749	460,200
Due after 2 year but within 3 years	411,279	408,723
Due after 3 year but within 4 years	801,445	656,201
Due a 4 year but within 5 years	61,740	488,425
Due after 5 years	836,616	838,236
Total senior bonds	3,354,712	3,601,125

c) Subordinated bonds

The following table shows the balances of our subordinated bonds:

Explanation of Responses:

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	As of June 30,	As of December 31,
	2012 MCh\$	2011 MCh\$
Subordinated bonds denominated in US\$	303,409	316,169
Subordinated bonds denominated in UF	550,225	545,702
Total subordinated bonds	853,634	861,871

During the first semester of 2012 the Bank has not issued subordinated bonds on the local market.

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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NOTE 16 ISSUED DEBT INSTRUMENTS AND OTHER OBLIGATIONS, continued:

In 2011 the Bank placed subordinated bonds on the local market for UF 4,950,000, which are detailed as follows:

Series	Amount	Term	Issue rate	Issuance date	Amount Issued	Maturity date
G3 Series Total	UF 3.000.000	25 years	3.90% per annum simple	07-01-2012	3,000,000	07-01-2035
G5 Series Total	UF 2.100.000	20 years	3.90% per annum simple	04-01-2011	4,000,000	04-01-2031
Total UF	UF 5.100.000					

The maturities of these bonds are as follows:

	As of June 30,	As of December 31,
	2012 MCh\$	2011 MCh\$
Due within 1 year	131,665	136,842
Due after 1 year but within 2 years	-	-
Due after 2 year but within 3 years	171,744	179,327
Due after 3 year but within 4 years	18,123	10,567
Due a 4 year but within 5 years	18,820	29,616
Due after 5 years	513,282	505,519
Total subordinated bonds	853,634	861,871

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 16 ISSUED DEBT INSTRUMENTS AND OTHER OBLIGATIONS, continued:**d) Other financial liabilities**

The composition of other financial obligations, by maturity, is detailed below:

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Non-current portion:		
Due after 1 year but within 2 years	29,469	29,575
Due after 2 year but within 3 years	3,265	2,866
Due after 3 year but within 4 years	3,285	3,489
Due a 4 year but within 5 years	3,108	3,095
Due after 5 years	79,785	81,496
Non-current portion subtotals	118,912	120,521
Current portion:		
Amounts due to credit card operators	52,547	50,840
Acceptance of letters of credit	11,222	704
Other long-term financial obligations, short-term portion	4,700	4,534
Current portion subtotals	68,469	56,078
Total other financial liabilities	187,381	176,599

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 17 - MATURITIES OF ASSETS AND LIABILITIES:

As of June 30, 2012 and December 31, 2011 the detail of maturities of assets and liabilities is as follows:

As of June 30, 2012	Demand MCh\$	Up to 1 month MCh\$	Between 1 and 3 months MCh\$	Between 3 and 12 months MCh\$	Subtotal up to 1 year MCh\$	Between 1 and 5 years MCh\$	More than 5 years MCh\$	Subtotal more than 1 year MCh\$	Total MCh\$
Assets									
Cash and deposits in banks	2,210,330	-	-	-	2,210,330	-	-	-	2,210,330
Cash items in process of collection	477,367	-	-	-	477,367	-	-	-	477,367
Trading investments	-	37,296	121,468	129,983	288,747	46,522	60,090	106,612	395,359
Investments under resale agreements	-	4,756	-	-	4,756	-	-	-	4,756
Financial derivative contracts	-	72,085	95,545	219,270	386,900	636,494	405,804	1,042,298	1,429,198
Interbank loans (*)	76,832	-	68,837	-	145,669	-	-	-	145,669
Loans and accounts receivables from customers (**)	623,774	1,851,866	1,443,192	2,855,363	6,774,195	5,767,250	5,833,027	11,600,277	18,374,472
Available for sale investments	-	342,648	116,596	433,484	892,728	498,818	378,432	877,250	1,769,978
Held to maturity investments	-	-	-	-	-	-	-	-	-
Total assets	3,388,303	2,308,651	1,845,638	3,638,100	11,180,692	6,949,084	6,677,353	13,626,437	24,807,129
Liabilities									
Deposits and other demand liabilities	4,624,570	-	-	-	4,624,570	-	-	-	4,624,570
Cash items in process of being cleared	297,871	-	-	-	297,871	-	-	-	297,871
Investments under repurchase agreements	-	362,378	5,129	2,410	369,917	-	-	-	369,917
Time deposits and other time liabilities	107,464	3,928,433	2,951,587	2,600,142	9,587,626	300,942	24,525	325,467	9,913,093
Financial derivative contracts	-	74,182	69,877	204,932	348,991	493,321	333,169	826,490	1,175,481
Interbank borrowings	151,778	118,662	404,840	879,727	1,555,007	152,788	-	152,788	1,707,795
Issued debt instruments	-	110,450	972	568,171	679,593	3,071,712	600,351	3,672,063	4,351,656
Other financial liabilities	52,548	9,643	723	5,555	68,469	39,127	79,785	118,912	187,381
Total liabilities	5,234,231	4,603,748	3,433,128	4,260,937	17,532,044	4,057,890	1,037,830	5,095,720	22,627,764

(*) Interbank loans are presented in a gross basis. The amount of allowance totals MCh\$ 279.

(**) Loans and accounts receivables from customers are presented in a gross basis. Allowance amounts according to type of loan are detailed as follows: Commercial Ch\$ 235,812 million, Mortgage Ch\$36,229 million, and Consumer Ch\$246,290 million.

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 17 - MATURITIES OF ASSETS AND LIABILITIES, continued:

As of December 31, 2011	Demand MCh\$	Up to 1 month MCh\$	Between 1 and y3 months MCh\$	Between 3 and y12 months MCh\$	Subtotal up to 1 year MCh\$	Between 1 and 5 years MCh\$	More than 5 years MCh\$	Subtotal more than 1 year MCh\$	Total MCh\$
Assets									
Cash and deposits in banks	2,793,701	-	-	-	2,793,701	-	-	-	2,793,701
Cash items in process of collection	276,454	-	-	-	276,454	-	-	-	276,454
Trading investments	-	27,909	40,608	272,544	341,061	44,857	23,845	68,702	409,763
Investments under resale agreements	-	12,928	-	-	12,928	-	-	-	12,928
Financial derivative contracts	-	63,101	167,584	295,791	526,476	686,325	400,068	1,086,393	1,612,869
Interbank loans (*)	36,785	50,903	-	-	87,688	-	-	-	87,688
Loans and accounts receivables from customers (**)	492,635	1,510,419	1,277,005	2,653,577	5,933,636	5,697,193	5,716,265	11,413,458	17,347,094
Available for sale investments	-	607,472	190,642	180,451	978,565	403,577	279,169	682,746	1,661,311
Held to maturity investments	-	-	-	-	-	-	-	-	-
Total assets	3,599,575	2,272,732	1,675,839	3,402,363	10,950,509	6,831,952	6,419,347	13,251,299	24,201,808
Liabilities									
Deposits and other demand liabilities	4,413,815	-	-	-	4,413,815	-	-	-	4,413,815
Cash in process of being cleared	89,486	-	-	-	89,486	-	-	-	89,486
Obligations under repurchase agreements	-	463,083	78,712	2,586	544,381	-	-	-	544,381
Time deposits and other time liabilities	105,463	4,415,765	2,509,308	1,496,193	8,526,729	371,736	22,649	394,385	8,921,114
Financial derivative contracts	-	64,287	158,196	209,723	432,206	513,818	346,124	859,942	1,292,148
Interbank borrowings	194,451	7,750	470,749	1,068,014	1,740,964	179,128	-	179,128	1,920,092
Issued debt instruments	-	3,788	15	890,086	893,889	2,286,059	1,443,291	3,729,350	4,623,239
Other financial liabilities	50,840	761	980	3,497	56,078	39,025	81,496	120,521	176,599
Total liabilities	4,854,055	4,955,434	3,217,960	3,670,099	16,697,548	3,389,766	1,893,560	5,283,326	21,980,874

(*) Interbank loans are presented in a gross basis. The amount of allowance totals MCh\$ 147.

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(**) Loans and accounts receivables from customers are presented in a gross basis. Allowance amounts according to type of loan are detailed as follows: Commercial MCh\$ 245,032, Mortgage MCh\$ 35,633 and Consumer MCh\$ 243,022.

BANCO SANTANDER CHILE AND
SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As of June 30, 2012 and 2011, and December 31, 2011

NOTE 18 - OTHER LIABILITIES

The Other liabilities item is as follows:

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Accounts and notes payable	88,505	86,402
Payable agreed dividends	4	-
Unearned income	478	948
Guarantees received (threshold)	268,077	271,980
Notes payable through brokerage and simultaneous transactions	8,569	8,725
Other liabilities	80,962	30,922
Total	446,595	398,977

BANCO SANTANDER CHILE AND
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As of June 30, 2012 and 2011, and December 31, 2011

NOTE 19 -CONTINGENCIES AND COMMITMENTS:

a) Lawsuits and legal procedures

As of the issuance date of these financial statements, the Bank and its affiliates were subject to certain legal actions in the normal course of their business. As of June 30, 2012 the Bank and its affiliates maintained provisions for these legal actions, totaling Ch\$759 million (Ch\$784 million as of December 31, 2011), which are part of the Provisions for contingencies item.

b) Contingent loans

The following table shows the Bank's contractual obligations to issue loans:

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Letters of credit issued	260,784	184,649
Foreign letters of credit confirmed	136,817	52,889
Guarantees	978,107	920,986
Pledges and other commercial commitments	126,100	147,081
Subtotals	1,501,808	1,305,605
Available on demand credit lines	4,878,478	4,673,525
Other irrevocable credit commitments	424,045	95,150
Total	6,804,331	6,074,280

c) Held securities

The Bank holds securities in the normal course of its business as follows:

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Third party operations		
Collections	345,407	212,784
Assets from third parties managed by the Bank and its affiliates	785,551	35
Subtotals	1,130,958	212,819
Custody of securities		

Explanation of Responses:

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Securities held in custody	319,123	250,291
Securities held in custody deposited in other entity	551,571	557,493
Issued securities held in custody	12,438,390	10,636,123
Subtotals	13,309,084	11,443,907
Total	14,440,042	11,656,726

d) **Guarantees**

Banco Santander Chile has a comprehensive officer fidelity insurance policy, No. 2545451, with the insurance company Compañía de Seguros Chilena Consolidada, for an amount of USD \$5,000,000, which jointly covers both the Bank and its affiliates for the period from July 1, 2011 to June 30, 2012, which has been renovated for a new period.

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 19 -CONTINGENCIES AND COMMITMENTS, continued:

Santander Asset Management S.A. Administradora General de Fondos

In conformity with General Standard No.125, the company designated Banco Santander Chile as the representative of the beneficiaries of the guarantees established by each of the managed funds, in compliance with Articles 226 and onward of Law No.18,045.

In addition to these guarantees for creating mutual funds, there are other guarantees for a guaranteed return on certain mutual funds, totaling Ch\$9,955.10 million and time deposits totaling UF 1,644,198.2617 as a guaranty of Private Investment Funds (P.I.F.) as of June 30, 2012.

Santander Agente de Valores Limitada

To ensure correct and full performance of all its obligations as an Agent, in conformity with the provisions of Articles No.30 and onward of Law No.18,045 on the Securities Market, the Company provided a guarantee in the amount of UF 4,000 through Insurance Policy No.212100436, underwritten by the Compañía de Seguros de Crédito Continental S.A., which matures on December 19, 2012.

Santander S.A. Corredores de Bolsa

The Company has given guarantees to the Bolsa de Comercio de Santiago for a current value of Ch\$ 16,825 million to cover simultaneous transactions.

In addition, this line includes a guarantee given to CCLV Contraparte Central S.A. (formerly known as Cámara de Compensación) in cash, for a total Ch\$ 3,000 million and an additional guarantee to the Santiago Stock Exchange for Ch\$ 953 million as of June 30, 2012.

Santander Corredora de Seguros Limitada

a) Insurance policies

Explanation of Responses:

In accordance with Circular No.1,160 of the Chilean Securities and Insurance Supervisor, the Company has an insurance policy in connection with its obligations as an intermediary in insurance contracts.

The company purchased a guarantee policy (No.10022204), and professional liability policy (No.10022208) for its insurance brokers, from the Seguros Generales Consorcio Nacional de Seguros S.A. The policies have UF 500 and UF 60,000 coverage, respectively, and are valid from April 15, 2012 through April 14, 2013.

b) Contingent loans and liabilities

To satisfy its client-s needs, the Bank took on several contingent loans and liabilities, yet these could not be recognized in the Consolidated Statements of Financial Position. Nevertheless these contingent loans and liabilities have credit risk and they are, therefore, part of the Bank s global risk.

c) Lawsuits

As of June 30, 2012 there are lawsuits for UF 23,643.94 mainly due to leased assets. The estimated loss is recognized under Provisions.

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 20 EQUITY:

a) **Capital**

As of June 30, 2012 and December 31, 2011 the Bank had 188,446,126,794 authorized subscribed fully paid and no par value shares. All shares have the same rights, and have no preferences or restrictions.

	Number of shares	
	As of June 30, 2012	As of December 31, 2011
Issued as of January 1,	188,446,126,794	188,446,126,794
Issue of paid shares	-	-
Issue of outstanding shares	-	-
Stock options exercised	-	-
Issued as of	188,446,126,794	188,446,126,794

As of June 30, 2012 and December, 31 2011 neither the Bank nor any of its subsidiaries or associates held any of the issued shares.

As of June 30, 2012 shares held by shareholders were as follows:

Corporate Name or Shareholder s Name	Shares	ADRs (*)	Total	% of Equity
Teatinos Siglo XXI Inversiones Limitada	59,770,481,573	-	59,770,481,573	31.72
Santander Chile Holding S.A.	66,822,519,695	-	66,822,519,695	35.46
J.P. Morgan Chase Bank	-	38,276,757,922	38,276,757,922	20.31
Inversiones Antares S.A.	170,363,545	-	170,363,545	0.09
Banks and stock brokers on behalf of third parties	10,996,546,975	-	10,996,546,975	5.83
AFP on behalf of third parties	6,381,298,992	-	6,381,298,992	3.39
Other minority holders	3,686,365,234	2,341,792,858	6,028,158,092	3.20
Total			188,446,126,794	100.00

As of December 31, 2011 the shareholder composition was as follows:

Explanation of Responses:

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Corporate Name or Shareholder s Name	Shares	ADRs	Total	% of Equity
Teatinos Siglo XXI Inversiones Limitada	59,770,481,573	-	59,770,481,573	31.72
Santander Chile Holding S.A.	66,822,519,695	-	66,822,519,695	35.46
J.P. Morgan Chase Bank	-	39,287,497,122	39,287,497,122	20.85
Inversiones Antares S.A.	170,363,545	-	170,363,545	0.09
Banks and stock brokers on behalf of third parties	10,132,511,637	-	10,132,511,637	5.38
AFP on behalf of third parties	5,751,493,833	-	5,751,493,833	3.05
Other minority holders	3,827,146,677	2,684,112,712	6,511,259,389	3.45
Total			188,446,126,794	100.00

(*) American Depository Receipts (ADR) are certificates issued by a U.S. commercial bank to be traded on the U.S. securities markets.

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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NOTE 20 EQUITY, continued:

b) Dividends

During the period ended on June 30, 2012 the dividends recognized as distributions to owners and the related amount of dividends per share are detailed in the Consolidated Intermediate Statements of Changes in Equity:

c) As of June 30, 2012 and 2011 diluted earnings and basic earnings per share were as follows:

	2012 MCh\$	As of June 30, 2011 MCh\$
a) Basic earnings per share		
Total attributable to Bank shareholders	224,002	257,810
Weighted average number of outstanding shares	188,446,126,794	188,446,126,794
Basic earnings per share (in pesos)	1.189	1.368
b) Diluted earnings per share		
Total attributable to Bank shareholders	224,002	257,810
Weighted average number of outstanding shares	188,446,126,794	188,446,126,794
Assumed conversion of convertible debt	-	-
Adjusted number of shares	188,446,126,794	188,446,126,794
Diluted earnings per share (in pesos)	1.189	1.368

As of June 30, 2012 and 2011 the Bank did not have instruments that generated diluting effects on equity.

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 20 EQUITY, continued:**d) Other comprehensive income of available for sale investments and cash flow hedges:**

	As of June 30, 2012 MCh\$	As of December 31, 2011 MCh\$
Available for sale investments		
Balance as of January 1,	3,043	(18,596)
Gains (losses) on remeasuring available for sale investments, before tax	(2,363)	18,676
Reclassification adjustments on available for sale investments, before tax	-	-
Realized (gains) losses	183	2,963
Subtotals	(2,180)	21,639
Total other comprehensive income, before tax, available-for-sale investments	863	3,043
Cash flow hedges		
Balance as of January 1,	394	11,958
Gains (losses) on remeasuring cash flow hedges, before tax	3,497	(12,031)
Reclassification adjustments on cash flow hedges, before tax	111	467
Amounts removed from equity and included in carrying amount of non financial asset (liability) which acquisition or incurrence was hedged as a highly probable transition	-	-
Subtotals	3,608	(11,564)
Total other comprehensive income, before tax, available-for-sale investments	4,002	394
Other comprehensive income, before taxes	4,865	3,437
Income tax related to other comprehensive income components		
Income tax relating to available for sale investments	(155)	(562)
Income tax relating to cash flow hedges	(716)	(72)
Total accumulative income tax related to other comprehensive income	(871)	(634)
Other comprehensive income, net of tax	3,994	2,803
Attributable to:		
Bank shareholders	3,946	2,832
Non controlling interest	48	(29)

BANCO SANTANDER CHILE AND SUBSIDIARIES

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As of June 30, 2012 and 2011, and December 31, 2011

NOTE 21 - CAPITAL REQUIREMENTS (BASEL):

Pursuant to the Chilean General Banking Law, the Bank must maintain a minimum ratio of effective equity to risk-weighted consolidated assets of 8% net of required allowances, and a minimum ratio of basic equity to consolidated total assets of 3%, net of required allowances. However, as a result of the Bank's merger in 2002, the SBIF has determined that the Bank's combined effective equity cannot be lower than 11% of its risk-weighted assets. Effective net equity is defined for these purposes as basic equity (capital and reserves) plus subordinated bonds, up to a maximum of 50% of basic equity, and fogape guarantees (CORFO) up to 15% over guarantees covering assets assessed by risk.

Assets are allocated to different risk categories, each of which is assigned a weighting percentage according to the amount of capital required to be held for each type of asset. For example, cash, deposits in banks and financial instruments issued by the Central Bank of Chile have a 0% risk weighting, meaning that it is not necessary to hold equity to back these assets according to current regulations. Property, plant and equipment have a 100% risk weighting, meaning that a minimum capital equivalent to 11% of these assets must be held. All derivatives traded off the exchanges are also assigned a risk weighting, using a conversion factor applied to their notional values, to determine the amount of their exposure to credit risk. Off-balance-sheet contingent credits are also included for weighting purposes, as Credit equivalents.

According to Chapter 12-1 of the SBIF's *Recopilación Actualizada de Normas* [Updated Compilation of Rules] effective January 2010, the SBIF changed existing regulation with the enforcement of Chapter B-3 from the Compendium of Accounting Standards, with changed the risk exposure of contingent allocations from 100% exposition to the following:

Type of contingent loan	Exposition
a) Pledges and other commercial commitments	100%
b) Foreign letters of credit confirmed	20%
c) Letters of credit issued	20%
d) Guarantees	50%
e) Interbank guarantee letters	100%
f) Available lines of credit	50%
h) Other loan commitments	
- Higher Education Loans Law No. 20,027	15%
- Others	100%
h) Other contingent loans	100%

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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NOTE 21 CAPITAL REQUIREMENTS (BASEL), continued:

The levels of basic capital and effective net equity at the close of each period are as follows:

	Consolidated assets		Risk-weighted assets	
	As of June 30,	As of December 31,	As of June 30,	As of December 31,
	2012	2011	2012	2011
	MCh\$	MCh\$	MCh\$	MCh\$
Balance-sheet assets (net of allowances)				
Cash and deposits in banks	2,210,330	2,793,701	-	-
Cash in process of collection	477,367	276,454	70,825	45,737
Trading investments	395,359	409,763	33,831	23,817
Investments under resale agreements	4,756	12,928	4,756	12,928
Financial derivative contracts (*)	947,609	1,158,023	748,636	807,233
Interbank loans	145,390	87,541	29,078	17,508
Loans and accounts receivable from customers	17,856,141	16,823,407	15,737,156	14,746,903
Available for sale investments	1,769,978	1,661,311	162,844	99,197
Investments in other companies	8,854	8,728	8,854	8,728
Intangible assets	73,401	80,739	73,401	80,739
Property, plant, and equipment	151,670	153,059	151,670	153,059
Current taxes	24,181	37,253	2,418	3,725
Deferred taxes	140,241	147,754	14,024	14,775
Other assets	611,886	546,470	449,789	426,822
Off-balance-sheet assets				
Contingent loans	3,501,995	3,023,330	2,084,943	1,801,971
Total	28,319,158	27,220,461	19,572,225	18,243,142

(*) Financial derivative contracts are presented at their Credit Equivalent Risk value as established in Chapter 12-1 of the *Recopilación Actualizada de Normas RAN* [Updated Compilation of Rules] issued by the SBIF.

The levels of basic capital and effective net equity at the close of each period are as follows:

	Total	Ratio	
As of June 30,	As of December 31,	As of June 30,	As of December 31,
2012	2011	2012	2011
MCh\$	MCh\$	%	%

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Basic capital	2,028,611	2,001,222	7.16	7.35
Effective net equity	2,688,400	2,687,393	13.74	14.73

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BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 22 NON CONTROLLING INTEREST

This item reflects the net amount of the subsidiaries' net equity attributable to equity instruments which do not belong to the Bank either directly or indirectly, including the part that has been attributed to income for the period.

The non-controlling interest in the subsidiaries' equity is summarized as follows:

For the 6-month period ended as of June 30, 2012	Other comprehensive income						
	Non-controlling	Equity	Income	AFS investments	Deferred tax	Total other comprehensive income	Comprehensive income:
	%	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Subsidiaries							
Santander Agente de Valores Limitada	0.97	610	42	(1)	-	(1)	41
Santander S.A. Sociedad Securitizadora	0.36	3	-	-	-	-	-
Santander S.A. Corredores de Bolsa	49.00	24,631	1,378	97	(19)	78	1,456
Santander Asset Management S.A. Administradora General de Fondos	0.02	9	3	-	-	-	3
Santander Corredora de Seguros Limitada	0.24	147	4	-	-	-	4
Subtotals		25,400	1,427	96	(19)	77	1,504
Special Purpose Entities:							
Bansa Santander S.A.	100	951	(78)	-	-	-	(78)
Santander Gestión de Recaudación y Cobranza Limitada	100	2,198	(135)	-	-	-	(135)
Multinegocios S.A.	100	162	12	-	-	-	12
Servicios Administrativos y Financieros Limitada	100	1,273	189	-	-	-	189
Fiscalex Limitada	100	172	20	-	-	-	20
Multiservicios de Negocios Limitada	100	1,116	172	-	-	-	172
Subtotals		5,872	180	-	-	-	180
Total		31,272	1,607	96	(19)	77	1,684

BANCO SANTANDER CHILE AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As of June 30, 2012 and 2011, and December 31, 2011

NOTE 22 - NON CONTROLLING INTEREST, continued:

	Other comprehensive income						
	Non- controlling %	Equity MCh\$	Income MCh\$	AFS investments MCh\$	Deferred tax MCh\$	Total other comprehensive income MCh\$	Comprehensive income: MCh\$
For the 6-month period ended as of June 30, 2011							
Subsidiaries							
Santander Agente de Valores Limitada	0.97	530	28	13	(2)	11	39
Santander S.A. Sociedad Securitizadora	0.36	3	-	-	-	-	-
Santander S.A. Corredores de Bolsa	49.00	25,490	2,142	240	(41)	199	2,341
Santander Asset Management S.A. Administradora General de Fondos	0.02	10	3	-	-	-	3
Santander Corredora de Seguros Limitada	0.24	138	3	-	-	-	3
Subtotals		26,171	2,176	253	(43)	210	2,386
Special Purpose Entities:							
Bansa Santander S.A.	100	1,457	(186)	-	-	-	(186)
Santander Gestión de Recaudación y Cobranza Limitada	100	1,625	(94)	-	-	-	(94)
Multinegocios S.A.	100	134	-	-	-	-	-
Servicios Administrativos y Financieros Limitada	100	865	207	-	-	-	207
Fiscalex Limitada	100	133	17	-	-	-	17
Multiservicios de Negocios Limitada	100	786	134	-	-	-	134
Subtotals		5,000	78	-	-	-	78
Total		31,171	2,254	253	(43)	210	2,464

The non controlling interest in equity and the affiliates income as of June 30, 2012 and 2011 is summarized as follows:

	Other comprehensive income						
	Non- controlling %	Income MCh\$	AFS investments MCh\$	Deferred tax MCh\$	Total other comprehensive income MCh\$	Comprehensive income: MCh\$	
For the quarter ending as of June 30, 2012							
Subsidiaries							

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Santander Agente de Valores Limitada	0.97	21	-	-	-	21
Santander S.A. Sociedad Securitizadora	0.36	-	-	-	-	-
Santander S.A. Corredores de Bolsa	49.00	548	138	(26)	112	660
Santander Asset Management S.A. Administradora General de Fondos	0.02	1	-	-	-	1
Santander Corredora de Seguros Limitada	0.24	1	-	-	-	1
Subtotals		571	138	(26)	112	683
Special Purpose Entities:						
Bansa Santander S.A.	100	6	-	-	-	6
Santander Gestión de Recaudación y Cobranza Limitada	100	30	-	-	-	30
Multinegocios S.A.	100	8	-	-	-	8
Servicios Administrativos y Financieros Limitada	100	99	-	-	-	99
Fiscalex Limitada	100	10	-	-	-	10
Multiservicios de Negocios Limitada	100	92	-	-	-	92
Subtotals		245	-	-	-	245
Total		816	138	(26)	112	928

BANCO SANTANDER CHILE AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 As of June 30, 2012 and 2011, and December 31, 2011

NOTE 22 - NON CONTROLLING INTERESTS continued:

For the quarter ending as of June 30, 2011	Other comprehensive income					
	Non controlling share %	Income MCh\$	AFS investments MCh\$	Deferred tax MCh\$	Total other comprehensive income MCh\$	Comprehensive income MCh\$
Subsidiaries						
Santander Agente de Valores Limitada	0.97	20	1	-	1	21
Santander S.A. Sociedad Securizadora	0.36	-	-	-	-	-
Santander S.A. Corredores de Bolsa	49.00	1,164	39	(7)	32	1,196
Santander Asset Management S.A. Administradora General de Fondos	0.02	1	-	-	-	1
Santander Corredora de Seguros Limitada	0.24	1	-	-	-	1
Subtotals		1,186	40	(7)	33	1,219
Special Purpose Entities:						
Bansa Santander S.A.	100	(170)	-	-	-	(170)
Santander Gestión de Recaudación y Cobranza Limitada	100	(568)	-	-	-	(568)
Multinegocios S.A.	100	(5)	-	-	-	(5)
Servicios Administrativos y Financieros Limitada	100	115	-	-	-	115
Fiscalex Limitada	100	10	-	-	-	10
Multiservicios de Negocios Limitada	100	70	-	-	-	70
Subtotals		(548)	-	-	-	(548)
Total		638	40	(7)	33	671

BANCO SANTANDER CHILE AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As of June 30, 2012 and 2011, and December 31, 2011

NOTE 23 -INTEREST INCOME AND EXPENSE:

This item refers to interest earned in the period by all the financial assets whose return, whether implicitly or explicitly, is determined by applying the effective interest rate method, regardless of the value at fair value, as well as the reclassifications of products as a consequence of hedge accounting.

a) The composition of income from interest and adjustments, not including income from hedge accounting, is as follows:

	For the quarter ending as of June 30,							
	2012				2011			
	Interest	Adjustments	Prepaid	Total	Interest	Adjustments	Prepaid	Total
Items	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Repurchase agreements	690	(8)	-	682	1,378	(6)	-	1,372
Interbank loans	217	-	-	217	1,159	-	-	1,159
Commercial loans	174,296	15,030	1,576	190,902	145,626	43,930	1,134	190,690
Mortgage loans	56,642	21,617	2,887	81,146	49,972	66,864	2,582	119,418
Consumer loans	153,763	567	751	155,081	132,480	1,120	774	134,374
Investment instruments	19,109	(211)	-	18,898	18,069	3,680	-	21,749
Other interest income	7,833	1,115	-	8,948	8,255	1,160	-	9,415
Interest income	412,550	38,110	5,214	455,874	356,939	116,748	4,490	478,177

	For the 6-month period ending as of June 30,							
	2012				2011			
	Interest	Adjustments	Prepaid	Total	Interest	Adjustments	Prepaid	Total
Items	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Repurchase agreements	1,470	(12)	-	1,458	2,524	(4)	-	2,520
Interbank loans	742	-	-	742	1,832	-	-	1,832
Commercial loans	339,142	51,082	2,764	392,988	280,199	60,624	2,259	343,082
Mortgage loans	112,453	74,819	5,784	193,056	97,454	92,783	5,042	195,279
Consumer loans	304,099	1,692	1,449	307,240	260,182	1,552	1,439	263,173
Investment instruments	51,495	1,291	-	52,786	33,301	5,548	-	38,849
Other interest income	9,058	1,452	-	10,510	11,991	1,333	-	13,324
Interest income	818,459	130,324	9,997	958,780	687,483	161,836	8,740	858,059

BANCO SANTANDER CHILE AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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NOTE 23 -INTEREST INCOME AND EXPENSE, continued:

b) As indicated in Note 1 i), suspended interests are recorded in suspense accounts (off-balance-sheet accounts) until they are effectively received.

As of June 30, 2012 and 2011, the detail of income from suspended interest is as follows:

	For the quarter ending as of June 30,							
	2012				2011			
	Interest	Adjustments	Prepaid fees	Total	Interest	Adjustments	Prepaid fees	Total
Off balance sheet	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Commercial loans	2,110	11	-	2,121	1,425	2,767	-	4,192
Mortgage loans	34	(221)	-	(187)	7	2,104	-	2,111
Consumer loans	3,225	(17)	-	3,208	1,722	376	-	2,098
Total	5,369	(227)	-	5,142	3,154	5,247	-	8,401

	For the 6-month period ending as of June 30,							
	2012				2011			
	Interest	Adjustments	Prepaid fees	Total	Interest	Adjustments	Prepaid fees	Total
Off balance sheet	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Commercial loans	32,957	8,737	-	41,694	24,491	5,880	-	30,371
Mortgage loans	4,856	8,462	-	13,318	3,847	5,744	-	9,591
Consumer loans	23,766	1,340	-	25,106	17,488	969	-	18,457
Total	61,579	18,539	-	80,118	45,826	12,593	-	58,419

c) The composition of expense from interest and adjustments, excluding expense from hedge accounting, is as follows:

	For the quarter ending as of June 30,							
	2012				2011			
	Interest	Adjustments	Prepaid fees	Total	Interest	Adjustments	Prepaid fees	Total

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Items	MCh\$	MCh\$	MCh\$	MCh\$		MCh\$	MCh\$	MCh\$	MCh\$
Demand deposits	(594)	(103)	-	(697)		(264)	(240)	-	(504)
Repurchase agreements	(4,553)	-	-	(4,553)		(1,844)	(43)	-	(1,887)
Time deposits and liabilities	(112,526)	(8,472)	-	(120,998)		(84,408)	(34,171)	-	(118,579)
Interbank borrowings	(6,691)	(2)	-	(6,693)		(6,551)	(15)	-	(6,566)
Issued debt instruments	(42,906)	(10,990)	-	(53,896)		(41,986)	(37,150)	-	(79,136)
Other financial liabilities	(1,203)	(156)	-	(1,359)		(1,247)	(598)	-	(1,845)
Other interest expense	(583)	(784)	-	(1,367)		(563)	(2,878)	-	(3,441)
Interest expense total	(169,056)	(20,507)	-	(189,563)		(136,863)	(75,095)	-	(211,958)

BANCO SANTANDER CHILE AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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NOTE 23 -INTEREST INCOME AND EXPENSE, continued:

	For the 6-month period ending as of June 30,							
	2012				2011			
	Interest	Adjustments	Prepaid fees	Total	Interest	Adjustments	Prepaid fees	Total
Items	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Demand deposits	(1,280)	(358)	-	(1,638)	(430)	(333)	-	(763)
Repurchase agreements	(10,176)	9	-	(10,167)	(2,705)	(170)	-	(2,875)
Time deposits and liabilities	(216,298)	(30,153)	-	(246,451)	(149,015)	(46,703)	-	(195,718)
Interbank loans	(14,087)	(10)	-	(14,097)	(13,111)	(25)	-	(13,136)
Issued debt instruments	(86,777)	(39,184)	-	(125,961)	(83,478)	(51,452)	-	(134,930)
Other financial liabilities	(2,425)	(549)	-	(2,974)	(2,506)	(787)	-	(3,293)
Other interest expense	(1,198)	(2,238)	-	(3,436)	(1,191)	(4,225)	-	(5,416)
Interest expense total	(332,241)	(72,483)	-	(404,724)	(252,436)	(103,695)	-	(356,131)

d) The summary of interest and expenses for the periods presented is as follows:

	For the quarter ended			For the 6-month period ended		
	as of June 30,			as of June 30,		
	2012		2011	2012		2011
Items	MCh\$		MCh\$	MCh\$		MCh\$
Interest income	455,874		478,177	958,780		858,059
Interest expense	(189,563)		(211,958)	(404,724)		(356,131)
Interest income	266,311		266,219	554,056		501,928
Income from hedge accounting (net)	(11,371)		(18,805)	(33,044)		(25,831)
Total net interest income	254,940		247,414	521,012		476,097

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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NOTE 24 FEES AND COMMISSIONS:

This item includes the amount of fees earned and paid in the period, except for those which are an integral part of the financial instrument's effective interest rate:

	For the quarter ended as of June 30,		For the 6-month period ended as of June 30,	
	2012 MCh\$	2011 MCh\$	2012 MCh\$	2011 MCh\$
Fee and commission income				
Fees and commissions for lines of credits and overdrafts	2,418	2,949	4,867	6,099
Fees and commissions for guarantees and letters of credit	6,909	5,699	13,844	11,515
Fees and commissions for card services	31,587	30,700	64,002	60,722
Fees and commissions for management of accounts	7,350	7,078	14,588	14,105
Fees and commissions for collections and payments	16,449	16,215	32,251	31,704
Fees and commissions for intermediation and management of securities	3,139	3,381	6,494	7,180
Fees and commissions for investments in mutual funds or others	8,488	10,179	17,097	21,132
Insurance brokerage fees	8,015	9,574	16,201	18,389
Office banking	3,455	2,991	6,535	5,837
Other fees earned	3,130	3,886	5,996	7,207
Total	90,940	92,652	181,875	183,890

	For the quarter ended as of June 30,		For the 6-month period ended as of June 30,	
	2012 MCh\$	2011 MCh\$	2012 MCh\$	2011 MCh\$
Fee and commission expense				
Compensation for card operation	(17,948)	(14,622)	(35,346)	(29,857)
Fees and commissions for securities transactions	164	(789)	(1,209)	(1,326)
Office banking	(3,113)	(2,368)	(5,852)	(4,375)
Other fees	(2,036)	(2,823)	(2,770)	(4,893)
Total	(22,933)	(20,602)	(45,177)	(40,451)

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The fees earned in transactions with letters of credit are recorded in the line item Interest income in the Consolidated Interim Statement of Income.

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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NOTE 25 - NET INCOME FROM FINANCIAL OPERATIONS:

This item includes the adjustments for changes in financial instruments, except for interest attributable to the application of the effective interest rate method for adjustments to asset values, as well as the income earned in purchases and sales of financial instruments.

As of June 30, 2012 and 2011, the detail of income from financial operations is as follows:

	For the quarter ended		For the 6-month period ended	
	As of June 30,		as of June 30,	
	2012 MCh\$	2011 MCh\$	2012 MCh\$	2011 MCh\$
Net income from financial operations				
Trading derivatives	13,830	(13,515)	(36,179)	29,108
Trading investments	7,262	8,542	20,509	16,741
Sale of loans and accounts receivables from customers				
Current portfolio	-	-	720	-
Written-off portfolio	-	1,366	2,608	3,109
Available for sale investments	(839)	(51)	(1,897)	(2,624)
Other income from financial operations	163	5,685	459	5,068
Total	20,416	2,027	(13,780)	51,402

NOTE 26 NET FOREIGN EXCHANGE PROFIT

This item includes the income earned from foreign currency trading, differences arising from converting monetary items in a foreign currency to the functional currency, and those generated by non-monetary assets in a foreign currency at the time of their sale.

As of June 30, 2012 and 2011, the detail of foreign exchange income is as follows:

	For the quarter ending as of June 30,		For the 6-month period ended as of June 30,	
	2012 MCh\$	2011 MCh\$	2012 MCh\$	2011 MCh\$
Currency exchange differences				
Net profit (loss) from currency exchange differences	(63,782)	38,544	140,538	53,764
Hedging derivatives:	66,383	(11,044)	(81,657)	(50,044)
Income from adjustable assets in foreign currency	2,231	(1,298)	(1,058)	(9)
Income from adjustable liabilities in foreign currency	392	847	900	156
Total	5,224	27,049	58,723	3,867

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 27 - PROVISION FOR LOAN LOSSES:

The 2012 and 2011 activity for provision for loan losses recorded on the Statement of Income is as follows:

For the quarter ended as of June 30, 2012	Loans and accounts receivable from customers					Total MCh\$
	Interbank loans MCh\$	Commercial loans MCh\$	Mortgage loans MCh\$	Consumer loans MCh\$	Contingent loans MCh\$	
Allowances and charge-offs						
- Individual evaluations	(15)	(14,584)	-	-	(1,764)	(16,363)
- Group evaluations	-	(14,621)	(5,811)	(68,425)	(1,381)	(90,238)
Total allowances and charge-offs	(15)	(29,205)	(5,811)	(68,425)	(3,145)	(106,601)
Allowances released						
- Individual evaluations	144	2,900	-	-	11	3,055
- Group evaluations	-	5,939	2,697	8,292	500	17,428
Total released allowances	144	8,839	2,697	8,292	511	20,483
Recovery of loans previously charged off	-	2,145	427	4,971	-	7,543
Net charge to income	129	(18,221)	(2,687)	(55,162)	(2,634)	(78,575)

For the 6-month period ended as of June 30, 2012	Loans and accounts receivable from customers					Total MCh\$
	Interbank loans MCh\$	Commercial loans MCh\$	Mortgage loans MCh\$	Consumer loans MCh\$	Contingent loans MCh\$	
Allowances and charge-offs						
- Individual evaluations	(277)	(30,336)	-	-	(2,344)	(32,957)
- Group evaluations	-	(30,901)	(10,659)	(135,304)	(1,857)	(178,721)
Total allowances and charge-offs	(277)	(61,237)	(10,659)	(135,304)	(4,201)	(211,678)
Allowances released						
- Individual evaluations	145	11,617	-	-	520	12,282
- Group evaluations	-	12,453	4,614	11,457	1,525	30,049
Total released allowances	145	24,070	4,614	11,457	2,045	42,331
Recovery of loans previously charged off	-	3,824	868	7,799	-	12,491
Net charge to income	(132)	(33,343)	(5,177)	(116,048)	(2,156)	(156,856)

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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NOTE 27 - PROVISION FOR LOAN LOSSES, continued:

For the quarter ended as of June 30, 2011	Loans and accounts receivable from customers					Total MCh\$
	Interbank loans	Commercial loans	Mortgage loans	Consumer loans	Contingent loans	
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	
Allowances and charge-offs						
- Individual evaluations	(435)	(9,635)	-	-	(2,239)	(12,309)
- Group evaluations	-	(20,530)	(6,477)	(49,373)	(48)	(76,428)
Total allowances and charge-offs	(435)	(30,165)	(6,477)	(49,373)	(2,287)	(88,737)
Allowances released						
- Individual evaluations	382	13,296	-	-	1,503	15,181
- Group evaluations	-	866	807	4,593	5,754	12,020
Total released allowances	382	14,162	807	4,593	7,257	27,201
Recovery of loans previously charged off	-	1,611	315	2,736	-	4,662
Net charge to income	(53)	(14,392)	(5,355)	(42,044)	4,970	(56,874)

For the 6-month period ended as of June 30, 2011	Loans and accounts receivable from customers					Total MCh\$
	Interbank loans	Commercial loans	Mortgage loans	Consumer loans	Contingent loans	
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	
Allowances and charge-offs						
- Individual evaluations	(569)	(23,029)	-	-	(4,182)	(27,780)
- Group evaluations	-	(36,312)	(15,132)	(95,992)	(155)	(147,591)
Total allowances and charge-offs	(569)	(59,341)	(15,132)	(95,992)	(4,337)	(175,371)
Allowances released						
- Individual evaluations	446	23,456	-	-	1,816	25,718
- Group evaluations	-	2,732	4,201	11,865	15,010	33,808
Total released allowances	446	26,188	4,201	11,865	16,826	59,526
Recovery of loans previously charged off	-	3,561	554	6,182	-	10,297
Net charge to income	(123)	(29,592)	(10,377)	(77,945)	12,489	(105,548)

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 28 - PERSONNEL SALARIES AND EXPENSES:a) **Composition of personnel salaries and expenses**

	For the quarter ended			For the 6-month period ending		
	as of June 30,			as of June 30,		
	2012		2011	2012		2011
	MCh\$		MCh\$	MCh\$		MCh\$
Personnel salaries	48,491		44,252	89,974		80,061
Bonuses or gratifications	14,698		15,253	34,426		31,075
Stock-based benefits	480		540	930		1,155
Seniority compensation	2,572		3,295	4,493		5,406
Pension plans	218		312	493		867
Training expenses	582		220	1,130		817
Day care and kindergarten	635		516	1,237		1,114
Health funds	891		671	1,755		1,324
Welfare fund	116		109	231		218
Other personnel expenses	9,712		5,487	13,186		11,459
Total	78,395		70,655	147,855		133,496

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 29 - ADMINISTRATIVE EXPENSES:

As of June 30, 2012 and 2011, the composition of the item is as follows:

	For the quarter ended		For the 6-month period ended	
	as of June 30,		as of June 30,	
	2012	2011	2012	2011
	MCh\$	MCh\$	MCh\$	MCh\$
General administrative expenses	28,510	24,393	50,075	48,401
Maintenance and repair of property, plant and equipment	3,285	3,055	6,557	5,972
Office lease	7,567	5,387	12,014	10,753
Equipment lease	62	21	177	61
Insurance payments	511	570	1,125	1,135
Office supplies	1,632	1,522	3,165	3,266
IT and communication expenses	6,312	5,355	12,018	10,510
Lighting, heating and other utilities	1,135	1,230	2,243	2,298
Security and valuables transport services	2,969	2,740	6,011	5,653
Representation and personnel travel expenses	1,313	1,022	2,525	2,014
Judicial and notarial expenses	1,522	1,429	2,761	3,059
Fees for technical reports	758	734	1,540	1,342
Fees for auditing the financial statements	618	785	2,104	1,298
Other general administrative expenses	826	543	1,835	1,040
Outsourced services	9,089	10,172	20,666	20,330
Board expenses	322	283	703	640
Compensation to Board members	251	231	513	458
Board expenses	71	52	190	182
Marketing expenses	4,664	4,402	8,565	7,062
Taxes, payroll taxes, and contributions	2,530	2,285	5,190	4,604
Real state contributions	372	450	818	866
Patents	464	380	945	828
Other taxes	2	2	9	4
Contributions to SBIF	1,692	1,453	3,418	2,906
Total	45,115	41,535	89,199	81,037

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 30 DEPRECIATION AMORTIZATION AND IMPAIRMENT:

a) Depreciation, amortization and impairment charges for the periods ended as of June 30, 2012 and 2011 are detailed below:

	For the quarter ended as of June 30,		For the 6-month period ended as of June 30,	
	2012 MCh\$	2011 MCh\$	2012 MCh\$	2011 MCh\$
Depreciation and amortization				
Depreciation of property, plant, and equipment	(5,057)	(5,022)	(10,188)	(9,851)
Amortizations of Intangible assets	(9,141)	(7,922)	(16,082)	(16,433)
Subtotals	(14,198)	(12,944)	(26,270)	(26,284)
Impairment of property, plant, and equipment	(34)	(27)	(88)	(32)
Total	(14,232)	(12,971)	(26,358)	(26,316)

b) The reconciliation between the book values and balances as of December 31, 2011, January 1, 2011 and 2012 and June 30, 2012 balances is as follows:

	Depreciation, amortization and impairment 2012		
	Property, plant, and equipment MCh\$	Intangible assets MCh\$	Total MCh\$
Balances as of January 1, 2012	(84,230)	(111,479)	(195,709)
Depreciation and amortization charges in the period	(10,188)	(16,082)	(26,270)
Sales and disposals in the period	21	-	21
Others	-	-	-
Balances as of June 30, 2012	(94,397)	(127,561)	(221,958)

	Depreciation, amortization and impairment 2011		
	Property, plant, and equipment MCh\$	Intangible assets MCh\$	Total MCh\$

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Balances as of January 1, 2011	(64,376)	(78,329)	(142,705)
Depreciation and amortization charges in the period	(20,373)	(33,093)	(53,466)
Sales and disposals in the period	481	-	481
Other	38	(57)	(19)
Balances as of December 31, 2011	(84,230)	(111,479)	(195,709)

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 31 - OTHER OPERATING INCOME AND EXPENSES:

a) Other operating expenses are comprised of the following components:

	For the quarter ended as of June 30,		For the 6-month period ending as of June 30,	
	2012 MCh\$	2011 MCh\$	2012 MCh\$	2011 MCh\$
Income from assets received in lieu of payment				
Income from sale of assets received in lieu of payment	1,029	914	1,530	1,754
Recovery of charge-offs and income from assets received in lieu of payment	1,667	1,299	4,465	2,110
Subtotals	2,696	2,213	5,995	3,864
Income from sale of investments in other companies				
Gain on sale of investments in other companies	-	-	-	-
Subtotals	-	-	-	-
Other income				
Leases	43	771	62	777
Gain on sale of property, plant and equipment (*)	90	78	571	809
Recovery of provisions for contingencies	-	(128)	-	5
Compensation from insurance companies	108	95	241	116
Other	135	280	185	288
Subtotals	376	1,096	1,059	1,995
Total	3,072	3,309	7,054	5,859

(*) In March 2011, Banco Santander Chile sold 1 branch. At the time of sale, its carrying value was Ch\$48 million, its selling price was Ch\$165 million, resulting in a gain of Ch\$117 million. In the first semester of 2012, the Bank has not sold any branch.

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 31 - OTHER OPERATING INCOMES AND EXPENSES, continued:

b) Other operating expenses are detailed as follows:

	For the quarter ended as of June 30,		For the 6-month period ended as of June 30,	
	2012 MCh\$	2011 MCh\$	2012 MCh\$	2011 MCh\$
Provisions and expenses for assets received in lieu of payment				
Charge-offs of assets received in lieu of payment	1,986	1,873	4,505	5,331
Provisions for assets received in lieu of payment	1,842	752	2,966	1,277
Expenses for maintenance of assets received in lieu of payment	644	644	1,342	1,435
Subtotals	4,472	3,269	8,813	8,043
Credit card expenses				
Credit card expenses	285	473	457	1,344
Credit card memberships	1,422	1,012	2,479	1,967
Subtotals	1,707	1,485	2,936	3,311
Customer services	2,061	2,689	4,302	4,587
Other expenses				
Operating charge-offs	985	1,418	2,934	3,302
Life insurance and general product insurance policies	1,643	1,316	3,311	3,122
Additional tax on expenses paid overseas	775	992	1,701	2,026
Provisions for contingencies	2,098	(3,590)	4,092	3,293
Other	1,723	1,221	3,740	1,729
Subtotals	7,224	1,357	15,778	13,472
Total	15,464	8,800	31,829	29,413

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 32 - TRANSACTIONS WITH RELATED PARTIES:

In addition to Affiliates and associated entities, the Bank's related parties include its key personnel from the executive staff (members of the Bank's Board and the Managers of Banco Santander Chile and its Affiliates, together with their close relatives), as well as the entities over which the key personnel could exercise significant influence or control.

The Bank also considers the companies that are part of the Santander Group worldwide as related parties, given that all of them have a common parent, i.e., Banco Santander S.A. (located in Spain).

Article 89 of the Ley de Sociedades Anónimas (Public Companies Act), which is also applicable to banks, provides that any transaction with a related party must be made under equitable conditions similar to those that customarily prevail in the market.

Moreover, Article 84 of the Ley General de Bancos (General Banking Act) establishes limits for loans that can be granted to related parties and prohibits lending to the Bank's directors, managers, or representatives.

Transactions between the Bank and its related parties are specified below. To facilitate comprehension, we have divided the information into four categories:

Santander Group Companies

This category includes all the companies that are controlled by the Santander Group around the world, and hence, it also includes the companies over which the Bank exercises any degree of control (Affiliates and special-purpose entities).

Associated companies

This category includes the entities over which the Bank, in accordance with section b) of Note 1 to these Consolidated Interim Financial Statements, exercises a significant degree of influence and which generally belong to the group of entities known as business support companies.

Key personnel

This category includes members of the Bank's Board and the managers of Banco Santander Chile and its Affiliates, together with their close relatives.

Other

This category encompasses the related parties that are not included in the groups identified above and which are, in general, entities over which the key personnel could exercise significant influence or control.

The terms for transactions with related parties are equivalent to those which prevail in transactions made under market conditions or to which the corresponding considerations in kind have been attributed.

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 32 - TRANSACTIONS WITH RELATED PARTIES, continued:**a) Loans to related parties:**

Below are loans and receivables, and contingent loans, corresponding to related entities:

	As of June 30, 2012				As of December 31, 2011			
	Companies of the Group MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$	Companies of the Group MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$
Loans and accounts receivables								
Commercial loans	43,633	656	2,771	59,693	39,708	663	2,234	62,512
Mortgage loans	-	-	15,645	-	-	-	15,657	-
Consumer loans	-	-	1,518	-	-	-	1,808	-
Loans and accounts receivables	43,633	656	19,934	59,693	39,708	663	19,699	62,512
Provision for loan losses	(105)	(7)	(43)	(20)	(54)	(1)	(39)	(23)
Net loans	43,528	649	19,891	59,673	39,654	662	19,660	62,489
Guarantees	68	-	18,423	1,292	25,311	-	18,244	1,241
Contingent loans								
Personal guarantees	-	-	-	-	-	-	-	-
Letters of credit	24,959	-	-	-	187	-	-	-
Guarantees	24,190	-	-	7,347	12,778	-	-	569
Contingent loans	49,149	-	-	7,347	12,965	-	-	569
Provisions for contingent loans	(75)	-	-	(9)	(63)	-	-	(1)
Net contingent loans	49,074	-	-	7,338	12,902	-	-	568

The activity of loans to related parties during the periods ended on June 30, 2012 and December 31, 2011 is shown below:

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	As of June 30, 2012			As of December 31, 2011				
	Companies of the Group MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$	Companies of the Group MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$
Opening balances as of January 1,	52,673	663	19,699	63,081	52,237	670	19,818	14,099
New loans	60,741	1	3,493	8,467	40,471	24	5,260	62,528
Payments	(20,554)	(8)	(3,258)	(4,508)	(40,035)	(31)	(5,379)	(13,546)
Balances as of June 30	92,860	656	19,934	67,040	52,673	663	19,699	63,081

BANCO SANTANDER CHILE AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of June 30, 2012 and 2011, and December 31, 2011

NOTE 32 - TRANSACTIONS WITH RELATED PARTIES, continued:**b) Assets and liabilities with related parties**

	As of June 30, 2012				As of December 31, 2011			
	Companies of the Group MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$	Companies of the Group MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$
Assets								
Cash and deposits in banks	9,305	-	-	-	178,567	-	-	-
Trading investments	-	-	-	-	-	-	-	-
Investments under resale agreements	-	-	-	-	-	-	-	-
Financial derivative contracts Available for sale	593,949	-	-	-	506,880	-	-	-
investments	-	-	-	-	-	-	-	-
Other assets	14,964	-	-	-	4,617	-	-	-
Liabilities								
Deposits and other demand liabilities	5,866	3,023	1,700	8,631	5,057	4,009	1,425	16,782
Obligations under repurchase agreements	64,727	-	-	-	137,191	-	-	-
Time deposits and other time liabilities	188,013	245	3,742	68,385	248,206	368	3,627	41,732
Financial derivative contracts	392,188	-	-	-	396,538	-	-	-
Issued debt instruments	51,438	-	-	-	1,683	-	-	-
Other financial liabilities	171,431	-	-	-	58,848	-	-	-
Other liabilities	1,219	-	-	-	1,339	-	-	-

c) Income (expenses) recorded with related parties

	For the quarter ending as of June 30, 2012				For the quarter ending as of June 30, 2011			
	Companies of the Group MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$	Companies of the Group MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$

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**Income (expense)
recorded**

Income and expenses from interest and adjustments	(5,705)	22	239	(636)	(2,072)	18	387	(2,178)
Income and expenses from fees and services	(461)	14	32	79	23,974	17	26	56
Net income from financial and foreign exchange operations	(115,883)	-	2	(1,788)	14,177	-	(14)	(1,958)
Other operating revenues and expenses	160	-	-	-	(1,053)	-	-	-
Key personnel compensation and expenses	-	-	(8,284)	-	-	-	(7,656)	-
Administrative and other expenses	(5,938)	(6,619)	-	-	(6,305)	(6,332)	-	-
Total	(127,827)	(6,583)	(8,011)	(2,345)	28,721	(6,297)	(7,257)	(4,080)

BANCO SANTANDER CHILE AND SUBSIDIARIES
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NOTE 32 - TRANSACTIONS WITH RELATED PARTIES, continued:

	For the 6-month period ended as of June 30, 2012				For the 6-month period ended as of June 30, 2011			
	Companies of the Group MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$	Companies of the Group MCh\$	Associated companies MCh\$	Key personnel MCh\$	Other MCh\$
Income (expense) recorded								
Income and expenses from interest and adjustments	(10,138)	35	584	(1,185)	(5,127)	30	661	(1,971)
Income and expenses from fees and services	(462)	23	62	112	39,713	21	56	90
Net income from financial and foreign exchange operations	(170,658)	-	2	1,543	(1,814)	-	(14)	(2,701)
Other operating revenues and expenses	317	-	-	-	(2,478)	-	-	-
Key personnel compensation and expenses	-	-	(16,302)	-	-	-	(16,592)	-
Administrative and other expenses	(11,725)	(12,903)	-	-	(12,101)	(11,481)	-	-
Total	(192,666)	(12,845)	(15,654)	470	18,193	(11,430)	(15,889)	(4,582)

(*) Reflects derivative contracts that hedge Group positions in Chile

BANCO SANTANDER CHILE AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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NOTE 32 - TRANSACTIONS WITH RELATED PARTIES, continued:

d) Payments to Board members and key management personnel

The compensation received by the key management personnel, including Board members and all the executives holding Manager positions, shown in the Personnel salaries and expenses and/or Administrative expenses items of the Consolidated Interim Statement of Income, corresponds to the following categories:

	For the quarter ended as of June 30,		For the 6-month period ended as of June 30,	
	2012 MCh\$	2011 MCh\$	2012 MCh\$	2011 MCh\$
Personnel compensation	4,229	3,945	8,290	7,823
Board members' compensation	251	231	513	458
Bonuses or gratifications	2,931	2,661	5,800	5,622
Compensation in stock	415	383	803	766
Training expenses	41	47	57	59
Seniority compensation	12	-	12	680
Health funds	73	66	143	130
Other personnel expenses	98	105	177	660
Pension plans	234	312	507	394
Total	8,284	7,750	16,302	16,592

e) Composition of key personnel

As of June 30, 2012 and December 31, 2011 the composition of the Bank's key personnel is as follows:

Position	No. of executives	
	As of June 30, 2012	As of December 31, 2011
Director	14	13
Division manager	20	18
Department manager	87	88
Manager	63	62
Total key personnel	184	181

BANCO SANTANDER CHILE AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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NOTE 33 - FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES:

Fair value is defined as the amount at which a financial instrument (asset or liability) could be delivered or settled, respectively, on a given date between two independent knowledgeable parties who act freely and prudently (i.e., not in a forced or liquidation sale). The most objective and customary reference for the fair value of an asset or liability is the quoted price that would be paid for it on a transparent organized market (estimated fair value).

For financial instruments with no available market prices, fair values have been estimated by using recent transactions in analogous instruments, and in the absence thereof, the present values or other valuation techniques based on mathematical valuation models sufficiently accepted by the international financial community. In the use of these models, consideration is given to the specific particularities of the asset or liability to be valued, and especially to the different kinds of risks associated with the asset or liability.

These techniques are inherently subjective and are significantly influenced by the assumptions used, including the discount rate, the estimates of future cash flows and prepayment expectations. Hence, the fair value estimated for an asset or liability may not coincide exactly with the price at which that asset or liability could be delivered or settled on the date of its valuation, and may not be justified in comparison with independent markets.

Measurement of fair value and hierarchy

IAS 39 provides a hierarchy of reasonable value which separates the inputs and/or valuation technique assumptions used to measure the fair value of financial instruments. The hierarchy reflects the significance of the inputs used in making the measurement. The three levels of the hierarchy of fair values are the following:

Level 1: In quoted prices on active markets for identical assets and liabilities.

Level 2: inputs other than the quoted prices included in level 1 that are observable for assets or liabilities, either directly or indirectly; and

Level 3: inputs for the asset or the liability that are not based on observable market data.

The hierarchy level within which the fair value measurement is categorized in its entirety is determined based on the lowest level of input that is significant to fair value the measurement in its entirety.

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The best evidence of a financial instrument's fair value at the initial time is the transaction price (Level 1).

In cases where quoted market prices cannot be observed, Management makes its best estimate of the price that the market would set using its own internal models which in most cases use data based on observable market parameters as significant input (Level 2) and, in very specific cases, significant inputs not observable in market data (Level 3).

Financial instruments at fair value and determined by quotations published in active markets (Level 1) include:

- 1) Chilean Government and Department of Treasury bonds

Instruments which cannot be 100% observable in the market are valued according to other inputs observable in the market (Level 2). They include:

- 1) Mortgage bonds
- 2) Private paper
- 3) Deposits
- 4) Average Chamber Swaps (CMS)
- 5) FX Forward and Inflation
- 6) Cross Currency Swaps (CCS)
- 7) FX Options.
- 8) Interest Rate Swap (IRS) FX

BANCO SANTANDER CHILE AND SUBSIDIARIES
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NOTE 33 - FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES, continued:

In limited occasions significant inputs not observable in market data are used (Level 3). To carry out this estimate, several techniques are used, including extrapolation of observable market data or a mix of observable data.

The following financial instruments are classified under Level 3:

Type of financial instrument	Model used in valuation	Description
• Caps/Floors/Swaptions	Black Normal Model for Cap/Floors and Swaptions	There is no observable input of implicit volatility.
• UF options	Black Scholes	There is no observable input of implicit volatility.
• Cross currency swap with window	Hull-White	Hybrid HW model for rates and Brownian motion for FX
• Cross currency swap, Interest rate swap, Call money swap in Tasa Activa Bancaria (Active Bank Rate) TAB,	Other	There is no observable input of implicit volatility. Validation obtained by using the interest curve and interpolating at flow maturities, but TAB is not a directly observable variable and is not correlated to any market input.
• Certificates (current flow value)		Valuated by using similar instrument rates plus a charge/off rate by liquidity.

The following table presents the assets and liabilities that are measured at fair value on a recurrent basis, as of June 30, 2012 and December 31, 2011:

As of June 30,	2012 MCh\$	Fair value measurement		
		Level 1 MCh\$	Level 2 MCh\$	Level 3 MCh\$
Assets				
Trading investments Available for sale investments	395,359	385,284	10,075	-
Derivatives	1,769,978	1,132,878	635,431	1,669
	1,429,198	-	1,352,730	76,468
Total	3,594,535	1,518,162	1,998,236	78,137
Liabilities				
Derivatives	1,175,481	-	1,174,310	1,171

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Total	1,175,481	-	1,174,310	1,171
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As of December 31,	2011 MCh\$	Fair value measurement		
		Level 1 MCh\$	Level 2 MCh\$	Level 3 MCh\$
Assets				
Trading investments	409,763	409,763	-	-
Available for sale				
investments	1,661,311	1,305,876	353,466	1,969
Derivatives	1,612,869	-	1,525,748	87,121
Total	3,683,943	1,715,639	1,879,214	89,090
Liabilities				
Derivatives	1,292,148	-	1,290,779	1,369
Total	1,292,148	-	1,290,779	1,369

BANCO SANTANDER CHILE AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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NOTE 33 - FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES, continued:

The following table presents the Bank's activity for assets and liabilities measured at fair value on a recurrent basis using unobserved significant entries (Level 3) as of June 30, 2012 and 2011:

	Assets MCh\$	Liabilities MCh\$
As of January 1, 2012	89,090	(1,369)
Total realized and unrealized profits (losses):		
Included in statement of income, under Net income from financial operations item	(10,653)	198
Included in comprehensive income, under Available for sale investments item	(300)	-
Purchases, issuances, and allocations (net)	-	-
As of June 30, 2012	78,137	(1,171)
Total profits or losses included in income for 2012 that are attributable to change in unrealized profits (losses) related to assets or liabilities as of June 30, 2012	(10,953)	198

	Assets MCh\$	Liabilities MCh\$
As of January 1, 2011	104,308	(5,422)
Total realized and unrealized profits (losses):		
Included in statement of income	(10,213)	2,461
Included in comprehensive income	13	-
Purchases, issuances, and allocations (net)	-	-
As of June 30, 2011	94,108	(2,961)
Total profits or losses included in income for 2011 that are attributable to change in unrealized profits (losses) related to assets or liabilities as of June 30, 2011	(10,200)	2,461

The realized and unrealized profits (losses) included in income for 2012 and 2011, in the assets and liabilities measured at fair value on a recurrent basis through unobservable market data (Level 3) are recorded in the Statement of Income in the line item.

The potential effect as of June 30, 2012 and 2011 on the valuation of assets and liabilities measured at fair value on a recurrent basis through unobservable significant market data (level 3), generated by changes in the main assumptions if other reasonably possible assumptions that are less or more favorable were used, it is not considered by the Bank to be significant.

BANCO SANTANDER CHILE AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As of June 30, 2012 and 2011, and December 31, 2011

NOTE 34 SUBSEQUENT EVENTS

Between July 1, 2012 and the date on which these Consolidated Intermediate Financial Statements were issued (July 23, 2012), no other events have occurred which could significantly affect their interpretation.

FELIPE CONTRERAS FAJARDO
Accounting Manager

CLAUDIO MELANDRI HINOJOSA
Chief Executive Officer

